CITY OF MURFREESBORO, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2013

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

ABOUT THE COVER PHOTO

The cover photo was taken by Ms. Melinda Tate, the City's Greenway Coordinator, and it exemplifies the beauty of Gateway Island in summer when all the plantings are in full bloom.

Understanding the value that recreational facilities and pocket parks contribute to a community, the City embarked upon a capital investment of the area known as Gateway Island in the mid-2000s. Gateway Island came about shortly after the City constructed Medical Center parkway from I-24 to Memorial Boulevard, providing another entrance into town from the interstate. The entire area surrounding Medical Center Parkway is commonly referred to as The Gateway.

In order to construct Gateway Island, the City reclaimed an otherwise unusable brownfield site and turned it into an attractive feature that could tie in an aesthetically pleasing recreation area with the (now) surrounding Class A office developments and medical complex. Complete with a pond, waterfalls and water features, gazebo, large formal open areas and hardscapes, inviting outdoor furniture, colorful landscaping, as well as a 1,200 square foot multi-purpose building, this area has become the epicenter of activity and attraction in The Gateway. Further, as part of the project, the City designed a one-mile walking trail loop around Gateway Island connecting it to the City's greenway system, allowing recreation users, cyclists, runners, and walkers to also enjoy its beauty. And just last year, the City's art committee raised funds to donate a piece of public art representative of the City's investment and commitment to growing this area.

Gateway Island offers the Murfreesboro community many benefits – a place to take the kids to feed the ducks that inhabit the pond; a location for couples to begin their lives together in marriage; and for many, it's just a nice spot to sit and talk, read, or enjoy lunch on a beautiful day, such as the one depicted in the photo. It truly epitomizes the old adage, "if you build it, they will come".

C O N T E N T S

INTRODUCTORY SECTION –

Letter of Transmittal ..... i - viii
City Officials ix
Organizational Chart x
Certificate of Achievement xi

FINANCIAL SECTION –

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

Management's Discussion and Analysis ..... 3 - 25

Basic Financial Statements-

Government-wide Financial Statements-

Statement of Net Position 26
Statement of Activities 27

Fund Financial Statements –

Balance Sheet – Governmental Funds 28
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund ..... 32 - 40
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Purpose School Fund 41
Balance Sheet – Proprietary Funds 42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 43
Statement of Cash Flows – Proprietary Funds ..... 44 - 45
Statement of Net Position – Fiduciary Funds 46
Statement of Changes in Net Position – Fiduciary Funds 47

Notes to Financial Statements ..... 48 - 87

Required Supplementary Information –

Schedule of Funding Progress – Pension Trust Funds 88
Schedule of Employer Contributions – Pension Trust Funds 89
Schedule of Funding Progress – Post-Employment Benefits 90

Supplemental Section -

Combining Statements and Individual Fund Schedules –

Combining Balance Sheet – Nonmajor Governmental Funds 91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 92

C O N T E N T S

Combining Statements and Individual Fund Schedules (continued) –
Combining Balance Sheet – Nonmajor Special Revenue Funds 93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds..... 94
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual –
State Street Aid Fund..... 95
Airport Fund 96
Drug Enforcement Fund 97
Community Development Fund..... 98
Extended School Program Fund 99
School Cafeteria Fund 100
School Federal and State Program Funds 101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds 102
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –
Capital Improvement and Contingency Fund 103
Gateway Project Fund 104
TMBF/Bond Fund 105
Debt Service Fund 106
School Debt Service Fund 107
Combining Balance Sheet – Nonmajor Enterprise Funds 108
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds 109
Combining Statement of Cash Flows – Nonmajor Enterprise Funds..... 110
Combining Balance Sheet – Internal Service Funds 111
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds 112
Combining Statement of Cash Flows – Internal Service Funds 113
Combining Statement of Fiduciary Net Position – Pension Trust Funds 114
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds 115
Statement of Changes in Assets and Liabilities – School Activity Agency Fund..... 116

Financial Schedules -
Schedule of Certificates of Deposit by Fund 117
Schedule of Investments by Fund ..... 118 - 122
Schedule of Debt Service Requirements by Fiscal Year..... 123 - 127
Solid Waste – Supplemental Schedule of Activities and Balances 128
Senior Citizens – Supplemental Schedule of Activities 129

C O N T E N T S

STATISTICAL SECTION -

Net Position by Component 130
Changes in Net Position ..... 131 - 133
Governmental Activities Tax Revenue by Source 134
Fund Balances of Governmental Funds 135
Changes in Fund Balances of Governmental Funds ..... 136 - 137
General Governmental Tax Revenues by Source 137
Assessed Value and Estimated Actual Value of Taxable Property 138
Property Tax Rates and Levies - Direct and Overlapping Governments 139
Principal Taxpayers 140
Property Tax Levies and Collections 141
Ratios of Outstanding Debt by Type 142
Ratios of General Bonded Debt Outstanding 143
Direct and Overlapping Governmental Activities Debt 144
Legal Debt Margin Information 145
Revenue Bond Coverage 146
Demographic and Economic Statistics 147
Principal Employers 148
Full-time Equivalent City Government Employees by Function 149
Operating Indicators by Function 150
Capital Asset Statistics by Function 151
Schedule of Customers and Rate Structure ..... 152 - 154
Schedule of Unaccounted for Water 155

SINGLE AUDIT SECTION -

Schedule of Expenditures of Federal Awards ..... 156 - 157
Schedule of Expenditures of State Awards 158
Independent Auditor's Reports on Compliance and on Internal Control ..... 159 - 162
Schedule of Findings and Questioned Costs ..... 163 - 165
Schedule of Prior Year Findings and Questioned Costs 166

. . . creating a better quality of life

December 19, 2013

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, 2013, 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, 2013.

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, 2013. 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.

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

LOCAL ECONOMY

The City's strong and diverse economy has continued to propel population growth in the City and in surrounding Rutherford County. Census figures released in March 2011 showed 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. Location plays a major role in the county's growth. Rutherford County is the geographic center of Tennessee , at the intersection of Interstate 24 and State Route 840. Transportation access by rail, air or highway in any direction is excellent.

Murfreesboro and Middle Tennessee were not immune to the national economic slowdown. However, Murfreesboro is making progress in a number of different areas. With job growth rising to 10.9%, Rutherford County has been recognized by CNN as one of the top places in the country to find work. According to the report, almost 5,300 new jobs were created in the county last fiscal year alone. Produce supplier Taylor Farms is also investing $5.9 million and adding almost 200 jobs. Nissan recently added a third shift and 900 jobs to its Smyrna facility, Amazon, which opened in 2012, is working on a $9 million expansion. Schwan Cosmetics announced they will be moving their headquarters and manufacturing facility to Murfreesboro. The announcement represents an investment of $38 million and is expected to create 250 new jobs over the next five years. The total number of people employed will eventually reach a total of 450.

For the fifth consecutive quarter, Rutherford County is among the nation's top counties in terms of employment growth, according to a new report from the U.S. Bureau of Labor Statistics. While national employment, measured by the Quarterly Census of Employment and Wages (QCEW) program, is up 1.9 percent, Rutherford County demonstrated an impressive 6.4 percent increase, making it third in the nation for percentage increase in employment.

The unemployment rate climbed to a peak of 11.1 percent in June 2009. Steady improvement since that date has the June 30, 2013 unemployment rate at 7.2 percent. The 7.2 percent unemployment rate is lower than comparable national and state figures. The most recent data available, October 2013, has seen the unemployment rate continue to decline to 6.4 percent.

With the growth in jobs has come additional demand for housing. Through November 2013, 650 new single family building permits have been issued. This compares to the calendar year 2009 low of 345 single family permits for the entire year. Total new construction value in 2009 was $206 million, compared to the November 2013 valuation of $331 million. Similar growth in commercial construction, school enrollment and utility customers confirm that growth has returned to Murfreesboro.

Murfreesboro, like most Tennessee cities, depends on the Local Option Sales Tax to provide significant budget income. Approximately one/third of Murfreesboro's FY 13 budgeted revenue is derived from local retail sales. After peaking in FY 08 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 10. Local sales taxes improved in FY 13 by approximately $.9 million or 2.8 percent from the previous year, setting a record collection of $33.6 million.

PLANNING FOR GROWTH

Murfreesboro has recognized the return of growth in the local economy. The Center for Business and Economic Research at the University of Tennessee has identified Rutherford County and Murfreesboro as one of only five Tennessee counties predicted to experience a 50% or greater population increase in the next 20 years. With the evidence that the local economy is seeing new and vigorous growth, City Council and city management are turning more focus on the items needed to prepare the City for the future.

City Council approved the start of a comprehensive plan to begin understanding and preparing for the challenges of the next twenty years. The last comprehensive planning document was completed in 1989 when Murfreesboro's population was approximately 45,000. Now with a population of 116,043 and projections that the number of people here could grow another 50% in the next twenty years, the need for an examination of existing service levels and a plan for service delivery to an expanded population has created the impetus for a new comprehensive plan for the City.

FINANCIAL PLANNING

A major goal of the City Council is to maintain strong and sustainable financial and economic health. While preparing for growth, the City has been progressive in managing its long term cost drivers. The City Council adopted a comprehensive set of financial policies during FY 11. 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.

During FY 13, the Water and Sewer Department began formulation of financial policies for both the water/sewer and stormwater funds. A Capital Improvement Plan (CIP) for the stormwater fund is placing new emphasis on physical improvements to the existing and future stormwater systems to meet the goals of improving quality of surface water and providing solutions to areas in need of improved or repaired infrastructure.

The City depends on its employees to deliver the services expected by its residents and customers. Changing job requirements, changing workforce demographics, changing expectations about performance and the changes in the economy are driving cities to move away from traditional step plans to new pay systems driven by performance and goals. Additionally, the City's current pay plan, dating from 2004, experiences compression challenges and can create an entitlement mind set in some employees.

A classification and compensation study was approved by City Council in the FY 14 budget. Steps in this multi-year process will likely include:

- Discussions regarding compensation philosophy and strategy with City Council
- Classification study
- Review of job descriptions
- Survey of total compensation
- Determinations regarding Fair Labor Standards Act
- Analysis of competitiveness of total compensation
- Development of a performance based compensation delivery model for consideration
- Transition plan
- Employee communications
- Training

The City's self-insured group health insurance program now equals over 10% of total budgeted costs of the City, exceeding $11 million per year. With a growth rate of greater than 7%, this benefit is increasing faster than the growth of the revenue base of the City. The Sherrill Morgan firm of Cincinnati, Ohio was selected as a benefits consultant to advise the City on its health, life and disability insurance coverages. Sherrill Morgan proposed a three year strategic review of the complete employee benefit offerings, beginning with competitive pricing of existing products.

During FY 11, fifty two proposals were received by the City for the variety of employee benefit types currently offered to employees. This competitive process reduced the fixed costs of administration and the benefit packages by over $400,000 annually.

During year two, FY 12, design changes to our health insurance were studied. A comprehensive review of the City's $11 million health insurance benefits shows that the City offered premium benefits in comparison to other Tennessee cities.

The City made changes in plan design in order to affect our strategic areas of cost control, consumerism, and wellness in FY 13. The following benefits structure design changes have been implemented:

- New PPO Structure and adjustment of co-insurance level to 80/20 from 90/10
- New Health Reimbursement Arrangement (HRA) plan for active employees and retirees
- Four-Tier premium structure
- FSA debit card
- Wellness program launch with Interactive Health Services (IHS)- "Boro-Fit"

Cost savings from FY 13 plan design changes have not been fully realized as they only became effective in January, 2013.

The City's wellness program, BoroFit, was also initiated in January 2013, with first year expenses of about $220,000. Over 600 employees and dependents presented for the first health screenings in January and February 2013. Continuation of BoroFit is planned for calendar year 2014.

The City closed its defined benefit retirement plan and opened a defined contribution pension plan to employees hired beginning 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, 2013, ninety-seven employees of the City's 928 full time employees were covered by the defined contribution pension plan.

COMMUNITY AND SERVICE DELIVERY PLANNING

The City's first goal remains safe and livable neighborhoods. The Police Department continues to be the City's largest operating department. The proposed Police Department budget includes funding for a gang interdiction unit and field based reporting.

During FY 13, the City initiated a comprehensive overhaul of the City's public safety radios. This included purchasing state-of-the art hand-held radios and engineering four new communication towers. Additionally, a new public safety training complex is under design and its construction has been funded in the 2012 bond issue.

The proposed budget also recommends that the Fire & Rescue Department increase its level of care in medical services. Based on interest from Council members and staff, the decision was made to have Fire & Rescue personnel provide an increased level of service from First Responder to Basic Life Support.

Community growth has spurred the need for an additional elementary school. After considerable planning for location, Overall Creek Elementary broke ground in late June in the west side of the community off of Veterans Parkway. This $20 million dollar investment will allow the City Schools to meet the demand for new classroom space.

Additionally, the City School system came forward with a Technology plan in May 2013 that would place one computing device for every two students in the classroom. The goal of the program is to make computing easily accessible at the earliest possible age in order to prepare the student for learning and other educational training. The $5.2 million dollar program consists of nearly $1 million in infrastructure to school buildings and $4.2 million of laptop and tablet devices.

Technology improvements in the organization continue to drive change. City Council has approved 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 financials and human resources information systems. Additionally, the Information Technology Department, in its second year of existence, has migrated the City to a new website and to the Microsoft Office 365 product, insuring consistency and improving productivity of employees. The Water and Sewer Department is in the implementation phase of the first suggestion from their information technology master plan. The first of four steps in the master plan was the selection and implementation of a new Customer Information System (CIS) to replace a nearly 40 year old COBOL system.

The City's parks system is a point of pride and differentiates Murfreesboro from other communities in the livability measures. The City embarked on a number of new projects during FY 13, while preparing for a new master plan for parks and recreation activities. In partnership with Middle Tennessee State University, the City broke ground on an eight-court indoor tennis complex. The City provided the site and approximately 66% of the funding, with the University providing the balance of the $4.0 million complex. Opening of the indoor tennis center is planned for late 2014.

To meet a need for youth to have an accessible, low cost location to learn golf, the Old Fort Golf Course obtained grant funds, commitments from the City and from other private entities to construct a six-hole learning facility. The Bloomfield

Links opened in October 2013 and is constructed on the site of a demolition landfill. The story of reclaiming the land for youth golf is an excellent example of the ingenuity of City employees in various departments to create a useful facility.

To meet the need in the rapidly growing west side of Murfreesboro, Parks and Recreation has begun the search for between 300 and 600 acres, in one or more tracts, to provide recreation facilities in that underserved part of the community. The push to complete the greenway system from its current terminus at State Route 99 in the west to Barfield-Crescent Park on the south was delayed due to the rerouting of the trail. Two segments of the route are scheduled for construction in early 2014; however the river crossing to complete the project will not likely be completed until 2015.

Major public transportation improvements were approved and implemented. Murfreesboro Municipal Airport (MBT) was approved for a runway extension of nearly 1,000 feet. This extension will improve the safety margins for business class aircraft to use MBT, the most convenient airfield to Murfreesboro and Middle Tennessee State University. MTSU will be able to maintain and potentially expand the type of flight instruction offered to its students. All MTSU flight activity currently utilizes MBT.

The City's public transportation system, Rover, saw the addition of an entire new fleet of buses. The savings from maintenance alone with the new fleet is over $100,000 per year. Additionally, planning and site location for a Transit Facility is under way. Architects are completing preliminary plans for a building to be located on West Main Street. Construction is scheduled for 2015. Both of these projects utilize 90% Federal transit funding with the City providing any required match.

ORGANIZATIONAL DEVELOPMENT AND PLANNING

In addition to the classification and compensation studies on the City's pay system, the leadership of the organization continued to move forward with plans to modernize, build teamwork and focus on customer service through the work force. Initiatives on building "Leadership Teams" and breaking down silos in the organization continued through FY 13 and will be reemphasized in FY 14. The City Council approved funding for the initial steps of an employee engagement plan, beginning with a survey of current feelings of the employees.

The success of centralizing the Information Technology services into a single department has led to exploring other efficiencies in the organization. City Council approved the hiring of a Purchasing Director and the concept of centralizing the purchasing function in a single location. They also amended the purchasing regulations to keep current with statewide changes and trends. Beginning conversations about the creation of a centralized building maintenance function have also been held.

Ninety percent (90%) of all calls received by the Fire and Rescue Departments during FY 13 were for medical assistance. Combined with the new direction of advancing from a First Responder status to the Basic Life Support (BLS) level of service in the field, an existing Assistant Chief position in the department is being reprogrammed from the fire marshal function to a medical response professional. This recognition of the changing work of Fire and Rescue will provide superior resources to deal with issues of transition in levels of service.

ROAD IMPROVEMENTS

Phase 2 of the Joe B. Jackson Parkway is underway at a cost $9.4 million. This road is important to help form the loop from Highway 840 to Interstate 24 to ease inter-city traffic congestion. Scheduled completion is in mid-2015.

The final phase of Veterans Parkway, linking State Route 840 to South Church Street (US-231) is well underway. This $7.6 million project completes the loop and is scheduled for completion in December 2015.

The improvements to Middle Tennessee Boulevard between Main Street and Greenland Avenue will be entering the construction phase. Approximately $4 million is budgeted for construction with 80% of the funding in Federal transportation dollars along with matching funding from Middle Tennessee State University. Construction is expected to last over a two year period.

Engineering for the extension of Cherry Lane as a five-lane connector between State Route 840 and Memorial Boulevard (US 231) and including an interchange at State Route 840 has begun. For FY 13 and 14, engineering expense of $2,429,000 is budgeted from $1,932,000 Federal highway dollars and $497,000 in local match.

The Singer Road project is an opportunity for the City to partner with a corporate entity to improve the infrastructure on the north side of our City to bring in a company that will provide jobs to our area. Nissan is developing a call center and "smart warehouse" to serve its expanding replacement parts business. This economic development project used State Industrial Access funding with the State and the developer covering all costs and the city serving only as a conduit. The project cost approximately $800,000.

OTHER CAPITAL INVESTMENTS

Nissan is adding 400,000 square feet of warehouse space to the back of the previous Singer Sewing factory. The project will house some call center, engineering and IT workers. The building will be shared by the Nissan Export Center and a parts-return operation. Approximately 400 new jobs have been created.

Amazon announced Murfreesboro as the site of over 1 million square feet of distribution center space in December 2011, with an investment of over $76 million. Year round employment will be about 1,150 people, but during the Christmas season, employment will swell to over 3,500 jobs. The facility shipped its first package on September 21, 2012.

Amazon completed a $9.2 million expansion of the automated storage and retrieval system, now used in approximately 50% of the facility work space. With this improvement, employment increased by 200 people during most of the year and an additional 1,500 temporary positions during the Christmas season.

Another important project that is ongoing is the NHK campus located just west of the Amazon site. NHK has constructed two buildings on site and has begun operations. This manufacturer of automobile seat components is creating a campus with the addition of their new truck terminal facility. Employment currently tops 150 jobs with an investment of over $55 million in facilities and equipment. In 2013, NHK Seating invested an additional $6.8 million in its Murfreesboro facility. The space will house robots that manufacture automotive seat structures, and create an additional 94 jobs.

The City's third and fourth new Wal-Mart SuperCenters, to be located on South Church St and Memorial Boulevard, began construction in 2013. Both stores are scheduled to open by October of 2014. Approximately 600 new jobs for our community are anticipated with the addition of these two locations.

OPERATING IMPROVEMENTS

In keeping with the format of the City's operating budget document, these categorized improvements are being implemented in FY 14 by various City departments. It is anticipated these improvements will continue to put the City in a position to maintain, and in some cases elevate, service levels expected by our citizens.

SAFE AND LIVABLE NEIGHBORHOODS

- Utilize social media to warn residents of severe weather and other emergencies
- Funding $1.25 million for Police vehicles in the Capital Improvement Plan (CIP)
- Renovation and new signage at all Fire & Rescue stations
- Continuing the community landscape awards and a tree appreciation program
- Completing the Oakland Park renovation
- Including recycled asphalt in the repaving program to extend the number of miles of streets completed annually
- Replacing automated side loaders in the Solid Waste Department, which will improve reliability and reduce maintenance costs

STRONG AND SUSTAINABLE ECONOMIC AND FINANCIAL HEALTH

- Maintaining the existing level of property tax, which is the 15th consecutive year without a property tax increase;
- Reducing the use of fund balance in budget development
- Contributing to Middle Tennessee State University's Science Building
- Eliminating vacant full-time positions in Solid Waste and Street
- Separating the budgets of Planning and Engineering to more clearly track expenditures
- Updating the downtown parking fine schedule to address the abuse of parking spaces and partially recover enforcement costs

EXCELLENT SERVICES WITH A FOCUS ON CUSTOMER SERVICE

- Realigning the Street Department as a division of Engineering and relocating the signage and marking functions to Transportation
- Restructuring the Human Resources Department to optimize performance in organizational development, employee engagement, compliance with health care reform and improving the on boarding of new employees
- Expanding the electronic payment solutions for City services
- Adding one full-time electrical inspector, a planner and an engineer-in-training to meet the increased level of development and construction
- Adding one full-time employee to establish a Help Desk in the IT Department
- Installing GPS units on Rover buses and solid waste vehicles
- Install on-street Rover passenger shelters
- Beginning retrofitting traffic signals from incandescent bulbs to LEDs
- Renovating Sports*Com, Star*Plex, Patterson Park Community Center, McFadden Community Center and McKnight Park
- Continuing "Service Excellence," the City's customer service training program for City employees
- Initiate an employee service award program
- Continue night court sessions
- Fund pay increases and longevity pay for full-time personnel
- Increasing employee participation in wellness programs
- Repaving $2 million in City streets from State gasoline taxes, a 7.5% increase from FY 13

ENGAGING OUR COMMUNITY

- Beginning Phase 1 of an Employee Engagement effort
- Conducting of neighborhood meetings on critical issues
- Holding the second session of the Citizens Academy
- Carry the City Manager Roundtables out to the departments
- Installing information kiosks at City Hall and other strategic locations

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the fifteenth consecutive year that the City of Murfreesboro has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 comprehensive annual financial report 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 City also received the Distinguished Budget Award for the FY 13 budget.

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

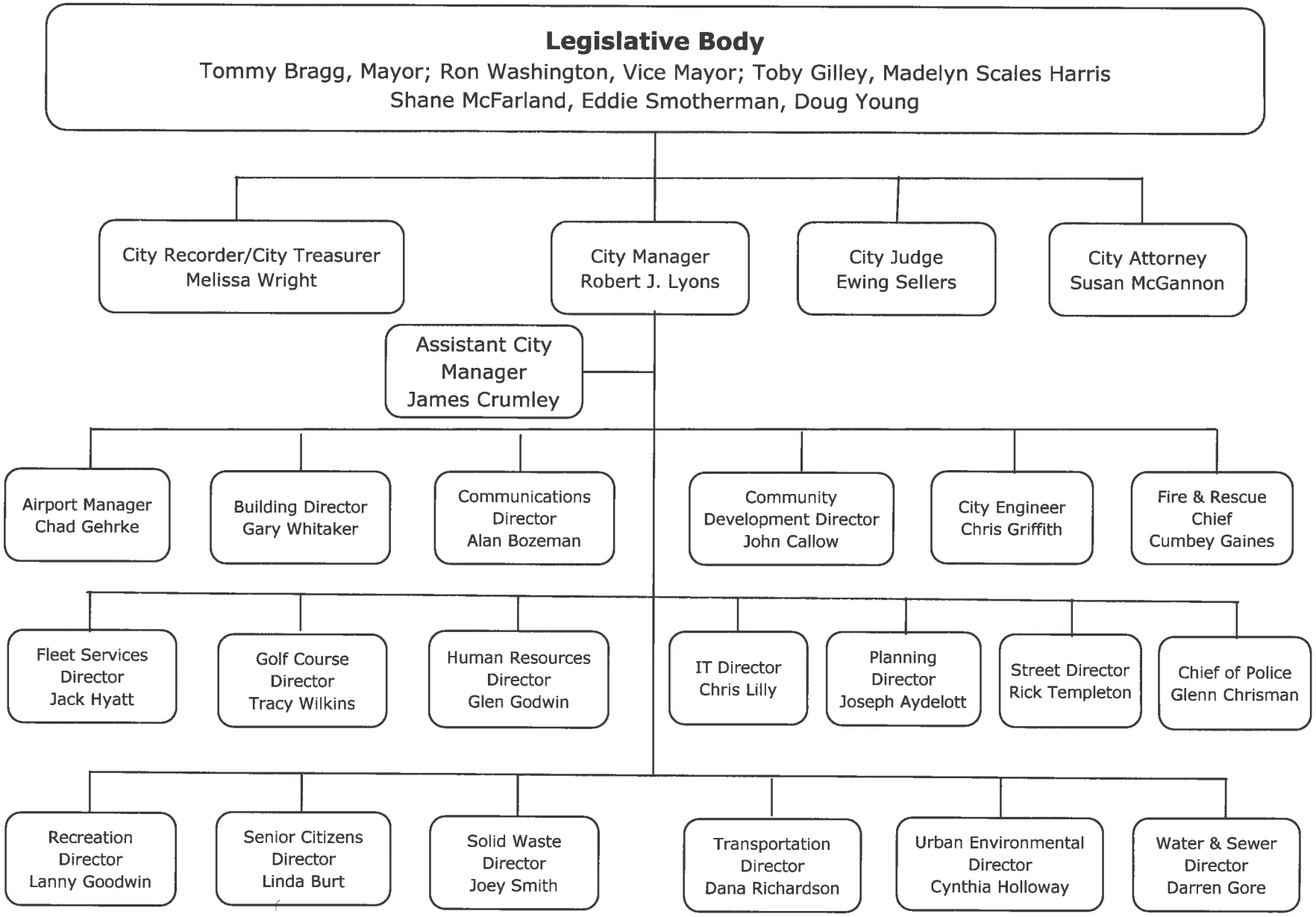
Melissa B. Wright, CPA
City Recorder/Finance Director

Erin E. Tucker, CPA
Assistant Finance Director

CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
JUNE 30, 2013

MAYOR	Tommy Bragg
CITY COUNCIL	Ronald Washington Doug Young Madelyn Scales Harris Tolbert Gilley, III Shane McFarland Eddie Smotherman
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 & RESCUE CHIEF	Cumbey Gaines, Jr.
SOLID WASTE DIRECTOR	Joey Smith
WATER AND SEWER DIRECTOR	Darren Gore
ELECTRIC DEPARTMENT DIRECTOR	Steve Sax
SENIOR CITIZENS CENTER DIRECTOR	Linda Burt
DIRECTOR OF URBAN ENVIRONMENT	Cynthia Holloway
CITY JUDGE	Ewing Sellers
COMMUNICATIONS DIRECTOR	Alan Bozeman
AIRPORT MANAGER	Chad Gehrke
DIRECTOR OF STREET AND SIGN DEPARTMENT	Rick Templeton
FLEET SERVICES DIRECTOR	Jack Hyatt
TRANSPORTATION DIRECTOR	Dana Richardson
INFORMATION TECHNOLOGY DIRECTOR	Chris Lilly

City of Murfreesboro—Organization Chart



Government Finance Officers Association

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, 2012

Executive Director/CEO

JOBE, HASTINGS & ASSOCIATES
Certified Public Accountants
745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Report on the Financial Statements

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 City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 $89,109,100, $186,145,715, $411,931,610, $10,548,287, $17,360,764, and $2,559,843 respectively, and total revenues of $61,669,038, $156,303,678, $46,666,186, $2,718,022, $3,103,089, and $562,975 respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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 solely on the report 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 (25) and eighty-eight (88) through (90) 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section and the schedule of expenditures of state awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Murfreesboro, Tennessee's internal control over financial reporting and compliance.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
December 19, 2013

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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 – viii of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2013 by $977,329,076. Of this amount, $60,640,792 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $40,305,648 (4.3 percent) during the year. The governmental net position increased by $10,288,386 (2 percent) and the business-type net position increased by $30,017,262 (7.1 percent).

- As of June 30, 2013, the City's governmental funds reported combined fund balances of $117,491,741, an increase of $34,113,354 (40.9 percent) in comparison with the prior year. The City issued $45.8 million with the TMBF/Bond Fund and recognized only $13.6 million in expenditures in this fund during the year. The unassigned portion of the total governmental funds fund balance is $45,084,780 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 $46,190,580, or 59.4 percent of the total General Fund expenditures.

- The City of Murfreesboro's total long-term liabilities increased by $21,567,558 (5.8 percent) during the year ended June 30, 2013.

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, streets and signs, planning and engineering, building and codes, solid waste, transportation, 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 26 - 27 of this report.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 thirteen (13) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund and the debt service fund which are considered to be major funds. Data from the other ten (10) 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 28 - 31 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 42 - 45 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 42 - 45 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 46 - 47 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 48 - 87 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 88 - 89 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 90 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 as supplementary information immediately following the required supplementary information on pensions and post-employment benefits. Combining statements and individual fund schedules can be found on pages 91 - 116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $977,329,076 at June 30, 2013. The largest part of the City of Murfreesboro's net position (89.9 percent) reflects its net investment in capital assets (land, buildings and improvements, equipment and infrastructure less any related debt used to acquire those assets that are 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 net 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 net position is the increase of $58,635,926 (22.6 percent) in current and other assets. The governmental activities increased $40,094,831 (25.4 percent) and the business-type activities increased $18,541,095 (18.2 percent). The majority of these increases are in cash and restricted cash accounts. The City continued its debt service of existing loans/bonds, paying out $36,368,509 in loan/bond related payments as well as issuing $45.8 million in new debt. The City refinanced approximately $28.6 million in water and sewer debt and $1.87 million in airport debt.

NET POSITION
June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
		(Restated)				**(Restated)**
Current and other assets	$ 198,277,105	$ 158,182,274	$ 120,206,521	$ 101,665,426	$ 318,483,626	$ 259,847,700
Capital assets	668,847,904	662,883,298	487,951,700	483,928,970	1,156,799,604	1,146,812,268
Total assets	867,125,009	821,065,572	608,158,221	585,594,396	1,475,283,230	1,406,659,968
Long-term liabilities outstanding	272,870,175	242,399,988	121,955,592	130,858,221	394,825,767	373,258,209
Other liabilities	68,419,691	62,574,827	34,708,696	33,259,504	103,128,387	95,834,331
Total liabilities	341,289,866	304,974,815	156,664,288	164,117,725	497,954,154	469,092,540
Net position:						
Net investment in capital assets	504,527,046	491,744,484	374,286,227	359,649,468	878,813,273	851,393,952
Restricted	11,275,897	11,028,943	26,599,114	22,499,278	37,875,011	33,528,221
Unrestricted	10,032,200	13,317,330	50,608,592	39,327,925	60,640,792	52,645,255
Total net position	$ 525,835,143	$ 516,090,757	$ 451,493,933	$ 421,476,671	$ 977,329,076	$ 937,567,428

There are restrictions on use of 3.9 percent of the City's net position. Debt service and capital project activities comprise $27,694,710 or 73 percent of the total restricted net position. The unrestricted net position of $60,640,792 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 $10,032,200 for governmental activities unrestricted net position, a decrease of $3,285,130 from the prior year. OPEB obligations are a significant part of this decrease and will be discussed in the Financial Analysis of the Governmental Funds section of this report. The business-type activities ended the fiscal year with $50,608,592 in unrestricted net position, which is an increase of $11,280,667 (28.7 percent) from the prior year.

Governmental Activities

Governmental activities increased the City of Murfreesboro's net position by $9,744,386 accounting for 24.2 percent of the growth in total net position. Key elements of this increase are displayed on the Changes in Net Position table.

Governmental charges for services decreased $525,464 or 3.2 percent from the previous fiscal year. Within this category, street department charges for services has decreased $377,707 from the prior year due to fewer subdivisions needing final paving by the City while waiting for developers or their sureties to reimburse the expense. Additionally, golf program revenue decreased $183,588 from the previous year. City court fines have decreased $256,574 but the automated red light enforcement fines increased $180,717 resulting in a net decrease of $75,857.

Operating grants and contributions revenue decreased of $5,462,408, a change of 7.8 percent from the prior year. The Amazon warehouse economic development project was completed in FY 13 and accounts for a decrease of $5,603,753 in state grant and developer match funding from the prior year.

Capital grants and contributions for the governmental activities of the City was $9,958,345, an increase of $6,185,776, or 164.0 percent from the previous year. Several major new street or road projects account for $3,564,730 of the increase. Additionally, an increase of $2,538,060 in donated neighborhood streets from private developers boosted this category. The transit department had an increase of $1,001,124 in capital transit grants, part of which was used by the City in acquiring nine new buses. The City's greenway system continues to expand and received an increase of $316,172 in capital grant revenue for FY 13.

The City's property tax revenue had a modest increase of $304,463. The City's other tax revenue experienced an increase of $2,307,548 or 5.5 percent over the prior year. Of this increase, $671,130 is from cable franchise revenue increases (a timing issue resulted in receiving an additional quarterly payment of $308,396 in FY 13). The local option sales tax increased $947,722 (2.9 percent over prior year), the gross receipts tax (also known as business license tax) increased $275,298 and alcohol taxes increased $184,319. The hotel/motel occupancy tax revenue increased $216,920 approximately $106,000 was due to results from an audit on the program's past three years.

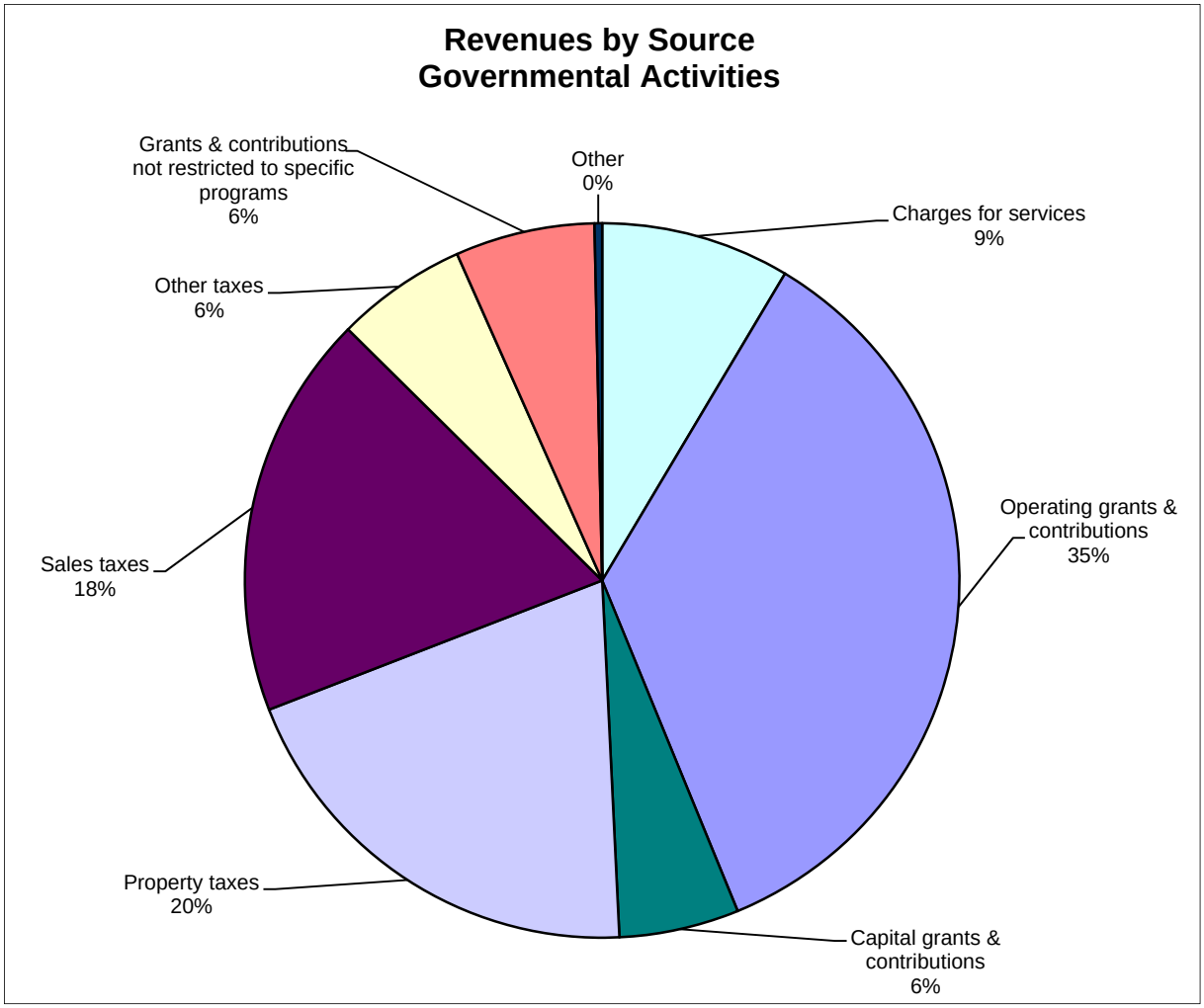
Grants and contributions not restricted to specific programs increased $720,085 or 6.6 percent. The state shared sales tax increased $160,353 and the state income tax allocation increased $283,400. The state mixed drink allocation, which is shared with the public school systems, increased $115,651. Other miscellaneous revenue increased $189,075.

CHANGES IN NET POSITION
June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 15,710,276	$ 16,235,740	$ 202,359,300	$ 187,148,635	$ 218,069,576	$ 203,384,375
Operating grants & contributions	64,798,615	70,261,023	121,397	83,165	64,920,012	70,344,188
Capital grants & contributions	9,958,345	3,772,569	3,539,238	4,879,811	13,497,583	8,652,380
General revenues:						
Property taxes	36,523,237	36,218,774			36,523,237	36,218,774
Other taxes	44,531,818	42,224,270			44,531,818	42,224,270
Grants & contributions not restricted to specific programs	11,596,117	10,876,032			11,596,117	10,876,032
Other	635,316	446,241	172,363	315,436	807,679	761,677
Total revenues	$ 183,753,724	$ 180,034,649	$ 206,192,298	$ 192,427,047	$ 389,946,022	$ 372,461,696
Expenses:						
General government	$ 14,763,088	$ 13,068,983			$ 14,763,088	$ 13,068,983
Police	26,249,165	24,085,661			26,249,165	24,085,661
Fire protection	15,603,783	14,909,082			15,603,783	14,909,082
Judicial	435,966	401,713			435,966	401,713
Streets and signs	14,124,386	15,682,905			14,124,386	15,682,905
Planning and engineering	1,795,956	1,748,469			1,795,956	1,748,469
Building and codes	1,698,034	1,697,773			1,698,034	1,697,773
Solid waste	4,833,446	4,891,907			4,833,446	4,891,907
Transportation	2,044,607	2,235,586			2,044,607	2,235,586
Urban environmental	977,490	944,736			977,490	944,736
Public health, educ. and welfare	1,896,109	1,705,184			1,896,109	1,705,184
Community services	7,195,027	6,996,360			7,195,027	6,996,360
Recreation	12,774,050	13,127,693			12,774,050	13,127,693
Community/economic develop.	1,689,443	7,680,151			1,689,443	7,680,151
Education	62,000,474	61,165,887			62,000,474	61,165,887
Food service	4,124,047	3,848,294			4,124,047	3,848,294
Interest on long-term debt	4,784,283	4,064,522			4,784,283	4,064,522
Water and sewer and stormwater			$ 33,363,312	$ 33,571,683	33,363,312	33,571,683
Electric			139,421,615	136,911,756	139,421,615	136,911,756
Cemetery			468,656	472,475	468,656	472,475
Total expenses	$ 176,989,354	$ 178,254,906	$ 173,253,583	$ 170,955,914	$ 350,242,937	$ 349,210,820
Increase in net position before contributions and transfers	$ 6,764,370	$ 1,779,743	$ 32,938,715	$ 21,471,133	$ 39,703,085	$ 23,250,876
Contributions to permanent funds			58,563	79,451	58,563	79,451
Transfers	2,980,016	2,921,131	(2,980,016)	(2,921,131)		
Change in net position	$ 9,744,386	$ 4,700,874	$ 30,017,262	$ 18,629,453	$ 39,761,648	$ 23,330,327
Net position - beginning, as previously reported	$ 515,546,757	$ 510,845,883	$ 421,476,671	$ 402,847,218	$ 937,023,428	$ 913,693,101
Prior period adjustment	544,000				544,000	
Net position - beginning, as restated	$ 516,090,757	$ 510,845,883	$ 421,476,671	$ 402,847,218	$ 937,567,428	$ 913,693,101
Net position at end of year	$ 525,835,143	$ 515,546,757	$ 451,493,933	$ 421,476,671	$ 977,329,076	$ 937,023,428

The cost of all governmental activities was $176,989,354. However, as shown in the Changes in Net Position table, 51.1 percent ($90,467,236) 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 remained flat except operating grants and contributions decreased from 39 percent to 35 percent and capital grants and contributions increased from 2 percent to 6 percent.

Net Program Cost to Taxpayers

Governmental activities:	Revenue	Expense	Net (Expense) Revenue
General government	$ 91,203	$ 14,763,088	$ (14,671,885)
Police	866,752	26,249,165	(25,382,413)
Fire protection	843,166	15,603,783	(14,760,617)
Judicial	3,620,237	435,966	3,184,271
Streets and signs	11,287,456	14,124,386	(2,836,930)
Planning and engineering	36,655	1,795,956	(1,759,301)
Building and codes	2,346,468	1,698,034	648,434
Solid waste	48,234	4,833,446	(4,785,212)
Transportation	2,157,335	2,044,607	112,728
Urban environmental	125	977,490	(977,365)
Public health, educ. and welfare		1,896,109	(1,896,109)
Community services	5,589,500	7,195,027	(1,605,527)
Recreation	3,723,150	12,774,050	(9,050,900)
Community/economic development	1,620,460	1,689,443	(68,983)
Education	54,026,199	62,000,474	(7,974,275)
Food service	4,210,296	4,124,047	86,249
Interest on long-term debt		4,784,283	(4,784,283)
Total governmental activities	$ 90,467,236	$ 176,989,354	$ (86,522,118)

Governmental net position for FY 13 increased by $9,744,386 after payment of governmental activities expenses of $176,989,354 with program revenues of $90,467,236, general revenues of $93,286,488 and transfers from other funds of $2,980,016. Governmental net position at June 30, 2013 was $525,835,143.

Program Expenses
Governmental Activities

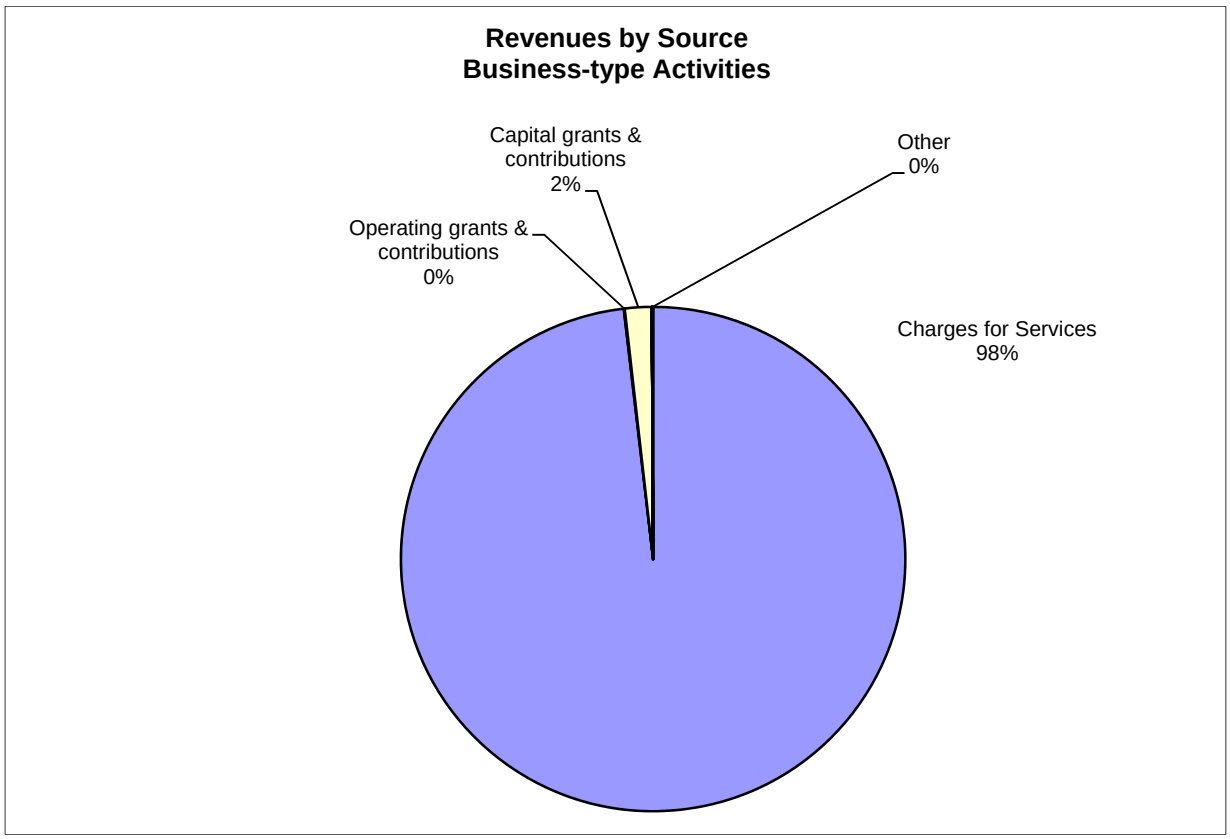
Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	$ 14,763,088	8%	Urban environmental	977,490	1%
Police	26,249,165	15%	Public health, educ. and welfare	1,896,109	1%
Fire protection	15,603,783	9%	Community services	7,195,027	4%
Judicial	435,966	0%	Recreation	12,774,050	7%
Streets and signs	14,124,386	8%	Community/economic development	1,689,443	1%
Planning and engineering	1,795,956	1%	Education	62,000,474	35%
Building and codes	1,698,034	1%	Food service	4,124,047	2%
Solid waste	4,833,446	3%	Interest on long-term debt	4,784,283	3%
Transportation	2,044,607	1%			
			Total governmental activities	$ 176,989,354	100%

Business-type Activities

The business-type activities increased the City of Murfreesboro's net position by $30,017,262 or 74.5 percent of the total growth. The business-type activities include water and sewer operations, a stormwater system, an electrical distribution service and a cemetery. The cost of all business-type activities this year was $173,253,583. As shown in the Changes in Net Position table, the amounts paid by users of the operations were $202,359,300. The additional revenue sources included operating grants and contributions of $121,397, capital grants and contributions of $3,539,238, unrestricted investment earnings of $172,363 and contributions to permanent funds of $58,563. There were also transfers to governmental funds of $2,980,016 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	$ 33,363,312	$ 49,232,280	68%
Electric	139,421,615	156,284,978	89%
Cemetery	468,656	502,677	93%
	$ 173,253,583	$ 206,019,935	84%



The Water and Sewer Department experienced a $6,791,066 (18.76 percent) growth in operating revenues due to rate design changes. The minimum 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 decreased $280,161 (1.58 percent) from the prior year as the department did not have consulting fee expenses during the year. The capital contributions from developers in aid of construction, totaled $3,539,238, an increase of $2,260,763 compared to last year. This increase can be attributed to the improvement in the economy and increased construction activity, particularly multi-family projects.

The Stormwater Fund has now completed its sixth year of operations. The fund is primarily financed from charges to property owners based on the amount of impervious surface on their property and its resulting stormwater. The charges collected by the Stormwater Fund were $2,707,858, an increase of 5.27 percent from last year. Management attributes this increase to commercial development continuing to occur in the City. Operating and maintenance expenses totaled $1,549,760, an increase of 33.03 percent. Engineering and inspection service cost increases and personnel cost increases resulting from reassignment of roles and responsibilities made up the majority of this increase.

Water and Sewer Department and Stormwater Department employees participate in the City of Murfreesboro Pension Plan for employees hired before July 1, 2010 and the City of Murfreesboro Defined Contribution Plan for employees hired on or after July 1, 2010. These plans are discussed in the Financial Analysis of Governmental Funds.

The Electric Department experienced a $4,761,156 (3.4 percent) increase in operating revenue. This increase is due primarily as a result of increased construction activity of apartment complexes, the opening of the Amazon Fulfillment Distribtution Center and increased production in automobile supply plants. Purchased power expense of $122,677,490 reflects an increase of 2.76 percent in 2013 and is consistent with the increase in operating revenue. The Electric Department experienced a slight increase in its customer base during 2013. The customer base increased by 1,068 customers, or 2 percent. This trend is expected to continue through June 30, 2014.

The Electric Department contributes to a single-employer defined benefit pension plan for employees hired before April 1, 2012, separate from the City of Murfreesboro's pension plan. The plan's net position increased by $2,415,137 or 16.2 percent during FY 13 compared to a FY 12 decrease of $34,057. This increase can be attributed to the improved stock market conditions during FY 13 as compared to previous years. The plan's retirement contribution amount is based on the annual actuary report. All contributions to the defined benefit plan are made by the employer. In addition, a defined contribution plan was established for employees hired after April 1, 2012. This plan requires a mandatory 4 percent employee contribution and a 6 percent employer contribution. Additional information regarding the Murfreesboro Electric Department Employee Pension Plan can be found in footnote I.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2013 the City of Murfreesboro's governmental funds reported combined ending fund balances of $117,491,741, an increase of $34,113,354 in comparison with the prior year. Information regarding significant funds or variances is listed below.

General Fund

The General Fund is the chief operating fund of the City of Murfreesboro. At June 30, 2013, the fund balance was $52,623,369, an increase of $2,027,776.

Two prior period adjustments were made to the General Fund's fund balance, totaling a decrease of $2,162,895. Transactions for the Chamber of Commerce and Visitor's Center totaling $1,088,515 were transferred to the General Fund and the Gateway Fund deficit fund balance of $1,074,380 were closed into the General Fund.

The local sales tax revenue numbers increased $947,722 or 2.9 percent over FY 12. The local option sales tax had a positive budget variance of $633,814.

The licenses, permits and fines category produced $225,151 more revenue than FY 12. The construction industry continued to show signs of renewal with $315,285 in additional revenue over the prior year in various charges for licenses, permits and fees than in FY 12. Court fines and automated traffic enforcement fees had a $256,574 decrease and $180,717 increase, respectively, than FY 12. The City continues to use the services of a collection agency to assist in collection of unpaid fines.

The general government category includes the General and Administrative Department (City Manager and Finance), the Legal Department, the Human Resources Department, the Information Technology Department and some smaller general government categories. The General Government category experienced an increase of $701,689, or 9.1 percent, in expenditures over FY12. The largest variance is for property tax adjustments of $748,460. During FY 13, the State of Tennessee began settling a backlog of property valuation appeals for Rutherford County. The City refunded taxes for successful appeals dating back to tax year 2010. Additional appeals were anticipated in the FY 14 budget.

As a service based organization, the City's largest expense is for wages and related benefits, which equaled 68.3 percent of FY 13 expenditures. In the General Fund, labor and related accounts totaled $53,069,986 for FY 13, versus $50,888,274 for FY 12. This is an increase of $2,181,712 or 4.3 percent. The City provided step raises of 3.5 percent to employees that had been in their position for at least one year. Employees at the top of their pay range received a discretionary cost of living adjustment of 2 percent. City management continued to carefully monitor expenditures and hiring requests for all departments to ensure funds were being allocated appropriately. Departments continued looking for areas to improve efficiency and to control expenses through the year to be sure services are delivered efficiently and effectively.

Most of the departments in the General Fund remained flat for FY 13 spending compared to FY 12, with the exception of labor and its related accounts. A few exceptions to flat spending include:

1) General and Administrative operations and maintenance decreased 92.4 percent ($722,022) as several large maintenance projects were completed in FY12.
2) Property tax adjustments increased 445.8 percent over FY12 ($748,460) due to State settlements of taxpayer appeals of Rutherford County Assessor values.
3) The Information Technology Department increased 42.1 percent overall ($349,945) from FY 12, as a new internet site was developed. City departments converted to Office 365 and master technology plans for the City and Water and Sewer department continued.
4) The Police Department labor category increased by 7.8 percent ($980,059) due to the decision to compensate employees for time required to take meal breaks.
5) Street and Signs Department street improvement and maintenance line decreased 99.0 percent ($501,846) as final subdivision paving was not needed to complete developer obligations in FY 13.
6) The Transportation Department addition to fixed assets increased $1,083,179 due to the addition of nine new buses to replace older buses.

Debt Service Fund

The Debt Service Fund experienced an increase in fund balance of $397,202 as developer assessments used to offset debt service were received after the last debt service payment for June had been transferred. Principal payments were $2,005,461 more than in FY 12, a 9.9 percent increase and interest payments were $27,869 more than in FY 12, a 0.7 percent increase.

Financed debt increased $23,790,621 for governmental activities, including school debt service from FY 12. The City made all scheduled principal payments on all debt on time. At June 30, 2013, the fixed rate to variable rate loan ratio is 55.5 to 44.5 percent respectively.

The City obtained two new fixed rate loans totaling $45,800,000 on October 1, 2012 with principal payments beginning in FY 14 and interest paid on a semi-annual basis. These loans provided financing for a number of capital projects and are comprised of a $40,700,000 loan (2.17 percent interest rate) over a fifteen year amortization period and a $5,100,000 loan (1.25 percent interest rate) over a seven year amortization period. The City Schools accepted a second interest free loan through the State of Tennessee for upgrades to school buildings that lower energy costs. Principal payments began in FY 13 and will continue for 10 years. The City refinanced two capital outlay notes for hangar construction at the municipal airport to take advantage of lower interest rates in May 2013. The 1.6 percent rate replaces 6.550 rates and 6.492 percent rates of the original notes.

The City is planning new debt in January 2014 of approximately $42,000,000 to finance a new city elementary school and technology needs for all city schools, airport improvements, communications equipment, police vehicles and related equipment, recreation facility equipment and public buildings renovations. Additional needs for a new ERP software solution, a new police headquarters, a new indoor tennis complex and other smaller projects are also included in the financing. The new debt will be amortized between 5 and 15 years,

based on the life of the asset being funded. A decision has not been made as to what funding mechanism will be used.

In accordance with guidance from the State and the AICPA, the city schools debt service and capital outlay paid by the City of Murfreesboro is recorded on the schools' department-wide report. On page 30, under Other Governmental Funds, $2,899,721 is included for debt principal and interest costs paid by the City for debt that was issued by the City and used for school buildings and equipment. The school report also includes the buildings (which are titled to the City of Murfreesboro) and equipment financed with their own asset and capital outlay information. The City has deleted these same numbers from its 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 30.

Special Revenue Funds

General Purpose School Fund

The General Purpose School Fund budgetary basis fund balance decreased $348,389. The Fund had been budgeted to decrease $371,319. No additional adjustments were made to bring the budgetary basis to GAAP basis. Revenues increased in FY 13 as compared to FY 12 by $334,786, of which $1,037,221 came from additional State program revenues, while local intergovernmental revenues decreased by $925,682. Expenditures increased in FY 13 by $1,718,204 in administration and business, instruction, transportation and food service costs. Increases to instruction expenses were due to previously negotiated annual step increases for educators and the mandatory increase in the State retirement plan contribution by the district.

State Street Aid Fund

The State Street Aid Fund had revenues exceeding expenditures of $199,931 for FY 13. While the state shared gas tax revenue decreased $13,814, the paving expenditures decreased $646,279. The City used fund balance in FY 12 to complete final paving needs in troubled subdivisions while pursuing reimbursement from developers and their sureties. The fund balance at June 30, 2013 is $1,289,805.

Community Development Fund

Revenues received from the federal government decreased $437,836 from FY 12 and program revenue decreased $112,091 for the same timeframe. Staff matched funds available to program needs and adjusted spending to serve the City's citizens.

School Federal and State Program Funds

The School Federal and State program fund had a deficit fund balance of $387,262 due to the grant funds being received beyond the sixty day period of availability for reporting.

Capital Projects Funds

Capital Improvement and Contingency Fund

The Capital Improvement and Contingency Fund has a deficit balance of $718,538. In the past, the Chamber of Commerce and Visitor's Center building project was carried in this fund. With the project complete, all transactions have been transferred to the General Fund, accounting for a prior period adjustment of $1,088,515.

New projects in this fund are the Middle Tennessee Boulevard widening project, the Bradyville Pike improvement project, Cherry Lane extension and widening project, Singer Road economic development project and the Joe B. Jackson Parkway (joint county/state) project. Federal grant funds were received beyond the 180 day period of availability for the Middle Tennessee Boulevard project causing the deficit to the fund balance account.

Gateway Project Fund

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 and many new medical facilities in the district. 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 sale in this area and is recruiting corporate headquarter projects to these parcels.

It was decided to move the transactions of this fund to the General Fund for the remainder of the project. The prior period adjustment for this deficit fund balance transfer was $1,074,380.

TMBF/Bond Fund

The City has one open variable rate loan with a remaining balance of $117,707 to be drawn on a reimbursement basis from the Tennessee Municipal Bond Fund (TMBF). The funds are expected to be used to complete three projects involving public safety and recreation.

Unspent loan proceeds from the FY 11 TMBF loan at June 30, 2013 were $14,182,267. The majority of the FY 13 expenditures were for road projects with a lesser amount of activity in recreation related activities.

During FY 13 the City closed two new loans totaling $45,800,000 through the TMBF. The loan proceeds were received in full and the unspent loan proceeds at June 30, 2013 were $34,784,812. The largest areas of expenditure through June 30, 2013 include $6,339,243 for elementary school renovations and the street project associated with the construction of a new school and $4,212,376 for police capital outlay including vehicles and communications equipment.

Internal Service Funds

Insurance Fund

The Insurance Fund recognized a decrease in revenue of $274,080 and an increase in expenditures of $1,186,479 from FY 12. The fund balance decreased $1,008,863 from FY 12. Premiums for the employees' group health plan changed to a four-tier system from a two-tier system that allowed the family portion of the premium to be differentiated from an employee with child, spouse or both. The City continues to work with a consultant to evaluate opportunities for savings and cost containment within our benefits while still offering employees excellent coverage. A wellness program began in FY 13 to assist in maintaining employees' health and controlling claims costs. This feature will be expanded in FY 14 and beyond.

Risk Management Fund

The Risk Management Fund had an $825,421 increase in revenue from FY 12. Premiums were resumed in FY 13 after a one year hiatus in automobile premiums charged to departments. Claims and administrative expense were down by $2,149,206 from FY 12. Reserves were set for future worker's compensation and general liability claims totaling $395,500 less than the level reserved for FY 12, after consideration of a prior period adjustment of overstatement of worker's compensation claim reserves.

Pension Trust Funds

The City's Pension Fund, a defined benefit plan, had an increase of $10,622,830 in net position held in trust through June 30, 2013. This is an 11.4 percent increase from the previous year.

The Pension Committee works with third-party consultants and investment managers to closely monitor the stock market and to ensure the plan is properly diversified and that investment managers are meeting set benchmarks. The City's actuary recommends the 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 following budget year. The Pension Committee, a seven member board, met with the actuary and third-party consultant in FY 12 to hear recommendations on assumptions and how these changes would affect recommended investment policy decisions to assist in attaining projected earnings. The committee receives a monthly update from the consultant and meets as needed for action items requiring discussion or a vote.

Additionally, in FY 12 the City changed providers for the life and disability insurance premiums paid out of the Pension Fund realizing a $257,591 savings. In FY 13, these premiums were moved out of the Pension Fund and into the operating budgets of the various departments.

The defined benefit plan was closed to new participants as of June 30, 2010 and a defined contribution plan was implemented for new hires beginning July 1, 2010. The defined contribution has a 3 percent mandatory employee contribution with the option of contributing an additional 5 percent for a possible total of 8 percent of employee wages contributed. The City matches 100 percent of employee contributions.

Additional information regarding the pension plans can be found in Note I on pages 69 - 75, including the pension plan information for the city schools which is administered by the State of Tennessee and separate defined benefit and defined contribution plans 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.

The net position of the Water and Sewer Department at June 30, 2013 was $301,859,696, an increase of $14,161,536. The Electric Department had a net position of $136,693,954 at June 30, 2013, an increase of $13,975,195. The net position for the other proprietary funds at June

30, 2013 was $8,909,622, an increase of $1,154,102. The Stormwater Fund is responsible for $1,168,262 of this increase.

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, 2013.

Overall, general fund revenues exceeded budget $558,776 and expenditures were less than budget by $7,840,283. The budget anticipated a $5,260,454 shortfall to be funded from available fund balance, but instead the actual amount was an increase to fund balance of $2,027,776.

A portion of the $7,840,283 savings in budgeted expenditures was realized when funds budgeted for an addition to the greenway system of approximately $4.1 million was not expended in fiscal year 2013. Savings in labor and related benefits and increased taxes make up $1.8 million of the difference. In addition, the Transportation Department did not spend $1.1 million of funds budgeted for fixed assets during the year, postponing them until FY 14.

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, 2013 amounted to $1,156,799,604 (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 0.87 percent (a 0.90 percent increase for governmental activities and a 0.83 percent increase for business-type activities).

Governmental activities:
Land additions totaled $1,671,617 in FY 13 of which, 91 percent was for road projects. Land donated for road projects was $1,089,318 while land purchased for road projects was $428,900.

Construction in progress at June 30, 2013 totaled $27,708,558 and is composed largely of road projects (74.7 percent). The city schools renovation projects make up about 15.1 percent of the year-end balance. Additional recreation greenway extensions, wetland improvements, Fire and Rescue Department rescue trucks, an airport runway extension and other miscellaneous projects make up the remaining 10.2 percent of construction in progress.

Government buildings increased $224,008 (before depreciation). The City school buildings increased $691,515 and other government buildings had a net decrease of $467,507 from the

prior year. The decrease was due largely to the completion of the City Hall HVAC and lighting project for energy efficiency during FY 12.

Government improvements other than buildings additions totaled $133,781. This increase is due to the construction of a tractor shed at Cannonsburgh and a parking lot addition at Fleet Services.
City school equipment additions totaled $1,833,872. Other government equipment additions totaled $6,309,209. Included in this increase are mobile and portable radios totaling $2,358,350 purchased for the Police and Fire and Rescue Departments. Nine new buses were purchased for a cost of $1,151,016 for the Rover bus system. The Police Department added 41 new vehicles costing $901,025. The City Hall energy efficiency retrofit added an additional $846,871 in equipment. Other purchases included police equipment; a master plan for Greenways, Blueways, and Bikeways; street vehicles and other miscellaneous equipment.

Infrastructure had additions of $6,938,492 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping.

Business-type activities:
As part of its ongoing plan to improve services and the reliability of its electric distribution system, the Electric Department made approximately $4 million in additions to its infrastructure during the year. All of this was done without incurring any additional debt, allowing long term debt for the department to decrease by approximately $3 million. Additional electric substations in the Southeast/Joe B. Jackson area, Middle Tennessee State University, West/Veteran's Parkway and the Gateway area are anticipated to begin construction in the next 1-3 years.

The Water and Sewer Department employed consulting engineers to design an expansion to the Sinking Creek Wastewater Treatment Plant. The department is currently in the permit approval process and anticipates construction to start once those permits are approved.

Capital Assets
Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-Depreciable Assets:						
Land	$ 247,151,097	$ 245,479,480	$ 22,175,379	$ 22,084,681	$ 269,326,476	$ 267,564,161
Construction in progress	27,708,558	22,266,771	16,347,231	15,958,933	44,055,789	38,225,704
Other Capital Assets:						
Buildings	89,121,076	91,259,119	82,301,057	83,695,333	171,422,133	174,954,452
Improvements other than buildings	36,317,332	39,129,632			36,317,332	39,129,632
Transmission & distribution mains			233,595,410	225,424,810	233,595,410	225,424,810
Electric plants			108,505,614	109,174,653	108,505,614	109,174,653
Equipment	26,215,919	22,004,740	25,027,009	27,590,560	51,242,928	49,595,300
Computer Software	1,342,115	1,384,880			1,342,115	1,384,880
Infrastructure	240,991,807	241,358,676			240,991,807	241,358,676
Total	$ 668,847,904	$ 662,883,298	$ 487,951,700	$ 483,928,970	$ 1,156,799,604	$ 1,146,812,268

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 63 - 65 of this report.

Long-term Debt

Total long-term debt for the City of Murfreesboro increased $21,567,558 during the year ended June 30, 2013. Debt from governmental activities increased $30,470,187 (12.6 percent) and business-type activities debt has decreased $8,902,629 (6.8 percent).

The City has variable rate debt totaling $140,867,007, of which 31 percent is business-type activities and 69 percent is governmental activities. The variable interest rate varies by loan.

For the governmental activities, the 2008 TMBF loan is a variable rate loan and requires the City to draw down funds needed for reimbursement; the undrawn balance at June 30, 2013 was $117,707.

The 2010 TMBF loan has $14,182,267 in unspent funds, with street construction and improvements being the dominant governmental uses.

The two 2012 TMBF loans, issued in October 2012, have a total of $34,784,812 in unspent funds at June 30, 2013. A total of $40,700,000 was borrowed on a 15 year term at a negotiated rate of 2.17 percent and $5,100,000 was borrowed on a 7 year term at a 1.25 percent rate through Banc of America Public Capital Corp.

A second school energy efficiency project was completed in the fall of 2012 and debt proceeds of $971,518 at zero percent interest rate for a ten-year term was received from the state to fund these improvements.

The City is planning to issue new debt in early 2014 totaling approximately $42,000,000. The new debt will be amortized between 5 and 15 years, based on the life of asset being funded. A third-party financial advisor will be hired to assist the city with the process of selecting a funding mechanism.

The Water and Sewer Department long term debt decreased by $7,125,760 during FY 13. The Water and Sewer Board initially approved a $67 million capital improvement plan consisting of a new regional pump station, force main, headworks building, and a wastewater plant capacity expansion during FY 12. However, bids received indicate that these projects will instead total approximately $59 million. In 2013, the Water and Sewer Department refinanced approximately $28.6 million in State of Tennessee revolving loans with revenue and tax refunding bonds. This refinance reduced the interest rate from approximately 4.2 percent to 1.31 percent.

The Electric Department long term debt decreased $2,943,000 during FY 13. The Electric Department anticipates additional borrowing of approximately $15-20 million in the next 1-2 years for construction of substations at Middle Tennessee State University, in the Veterans Parkway area and at the future overpass of Broad Street and Memorial Boulevard. This borrowing will also cover construction of a new warehouse and operations center and a meter change out program.

Additional information on the City of Murfreesboro's long-term liabilities can be found in note G on pages 65 - 68 of this report.

The City has adopted GASB Statement No. 45 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. Together with current benefits earned, the liability recognized through June 30, 2013 is $41,996,572, an increase of $8,606,286 (25.8 percent) from the previous year. The business-type activities liability was $7,950,106, an increase of $1,552,412 or 24.3 percent. The governmental activities are made up of two groups, the school employees and the City governmental employees. The school liability was $4,026,187 for an increase of $1,763,573 or 77.9 percent. The City liability is $30,020,279, an increase of $5,290,301 or 21.4 percent. 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 a current basis only. As a part of the budget process, the Council decides if these benefits will be offered to retirees.

The electric department has its own administered plan and only current benefits are being funded. 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 76 - 81 of this report.

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

Long-term Debt Outstanding
June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
		(Restated)				**(Restated)**
General obligation bonds	$ 31,335,000	$ 37,420,000	$		$ 31,335,000	$ 37,420,000
Add: Premium on refunding	4,183,155	4,780,749			4,183,155	4,780,749
Tennessee Municipal Bond Fund loans	185,308,464	154,011,904	$ 43,716,543	44,878,691	229,025,007	198,890,595
Energy Efficient School Loan	1,772,711	941,669			1,772,711	941,669
Revenue bonds			64,920,000	41,150,000	64,920,000	41,150,000
Add: Premium on refunding			2,279,012	2,459,013	2,279,012	2,459,013
Matured bonds payable			36,000	36,000	36,000	36,000
Less: Deferred amounts			(63,396)	(77,121)	(63,396)	(77,121)
Capital Lease Obligation	134,631	269,262			134,631	269,262
Capital outlay notes		2,117,350			0	2,117,350
State revolving loans				32,676,612	0	32,676,612
Estimated landfill closure costs	1,335,000	1,425,000			1,335,000	1,425,000
Compensated absences	8,490,820	7,699,976	3,117,327	3,337,332	11,608,147	11,037,308
Net pension obligation	99,928	181,986			99,928	181,986
Post-employment benefit obligation	34,046,466	26,992,592	7,950,106	6,397,694	41,996,572	33,390,286
Claims and judgements	6,164,000	6,559,500			6,164,000	6,559,500
	$ 272,870,175	$ 242,399,988	$ 121,955,592	$ 130,858,221	$ 394,825,767	$ 373,258,209

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, with the largest undergraduate enrollment in the state of Tennessee. The City enjoys a good working relationship with the leaders of the University and partners with the University in many community projects to benefit the welfare of its students and our citizens. The City has pledged $1 million over three years beginning in FY 14 to assist in funding a new science building for the University.

MTSU 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. In FY 14, the City began a partnership with the University to add an indoor tennis court facility on property owned by the City. This facility will be used for college and high school training and athletic events as well as by the general public. Athletic events have a significant impact on the local economy. In fact, according to the Tennessee Department of Tourist Development and the U.S. Travel Association, Rutherford County saw an increase of 7.92 percent in tourist spending in 2012. Tourism dollars for the county totaled $272 million for calendar year 2012.

Rutherford County ranked in the top three in the nation for employment growth during the first two quarters of FY 13. In addition, CNN ranked the county eleventh overall in the country for job growth. As a testament to these rankings, in May, 2013, NHK Seating of America, Inc. announced plans to expand their Murfreesboro facility. This $6.8 million investment will also bring an additional 94 jobs to Murfreesboro. Additionally, Schwan Cosmetics announced plans to build its United States headquarters and relocate its two United States locations to Murfreesboro. The announcement represents an investment of $38 million and will create 250 new jobs over the next five years. The company plans to open the new campus during the first half of 2015. The City will also be the home to two additional Wal-Mart SuperCenters by the fall of 2014, adding approximately 600 jobs.

With the development of the City's new Information Technology Master Plan, the first major project is to replace many of the City's legacy software packages beginning with the General Ledger, Payroll, Human Resources Information System (HRIS), Fixed Assets and Court packages. This software replacement package will give employees the ability to work more efficiently and provide opportunities for better service delivery. Management will strive to purchase software that is the best fit for our organization. A consultant has been hired by both the Water and Sewer Department and the City to aid in the review and selection of the software needed. It is expected that the new software will be selected in FY 14 and implemented in early FY 15. The cost of the project is included within our capital improvement project listing.

The City anticipates borrowing $10,384,000 for projects less than fifteen years and $31,616,000 for fifteen year projects in January 2014. Cost for a new elementary school and school related technology projects compose 75.7 percent of the borrowing. Construction began on Overall Creek Elementary School in July 2013. The City anticipates the school will be open in the fall of 2014 and will serve approximately 1,000 students.

City 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 $5,991,206 were completed and capitalized in FY 13. The City is constructing Veteran's Parkway Phase 2B from Barfield Road to St. Andrews Drive which, once complete, will connect South Church Street (US 231) 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 under construction and costs are being shared with Rutherford County. Upon completion, this project should provide an alternative to the congestion on US 231.

The City has purchased right of ways for the Middle Tennessee Boulevard widening project. This road runs in front of Middle Tennessee State University's campus. The project is expected to help alleviate traffic congestion in the University area. Construction is expected to begin in FY 14 and to take 2 years to complete.

The City is working with the State of Tennessee to widen Bradyville Pike (State Route 99) and to extend and widen Cherry Lane to connect State Route 840 to Memorial Blvd. Both projects are in the planning and engineering phase.

The City Manager continues to closely monitor large purchases and projects, as well as all hiring decisions. During the first three months of FY 14, the local option sales tax, the second largest revenue source, is meeting budget projections. Murfreesboro's position in middle Tennessee has helped insulate the community from many of the problems that the State's border counties have experienced as a result of residents going across the state-line to buy their goods.

The real and personal property tax base has remained relatively flat from FY 12 to FY 13; however the Rutherford County Assessor's office made changes to many parcels after receiving numerous challenges to the valuations for property tax years 2010 through 2012. Many of the successful appeals to property valuation were in place at the time the 2013 roll was prepared. It is not expected that refunds will be made for 2013 parcels to the same extent the City refunded for the past three years.

The City has committed to purchase the former Murfreesboro Medical Clinic as a new Police Department headquarters. The Police Department has outgrown their current facilities and the detective division has been renting a large space on the south side of Murfreesboro. This $4.7 million purchase will then require extensive remodeling for a final estimated cost of approximately $25 million. With 125,000 square feet of usable space and approximately 400 parking spots on 8.5 acres, this building will be able to house all Police operations in one place and allow for long term growth of the department. Closing on the sale is anticipated for December 2013.

Effective January 1, 2013, the City redesigned the self-insured employee group medical insurance plan in an effort to better manage costs. The Exclusive Provider Organization (EPO) option has been dropped leaving only the Preferred Provider Organization (PPO) in place. In addition, a Health Reimbursement Account (HRA) option has been established. Insurance premiums are based on a four tier structure: single, employee + children, employee + spouse and family. Premiums are based on the PPO option or the HRA option. The City will continue to pay 80 percent of anticipated costs with employee premiums responsible for the remaining 20 percent. The FY 14 budget reflects additional wellness incentives. The City anticipates employing a new consultant in the area of benefits in order to manage costs and provide quality benefits to employees.

The City continues to closely monitor its Defined Benefit Pension Plan investment assumptions and results. At this time, the plan is funded at actuarially prescribed rates. The recommended percentage of salary for the plan participants is currently 12.10 percent and will be 12.18 percent for FY 15. City management is working with the third party actuary to prepare for GASB changes to reporting pension information and any assumption changes that might be required.

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 13, 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 14 should result in an increase to sales revenues by $1,100,000. In addition, management expects sewer sales to continue to grow while water sales will remain relatively flat. The increased sewer sales will come from inside City customers served water by Consolidated Utility District (CUD).

The rate funded capital budget is $4,699,883 for FY14, an increase from $2,905,147 for FY 13. The Water and Sewer Department's goal is a minimum of $3 million per year in rate-funded capital purchases. The department has an aggressive approach to the rehabilitation of the sanitary sewer system to eliminate extraneous water that causes overflows and uses capacity. The goal of the department is to progressively increase rate funded capital budgets combined with working capital funds to rehabilitate 2 percent or 60,700 feet of sewer lines of the system annually over a 50 year period. It is estimated to cost $3 million dollars per year.

The department is implementing a new customer information and utility billing system. As part of that implementation, the department has also been approved to interface a new state-of-the-art interactive voice response (IVR) system. These enterprise solutions are part of the department's seven (7) year information technology (IT) master plan. Once these solutions are implemented, the installation of an Advanced Metering Infrastructure (AMI) system, a Mobile Workforce Management (MWM) and Computerized Maintenance Management System (CMMS), will begin. All of the IT solutions are anticipated to be funded through the department's working capital reserves (i.e., no debt incurred).

The electric department continues to experience an increase in construction activity in apartment complex development. Additionally, the Amazon Fulfillment Distribution Center just completed the build-out of its facility and it is anticipated that its load will increase approximately 50% above current levels. Supplier plants to the automotive industry such as MAHLE, Perfect Equipment, Johnson Controls and NHK Seating are experiencing increased production demands. These activities contribute to a positive outlook for an increase in electricity sales of one to two percent.

The electric department does not anticipate a local rate increase in FY 14. However, TVA has announced a 1.5 percent rate increase for FY 14 which the department will pass through to its customers. TVA continues to charge seasonal, time-of-use rates to the electric department. The department has not elected to charge time-of-use rates to its retail customers, but the retail rates do vary by season. The change to the wholesale time-of-use rates has had minimal contribution to any changes in margin.

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 Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 70,187,977	$ 66,132,237	$ 136,320,214
Certificates of deposit	350,978		350,978
Receivables, net of allowance for uncollectibles	74,787,068	19,722,115	94,509,183
Internal balances	(3,167,276)	3,167,276	
Inventories	490,526	2,843,476	3,334,002
Prepaid pension costs		458,746	458,746
Prepaid items and other assets	258,924	259,412	518,336
Deferred charges	1,162,311	1,059,145	2,221,456
Restricted assets -			
Cash and cash equivalents	51,762,700	26,564,114	78,326,814
Certificate of deposit	500,000		500,000
Investments, at fair value	1,943,897		1,943,897
Capital assets -			
Land and construction in progress	274,859,655	38,522,610	313,382,265
Other capital assets, net of depreciation	393,988,249	449,429,090	843,417,339
Total Assets	$ 867,125,009	$ 608,158,221	$ 1,475,283,230
LIABILITIES			
Accounts payable and accrued expenses	$ 12,090,904	$ 25,315,717	$ 37,406,621
Unearned revenue	55,028,251		55,028,251
Deposits held	1,195,865	6,966,693	8,162,558
Other deposits	55,197		55,197
Matured bond interest payable	806		806
Other liabilities	48,668	2,426,286	2,474,954
Long-term liabilities -			
Due within one year	30,269,260	12,010,747	42,280,007
Due in more than one year	242,600,915	109,944,845	352,545,760
Total Liabilities	$ 341,289,866	$ 156,664,288	$ 497,954,154
NET POSITION			
Net investment in capital assets	$ 504,527,046	$ 374,286,227	$ 878,813,273
Restricted for -			
Education	5,760,561		5,760,561
Capital activity and debt service	1,095,596	26,599,114	27,694,710
Highways and streets	1,787,266		1,787,266
Law enforcement	359,923		359,923
Other purposes	153,030		153,030
Perpetual care -			
Expendable	306,227		306,227
Nonexpendable	1,813,294		1,813,294
Unrestricted	10,032,200	50,608,592	60,640,792
Total Net Position	$ 525,835,143	$ 451,493,933	$ 977,329,076

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Governmental activities -							
General government	$ 14,763,088	$ 89,224		$ 1,979	$ (14,671,885)		$ (14,671,885)
Police	26,249,165	282,964	$ 492,553	91,235	(25,382,413)		(25,382,413)
Fire protection	15,603,783	825,032		18,134	(14,760,617)		(14,760,617)
Judicial	435,966	3,620,237			3,184,271		3,184,271
Streets and signs	14,124,386	93,494	2,972,728	8,221,234	(2,836,930)		(2,836,930)
Planning and engineering	1,795,956	36,655			(1,759,301)		(1,759,301)
Building and codes	1,698,034	2,346,468			648,434		648,434
Solid waste	4,833,446	48,234			(4,785,212)		(4,785,212)
Transportation	2,044,607	129,313	922,480	1,105,542	112,728		112,728
Urban environmental	977,490	125			(977,365)		(977,365)
Public health, education and welfare	1,896,109				(1,896,109)		(1,896,109)
Community services	7,195,027	3,956,866	1,584,905	47,729	(1,605,527)		(1,605,527)
Recreation	12,774,050	3,174,272	76,386	472,492	(9,050,900)		(9,050,900)
Community/economic development	1,689,443	36,532	1,583,928		(68,983)		(68,983)
Education	62,000,474	7,550	54,018,649		(7,974,275)		(7,974,275)
Food service	4,124,047	1,063,310	3,146,986		86,249		86,249
Interest on long-term debt	4,784,283				(4,784,283)		(4,784,283)
Total governmental activities	$ 176,989,354	$ 15,710,276	$ 64,798,615	$ 9,958,345	$ (86,522,118)		$ (86,522,118)
Business-type activities -							
Water, sewer, and stormwater	$ 33,363,312	$ 45,693,042		$ 3,539,238		$ 15,868,968	$ 15,868,968
Electric	139,421,615	156,284,978				16,863,363	16,863,363
Cemetery	468,656	381,280	$ 121,397			34,021	34,021
Total business-type activities	$ 173,253,583	$ 202,359,300	$ 121,397	$ 3,539,238		$ 32,766,352	$ 32,766,352
Total primary government	$ 350,242,937	$ 218,069,576	$ 64,920,012	$ 13,497,583	$ (86,522,118)	$ 32,766,352	$ (53,755,766)
General revenues -							
Taxes -							
Property taxes					$ 36,523,237		$ 36,523,237
Sales taxes					33,623,222		33,623,222
Beer and liquor taxes					4,282,478		4,282,478
Gross receipts tax					2,751,395		2,751,395
Hotel/motel tax					1,111,801		1,111,801
Gas and cable franchise taxes					2,762,922		2,762,922
Grants and contributions not restricted to specific programs					11,596,117		11,596,117
Unrestricted investment earnings					215,830	$ 172,363	388,193
Miscellaneous					419,486		419,486
Contributions to permanent funds						58,563	58,563
Transfers					2,980,016	(2,980,016)	
Total general revenues, contributions, and transfers					$ 96,266,504	$ (2,749,090)	$ 93,517,414
Change in net position					$ 9,744,386	$ 30,017,262	$ 39,761,648
Net position - beginning, as previously reported					$ 515,546,757	$ 421,476,671	$ 937,023,428
Prior period adjustment					544,000		544,000
Net position - beginning, as restated					$ 516,090,757	421,476,671	$ 937,567,428
Net position - ending					$ 525,835,143	$ 451,493,933	$ 977,329,076

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2013

	General	General Purpose School	Debt Service Fund	TMBF / Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 43,539,641	$ 6,496,457	$ 4,427,068		$ 4,749,078	$ 59,212,244
Certificates of deposit					350,978	350,978
Receivables, net of allowance for uncollectibles -						
Taxes	36,136,693					36,136,693
Accounts					139,471	139,471
Other	2,493,136	24,237		$ 3,416,462	700,314	6,634,149
Due from others	1,545,990		790		34,574	1,581,354
Due from other funds	5,433,123	2,774,125			1,349,013	9,556,261
Due from other governments	12,046,547	11,286,374			6,646,502	29,979,423
Prepaid items and deposits	187,555				18,416	205,971
Inventories	215,584				94,024	309,608
Restricted assets -						
Cash and cash equivalents	762,321			50,512,306	483,573	51,758,200
Investments, at fair value					1,943,897	1,943,897
Total Assets	$ 102,360,590	$ 20,581,193	$ 4,427,858	$ 53,928,768	$ 16,509,840	$ 197,808,249
LIABILITIES						
Accounts payable	$ 5,501,600	$ 90,694		$ 327,739	$ 268,699	$ 6,188,732
Accrued liabilities	268,690	3,318,618			444,959	4,032,267
Deposits held	1,195,865					1,195,865
Matured bond interest payable			$ 806			806
Due to other funds	160,351	765,589		1,200,250	6,586,334	8,712,524
Due to other governments	417				134,806	135,223
Due to others						
Deferred revenue	42,561,630	10,387,482		3,266,233	3,731,881	59,947,226
Other deposits					55,197	55,197
Other liabilities	48,668					48,668
Total Liabilities	$ 49,737,221	$ 14,562,383	$ 806	$ 4,794,222	$ 11,221,876	$ 80,316,508
FUND BALANCES						
Nonspendable	$ 403,139				$ 1,925,734	$ 2,328,873
Restricted	798,333			$ 49,134,546	1,491,542	51,424,421
Committed		$ 6,018,810			2,670,261	8,689,071
Assigned	5,231,317		$ 4,427,052		306,227	9,964,596
Unassigned	46,190,580				(1,105,800)	45,084,780
Total Fund Balances	$ 52,623,369	$ 6,018,810	$ 4,427,052	$ 49,134,546	$ 5,287,964	$ 117,491,741
Total Liabilities and Fund Balances	$ 102,360,590	$ 20,581,193	$ 4,427,858	$ 53,928,768	$ 16,509,840	$ 197,808,249

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2013

Total Governmental Fund Balances	$	117,491,741
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		668,847,904
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 position.		4,874,770
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.		(4,108,050)
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.		6,104,078
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.		(267,375,300)
Net Position of Governmental Activities	$	525,835,143

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	General Fund	General Purpose School	Debt Service Fund	TMBF/Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues-						
Taxes	$ 78,302,123					$ 78,302,123
Intergovernmental	14,544,500	$ 48,871,972			$ 15,173,055	78,589,527
Charges for services	4,514,223	7,550			5,180,907	9,702,680
Donations					743,625	743,625
Interest and investment earnings	51,173		$ 2,715	$ 130,354	183,140	367,382
Licenses and permits	5,536,778					5,536,778
Miscellaneous	4,972,276	568,009		1,441,948	313,896	7,296,129
	$ 107,921,073	$ 49,447,531	$ 2,715	$ 1,572,302	$ 21,594,623	$ 180,538,244
Expenditures-						
Current -						
General government	$ 8,454,711					$ 8,454,711
Police	24,581,855				$ 237,656	24,819,511
Fire and rescue	14,872,249					14,872,249
Judicial	446,771					446,771
Streets and signs	4,018,116				2,606,712	6,624,828
Planning and engineering	1,735,738					1,735,738
Building and codes	1,663,480					1,663,480
Solid waste	4,266,166					4,266,166
Transportation	3,078,509					3,078,509
Urban environmental	963,107					963,107
Public health, education and welfare	1,793,767					1,793,767
Community services	1,460,832				5,434,094	6,894,926
Recreation	10,380,908					10,380,908
Community/economic development					795,719	795,719
Education		$ 54,078,325			3,930,674	58,008,999
Food Service					4,124,047	4,124,047
Capital outlay		387,222		$ 13,370,738	5,692,044	19,450,004
Debt service -						
Principal			$ 22,248,691		2,467,575	24,716,266
Interest			4,046,550		432,146	4,478,696
Debt issuance costs and fiscal agent fees			93,818	204,244		298,062
	$ 77,716,209	$ 54,465,547	$ 26,389,059	$ 13,574,982	$ 25,720,667	$ 197,866,464
Excess of Revenues Over (Under) Expenditures	$ 30,204,864	$ (5,018,016)	$ (26,386,344)	$ (12,002,680)	$ (4,126,044)	$ (17,328,220)
Other Financing Sources (Uses)-						
Issuance of debt				$ 45,800,000	$ 971,518	$ 46,771,518
Refunding bonds issued			$ 1,870,000			1,870,000
Transfers in	$ 2,870,868	$ 4,810,103	27,672,791		2,997,752	38,351,514
Transfers out	(31,047,956)	(140,476)	(2,759,245)	(1,291,719)	(312,062)	(35,551,458)
	$ (28,177,088)	$ 4,669,627	$ 26,783,546	$ 44,508,281	$ 3,657,208	$ 51,441,574
Net change in fund balances	$ 2,027,776	$ (348,389)	$ 397,202	$ 32,505,601	$ (468,836)	$ 34,113,354
Fund Balances at beginning of year, as previously stated	$ 52,758,488	$ 6,367,199	$ 4,029,850	$ 16,628,945	$ 3,593,905	$ 83,378,387
Prior period adjustment	(2,162,895)				2,162,895	
Fund Balances at beginning of year, as restated	$ 50,595,593	$ 6,367,199	$ 4,029,850	$ 16,628,945	$ 5,756,800	$ 83,378,387
Fund Balance at end of year	$ 52,623,369	$ 6,018,810	$ 4,427,052	$ 49,134,546	$ 5,287,964	$ 117,491,741

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, 2013

Net Change in Fund Balances - Total Governmental Funds	$	34,113,354
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.		3,664,163
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.		2,300,440
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,225,583
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 position. 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.		(30,010,837)
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.		(1,459,969)
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.		(284,530)
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.		(803,818)
Change in Net Position of Governmental Activities	$	9,744,386

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	$ 34,268,619	$ 34,268,619	$ 34,015,200	$ (253,419)
Property in lieu of taxes -				
Public utilities	752,653	752,653	841,731	89,078
Murfreesboro Housing Authority	89,345	89,345	90,055	710
Other tax equivalents	541,860	541,860	505,760	(36,100)
Recovery of taxes deemed uncollectible	450,000	450,000	785,667	335,667
Penalty and interest on taxes	225,000	225,000	294,814	69,814
Other local taxes -				
Sales tax	32,989,408	32,989,408	33,623,222	633,814
Beer tax	3,175,207	3,175,207	3,304,894	129,687
Liquor tax	866,261	866,261	884,589	18,328
Gross receipts tax	2,360,000	2,360,000	2,751,395	391,395
Beer privilege tax	26,500	26,500	28,033	1,533
Liquor privilege tax	61,000	61,000	64,962	3,962
Hotel/motel tax	920,000	920,000	1,111,801	191,801
	$ 76,725,853	$ 76,725,853	$ 78,302,123	$ 1,576,270
Licenses, Permits and Fines -				
Electrical licenses	$ 66,000	$ 66,000	$ 65,555	$ (445)
Gas and mechanical licenses	7,000	7,000	5,025	(1,975)
Building permits	1,200,000	1,200,000	1,550,158	350,158
Plumbing permits	76,000	76,000	137,120	61,120
Electrical permits	180,000	180,000	306,760	126,760
Mechanical permits	65,000	65,000	87,230	22,230
Gas permits	17,000	17,000	19,680	2,680
Land disturbance permits	26,000	26,000	24,000	(2,000)
Fireworks permits	5,000	5,000	8,000	3,000
Beer application fees	12,000	12,000	11,950	(50)
Burglar alarm permits	54,000	54,000	55,675	1,675
Plat review fee	42,000	42,000	112,623	70,623
Other fees	500	500	1,218	718
Attorney tax fees	25,000	25,000	40,351	15,351
Court fines	1,990,000	1,990,000	1,985,378	(4,622)
Red light cameras	760,000	760,000	1,114,365	354,365
Burglar false alarm fees	15,000	15,000	11,350	(3,650)
Other fines and fees	500	500	340	(160)
	$ 4,541,000	$ 4,541,000	$ 5,536,778	$ 995,778
Intergovernmental Revenues -				
Rutherford County	$ 378,459	$ 378,459	$ 406,776	$ 28,317
State sales tax allocation	7,525,764	7,525,764	7,546,185	20,421
State beer tax allocation	56,000	56,000	53,905	(2,095)
State gasoline tax allocation	224,000	224,000	223,401	(599)
State mixed drink tax	666,350	666,350	807,208	140,858
TVA gross receipts tax	1,295,400	1,295,400	1,244,300	(51,100)
State income tax allocation	580,000	580,000	928,396	348,396
State excise tax	30,000	30,000	37,007	7,007
State maintenance of streets	277,288	277,288	166,458	(110,830)
State funds	475,380	475,380	383,273	(92,107)
Federal funds	7,321,610	7,321,610	2,747,591	(4,574,019)
	$ 18,830,251	$ 18,830,251	$ 14,544,500	$ (4,285,751)

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services				
Office	$ 500	$ 500	$ 691	$ 191
Planning department	30,000	30,000	36,655	6,655
Police department	14,000	14,000	19,278	5,278
Fire department	825,000	825,000	825,032	32
Street department	29,000	29,000	93,494	64,494
Building department	26,000	26,000	38,317	12,317
Urban Environmental department	5,000	5,000	125	(4,875)
G.I.S. maintenance	33,000	33,000		(33,000)
Sex offender fee			2,232	2,232
Public Transit fares	124,000	124,000	129,313	5,313
Recreation - program income	1,298,637	1,298,637	1,469,811	171,174
Public Golf - program income	1,905,874	1,905,874	1,704,461	(201,413)
Senior Citizens - program income	142,500	142,500	146,165	3,665
Solid Waste department	20,500	20,500	48,234	27,734
Television department	100	100	415	315
	$ 4,454,111	$ 4,454,111	$ 4,514,223	$ 60,112
Miscellaneous Revenues -				
Interest	$ 36,850	$ 36,850	$ 51,173	$ 14,323
Gas franchise revenue	925,000	925,000	997,007	72,007
Cable franchise revenue	1,320,000	1,320,000	1,765,915	445,915
Contribution - active funds	1,448,177	1,448,177	1,552,428	104,251
Miscellaneous revenue	189,357	189,357	447,861	258,504
Donations received	9,250	9,250	209,065	199,815
	$ 3,928,634	$ 3,928,634	$ 5,023,449	$ 1,094,815
TOTAL REVENUES	$ 108,479,849	$ 108,479,849	$ 107,921,073	$ (558,776)
Expenditures -				
General Government -				
General and Administrative -				
Labor	$ 1,292,809	$ 1,292,809	$ 1,283,932	$ 8,877
Operation and maintenance	62,557	62,557	59,030	3,527
Supplies	96,494	96,494	81,885	14,609
Insurance	238,361	238,361	263,775	(25,414)
Social Security taxes	99,221	99,221	92,402	6,819
Group insurance	1,044,488	1,044,488	1,036,699	7,789
Retirement	519,816	519,816	452,465	67,351
Unemployment insurance	100,000	100,000	49,547	50,453
Utilities	178,400	178,400	184,996	(6,596)
Travel and subsistence	25,700	25,700	27,785	(2,085)
Association dues	69,200	69,200	71,289	(2,089)
Professional fees	237,900	237,900	215,250	22,650
Training personnel	18,000	18,000	36,254	(18,254)
Additions to fixed assets	17,300	17,300	6,455	10,845
Mixed drink tax allocation	333,175	333,175	396,773	(63,598)
Other miscellaneous	186,500	186,500	115,683	70,817
	$ 4,519,921	$ 4,519,921	$ 4,374,220	$ 145,701
Other General Government -				
Civic plaza	$ 109,909	$ 109,909	$ 104,093	$ 5,816
Parking garage	116,975	116,975	116,176	799
Gateway			193,673	(193,673)
Unforeseen miscellaneous and contingencies	500,000	500,000		500,000
Property tax adjustments	175,000	175,000	916,340	(741,340)
	$ 901,884	$ 901,884	$ 1,330,282	$ (428,398)

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government (continued) -				
Legal Department -				
Labor	$ 530,977	$ 530,977	$ 531,928	$ (951)
Operation and maintenance	3,400	3,400	1,725	1,675
Supplies	28,400	28,400	29,851	(1,451)
Insurance	8,036	8,036	8,036	
Social Security taxes	40,620	40,620	37,146	3,474
Group insurance	75,134	75,134	74,312	822
Retirement	60,965	60,965	60,743	222
Utilities	1,000	1,000	896	104
Travel and subsistence	200	200	93	107
Association dues	5,855	5,855	5,625	230
Training personnel	7,500	7,500	7,444	56
Legal expense	36,000	36,000	15,745	20,255
Additions to fixed assets	14,600	14,600	13,761	839
Other miscellaneous	3,500	3,500	1,272	2,228
	$ 816,187	$ 816,187	$ 788,577	$ 27,610
Human Resources Department -				
Labor	$ 435,677	$ 435,677	$ 431,337	$ 4,340
Operation and maintenance	28,387	28,387	23,516	4,871
Supplies	13,745	13,745	14,999	(1,254)
Advertising	5,000	5,000	3,131	1,869
Insurance	20,508	20,508	20,508	
Social Security taxes	33,329	33,329	30,839	2,490
Group insurance	107,655	107,655	89,560	18,095
Retirement	51,439	51,439	51,436	3
Utilities	2,600	2,600	2,422	178
Travel and subsistence	100	100	44	56
Testing	20,500	20,500	11,331	9,169
Training personnel	57,000	57,000	46,815	10,185
Association dues	870	870	877	(7)
Drug programs	45,000	45,000	44,716	284
Additions to fixed assets	4,180	4,180	2,407	1,773
Other miscellaneous	21,730	21,730	5,786	15,944
	$ 847,720	$ 847,720	$ 779,724	$ 67,996
Information Technology Department -				
Labor	$ 542,782	$ 542,782	$ 529,775	$ 13,007
Operations and maintenance	165,350	165,350	139,209	26,141
Supplies	13,200	13,200	10,434	2,766
Insurance	1,105	1,105	1,105	
Social Security taxes	41,523	41,523	38,127	3,396
Group insurance	108,287	108,287	103,088	5,199
Retirement	58,329	58,329	59,561	(1,232)
Utilities	23,000	23,000	32,029	(9,029)
Travel and subsistence	500	500		500
Training personnel	6,500	6,500	1,641	4,859
Outside services	75,000	75,000	93,410	(18,410)
Additions to fixed assets	35,500	35,500	18,572	16,928
Interlocal GIS agreement	7,500	7,500	24,795	(17,295)
Other miscellaneous expenses	93,000	93,000	130,162	(37,162)
	$ 1,171,576	$ 1,171,576	$ 1,181,908	$ (10,332)
Total General Government	$ 8,257,288	$ 8,257,288	$ 8,454,711	$ (197,423)

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Department -				
Labor	$ 13,812,851	$ 13,812,851	$ 13,500,241	$ 312,610
Operation and maintenance	830,926	830,926	986,084	(155,158)
Supplies	1,039,634	1,039,634	887,981	151,653
Uniforms and cleaning	284,975	284,975	298,041	(13,066)
Insurance	1,643,713	1,643,713	1,614,800	28,913
Social Security taxes	987,131	987,131	1,004,232	(17,101)
Group insurance	2,766,825	2,766,825	2,540,865	225,960
Retirement	1,286,894	1,286,894	1,241,569	45,325
Utilities	453,000	453,000	493,722	(40,722)
Training personnel	159,000	159,000	162,975	(3,975)
Jail fees and state cost	220,000	220,000	262,393	(42,393)
Drug programs	3,000	3,000		3,000
D.A.R.E. program	10,000	10,000	17,739	(7,739)
Additions to fixed assets	420,943	420,943	340,710	80,233
Red light camera program	740,000	740,000	883,814	(143,814)
Other miscellaneous	460,500	460,500	346,689	113,811
Total Police	$ 25,119,392	$ 25,119,392	$ 24,581,855	$ 537,537
Fire and Rescue Department -				
Labor	$ 9,442,960	$ 9,442,960	$ 9,345,727	$ 97,233
Operation and maintenance	432,458	432,458	374,130	58,328
Supplies	288,273	288,273	240,496	47,777
Uniforms and cleaning	208,900	208,900	189,435	19,465
Insurance	440,102	440,102	437,239	2,863
Social Security taxes	719,020	719,020	686,647	32,373
Group insurance	2,239,566	2,239,566	2,094,649	144,917
Retirement	1,034,345	1,034,345	1,023,625	10,720
Utilities	266,700	266,700	228,550	38,150
Association dues	2,200	2,200	1,670	530
Training personnel	75,000	75,000	73,049	1,951
Respiratory program	14,500	14,500	11,613	2,887
Additions to fixed assets	163,375	163,375	143,347	20,028
Other miscellaneous	21,300	21,300	22,072	(772)
Total Fire and Rescue	$ 15,348,699	$ 15,348,699	$ 14,872,249	$ 476,450
Judicial Department -				
Labor	$ 246,052	$ 246,052	$ 246,052	
Operation and maintenance	5,000	5,000	7,241	$ (2,241)
Supplies	19,500	19,500	15,383	4,117
Insurance	517	517	517	
Social Security taxes	18,823	18,823	17,558	1,265
Group insurance	68,116	68,116	67,624	492
Retirement	29,235	29,235	29,235	
Utilities	1,600	1,600	1,111	489
Association dues	825	825	506	319
Training personnel	2,500	2,500	575	1,925
Outside services	28,000	28,000	36,432	(8,432)
Additions to fixed assets	26,000	26,000	24,473	1,527
Other miscellaneous	500	500	64	436
Total Judicial	$ 446,668	$ 446,668	$ 446,771	$ (103)

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Streets and Signs Department -				
Labor	$ 1,149,579	$ 1,149,579	$ 1,086,624	$ 62,955
Operation and maintenance	300,147	300,147	276,727	23,420
Materials and supplies	236,208	236,208	154,794	81,414
Traffic control devices	40,000	40,000	34,495	5,505
Insurance	62,433	62,433	55,287	7,146
Social Security taxes	87,943	87,943	78,949	8,994
Group insurance	288,281	288,281	273,451	14,830
Retirement	127,771	127,771	120,814	6,957
Utilities	36,000	36,000	32,986	3,014
Utility service - street lighting	1,635,710	1,635,710	1,794,500	(158,790)
Street improvements and maintenance	125,000	125,000	5,229	119,771
Travel and subsistence	5,000	5,000	323	4,677
Training personnel	2,000	2,000		2,000
Additions to fixed assets	102,072	102,072	102,256	(184)
Other miscellaneous	1,600	1,600	1,681	(81)
Total Streets and Signs	$ 4,199,744	$ 4,199,744	$ 4,018,116	$ 181,628
Planning and Engineering Department -				
Labor	$ 1,072,720	$ 1,072,720	$ 1,080,074	$ (7,354)
Operation and maintenance	8,000	8,000	4,699	3,301
Supplies	42,200	42,200	47,308	(5,108)
Insurance	16,961	16,961	16,961	
Social Security taxes	79,615	79,615	77,927	1,688
Group insurance	186,086	186,086	183,808	2,278
Retirement	121,433	121,433	121,352	81
Utilities	26,800	26,800	13,049	13,751
Sampling and testing	50,000	50,000	49,847	153
Landfill gas management	40,000	40,000	49,126	(9,126)
Travel and subsistence	59,000	59,000	42,339	16,661
Association dues	6,000	6,000	4,125	1,875
Surveys	40,000	40,000	28,408	11,592
Training personnel	8,000	8,000	7,187	813
Additions to fixed assets	13,200	13,200	7,582	5,618
Other miscellaneous	5,500	5,500	1,946	3,554
Total Planning and Engineering	$ 1,775,515	$ 1,775,515	$ 1,735,738	$ 39,777
Building and Codes Department -				
Labor	$ 1,096,342	$ 1,096,342	$ 1,102,694	$ (6,352)
Operation and maintenance	2,500	2,500	7,750	(5,250)
Supplies	28,000	28,000	21,577	6,423
Insurance	9,719	9,719	9,719	
Social Security taxes	83,870	83,870	79,878	3,992
Group insurance	260,822	260,822	230,091	30,731
Retirement	123,869	123,869	122,691	1,178
Utilities	17,600	17,600	12,726	4,874
Travel and subsistence	71,000	71,000	65,669	5,331
Association dues	2,250	2,250	1,989	261
Training personnel	8,500	8,500	6,268	2,232
Additions to fixed assets	12,250	12,250	2,396	9,854
Other miscellaneous	2,700	2,700	32	2,668
Total Building and Codes	$ 1,719,422	$ 1,719,422	$ 1,663,480	$ 55,942

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Solid Waste Department -				
Labor	$ 1,540,054	$ 1,540,054	$ 1,473,761	$ 66,293
Operations and maintenance	1,069,272	1,069,272	1,000,470	68,802
Supplies	660,662	660,662	515,193	145,469
Insurance	370,301	370,301	339,588	30,713
Social Security taxes	117,814	117,814	105,661	12,153
Group insurance	450,206	450,206	406,555	43,651
Retirement	169,883	169,883	161,377	8,506
Utilities	64,300	64,300	56,115	8,185
Travel and subsistence	7,200	7,200	6,867	333
Training personnel	3,000	3,000	551	2,449
License fees	3,500	3,500	2,842	658
Disposal carts	165,000	165,000	136,856	28,144
Additions to fixed assets	59,000	59,000	58,136	864
Other miscellaneous	3,250	3,250	2,194	1,056
Total Solid Waste	$ 4,683,442	$ 4,683,442	$ 4,266,166	$ 417,276
Transportation Department -				
Labor	$ 886,137	$ 886,137	$ 831,242	$ 54,895
Operation and maintenance	367,715	367,715	430,866	(63,151)
Supplies	198,599	198,599	152,585	46,014
Insurance	37,889	37,889	39,010	(1,121)
Social Security taxes	64,929	64,929	61,005	3,924
Group insurance	154,408	154,408	138,249	16,159
Retirement	79,091	79,091	75,166	3,925
Utilities	13,625	13,625	16,087	(2,462)
Travel and subsistence	5,600	5,600	5,510	90
Association and regional dues	29,698	29,698	29,739	(41)
Training and instruction	7,000	7,000	13,947	(6,947)
Contract services	213,152	213,152	144,116	69,036
Additions to fixed assets	2,225,919	2,225,919	1,118,883	1,107,036
Pass - thru grant expenditures			7,160	(7,160)
Planning	83,251	83,251	11,520	71,731
Other miscellaneous	2,600	2,600	3,424	(824)
Total Transportation	$ 4,369,613	$ 4,369,613	$ 3,078,509	$ 1,291,104
Urban Environmental Department -				
Labor	$ 522,675	$ 522,675	$ 489,645	$ 33,030
Operation and maintenance	64,031	64,031	63,002	1,029
Agricultural materials	39,300	39,300	37,753	1,547
Supplies	47,190	47,190	40,698	6,492
Insurance	18,242	18,242	17,086	1,156
Social Security taxes	39,985	39,985	34,614	5,371
Group insurance	168,692	168,692	157,233	11,459
Retirement	57,275	57,275	51,769	5,506
Utilities	42,500	42,500	38,122	4,378
Travel and subsistence	1,400	1,400		1,400
Training personnel	1,000	1,000	450	550
Additions to fixed assets	27,380	27,380	30,882	(3,502)
Other miscellaneous	1,150	1,150	1,853	(703)
Total Urban Environmental	$ 1,030,820	$ 1,030,820	$ 963,107	$ 67,713

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health, Education and Welfare Department -				
Linebaugh Public Library	$ 806,311	$ 806,311	$ 806,311	
Rutherford County Chamber of Commerce	543,750	543,750	605,030	$ (61,280)
Rutherford County Paws	65,000	65,000	65,000	
Job Vocation Training Center	45,000	45,000	45,000	
Main Street Program	37,500	37,500	37,500	
Murfreesboro Little Theater			25,827	(25,827)
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	12,245	5,145
Oaklands Association	15,000	15,000	15,000	
Domestic Violence Program	10,000	10,000	10,000	
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	10,000	10,000	10,000	
Journeys in Community Living	10,000	10,000	10,000	
Bradley Academy	7,500	7,500	7,854	(354)
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	
Generation for Creation	2,500	2,500	2,500	
City Schools Foundation	2,500	2,500	2,500	
Rape Recovery	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	
Total Public Health, Education and Welfare	$ 1,711,451	$ 1,711,451	$ 1,793,767	$ (82,316)
Community Services -				
Senior Citizens Department -				
Labor	$ 443,672	$ 443,672	$ 416,010	$ 27,662
Operations and maintenance	32,645	32,645	25,585	7,060
Supplies	104,763	104,763	97,503	7,260
Senior trip expense	50,000	50,000	33,609	16,391
Insurance	18,864	18,864	17,620	1,244
Social Security taxes	33,941	33,941	30,313	3,628
Group insurance	87,927	87,927	80,496	7,431
Retirement	35,558	35,558	34,835	723
Utilities	65,950	65,950	51,874	14,076
Contractual services	2,500	2,500	2,292	208
Travel and subsistance	1,575	1,575	511	1,064
Training and instruction	29,000	29,000	39,286	(10,286)
Designated contributions	3,000	3,000	6,828	(3,828)
Additions to fixed assets	20,478	20,478	16,768	3,710
Other miscellaneous	16,486	16,486	3,419	13,067
	$ 946,359	$ 946,359	$ 856,949	$ 89,410

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Services (continued) -				
Television Department -				
Labor	$ 372,872	$ 372,872	$ 348,059	$ 24,813
Operation and maintenance	33,867	33,867	32,161	1,706
Supplies	9,000	9,000	2,706	6,294
Advertising supplies	7,000	7,000	90	6,910
Audio/video supplies	25,000	25,000	15,270	9,730
Insurance	3,673	3,673	2,878	795
Social Security taxes	27,989	27,989	25,714	2,275
Group insurance	57,369	57,369	60,841	(3,472)
Retirement	36,453	36,453	36,238	215
Utilities	4,250	4,250	2,364	1,886
Travel and subsistence	2,600	2,600	1,053	1,547
Association dues	2,000	2,000	2,288	(288)
Training personnel	9,000	9,000	9,635	(635)
Professional services	6,000	6,000		6,000
Additions to fixed assets	49,900	49,900	33,912	15,988
Other miscellaneous	34,000	34,000	30,674	3,326
	$ 680,973	$ 680,973	$ 603,883	$ 77,090
Total Community Services	$ 1,627,332	$ 1,627,332	$ 1,460,832	$ 166,500
Recreation -				
Parks and Recreation Department -				
Labor	$ 4,197,469	$ 4,197,469	$ 4,045,941	$ 151,528
Operation and maintenance	745,999	745,999	647,037	98,962
Supplies	334,968	334,968	295,805	39,163
Insurance	347,127	347,127	360,560	(13,433)
Social Security taxes	327,193	327,193	296,723	30,470
Group insurance	656,045	656,045	569,033	87,012
Retirement	285,577	285,577	279,064	6,513
Utilities	1,026,805	1,026,805	959,146	67,659
Travel and subsistence	22,473	22,473	19,150	3,323
Arts and humanities	95,350	95,350	86,978	8,372
Surveys and studies	100,000	100,000		100,000
Training personnel	14,500	14,500	14,052	448
Purchases for resale	91,800	91,800	76,218	15,582
Sales tax	26,000	26,000	26,259	(259)
Additions to fixed assets	4,950,521	4,950,521	640,727	4,309,794
Miscellaneous grant expenditures	5,050	5,050	37,715	(32,665)
Other miscellaneous	16,825	16,825	25,754	(8,929)
	$ 13,243,702	$ 13,243,702	$ 8,380,162	$ 4,863,540
Public Golf Department -				
Labor	$ 927,807	$ 927,807	$ 866,145	$ 61,662
Operations and maintenance	54,795	54,795	46,739	8,056
Material	98,000	98,000	94,519	3,481
Supplies	75,170	75,170	49,921	25,249
Insurance	33,029	33,029	34,289	(1,260)
Social Security taxes	70,977	70,977	63,793	7,184
Group insurance	164,143	164,143	153,329	10,814
Retirement	78,394	78,394	77,926	468
Utilities	70,100	70,100	67,521	2,579
Travel and subsistence	2,300	2,300	1,851	449
Items for resale	309,024	309,024	302,677	6,347
Additions to fixed assets	94,495	94,495	205,238	(110,743)
Other miscellaneous expenses	45,170	45,170	36,798	8,372
	$ 2,023,404	$ 2,023,404	$ 2,000,746	$ 22,658
Total Recreation	$ 15,267,106	$ 15,267,106	$ 10,380,908	$ 4,886,198
TOTAL EXPENDITURES	$ 85,556,492	$ 85,556,492	$ 77,716,209	$ 7,840,283

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess of Revenues Over (Under) Expenditures	$ 22,923,357	$ 22,923,357	$ 30,204,864	$ 7,281,507
Other Financing Sources (Uses) -				
Transfers in (out) -				
Murfreesboro Electric Department	$ 2,850,114	$ 2,850,114	$ 2,864,868	$ 14,754
Community development fund	6,000	6,000	6,000	
Debt service fund	(26,139,822)	(26,139,822)	(26,139,822)	
Murfreesboro City School System	(4,810,103)	(4,810,103)	(4,810,103)	
Drug fund	(90,000)	(90,000)	(98,031)	(8,031)
	$ (28,183,811)	$ (28,183,811)	$ (28,177,088)	$ 6,723
Net change in fund balance	$ (5,260,454)	$ (5,260,454)	$ 2,027,776	$ 7,288,230
Fund Balance at beginning of year, as previously stated			$ 52,758,488	
Prior period adjustment			(2,162,895)	
Fund Balance at beginning of year, as restated			$ 50,595,593	
Fund Balance at end of year			$ 52,623,369	

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, 2013

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Local intergovernmental revenues	$ 19,030,775	$ 19,030,775	$ 18,026,639	$ (1,004,136)
State program revenues	30,230,241	30,230,241	30,661,774	431,533
Federal program revenues	35,000	35,000	183,559	148,559
Charges for services	21,000	21,000	7,550	(13,450)
Indigent children revenues	7,154	7,154	7,154	
Other local revenues	332,750	332,750	560,855	228,105
	$ 49,656,920	$ 49,656,920	$ 49,447,531	$ (209,389)
Expenditures -				
Regular instruction program	$ 32,360,786	$ 32,360,786	$ 32,944,117	$ (583,331)
Special education program	3,839,162	3,839,162	3,533,691	305,471
Attendance	84,045	84,045	60,917	23,128
Health services	532,459	532,459	474,004	58,455
Other student support	1,183,009	1,183,009	1,206,494	(23,485)
Regular instruction program - support	1,332,868	1,332,868	1,408,643	(75,775)
Special education program - support	473,963	473,963	496,496	(22,533)
Board of education	1,168,340	1,168,340	910,868	257,472
Office of superintendent	301,320	301,320	303,783	(2,463)
Office of principal	2,974,650	2,974,650	3,004,305	(29,655)
Fiscal services	509,164	509,164	489,285	19,879
Operation of plant	4,623,471	4,623,471	3,960,072	663,399
Maintenance of plant	1,333,274	1,333,274	1,366,507	(33,233)
Transportation	1,601,930	1,601,930	1,836,410	(234,480)
Information technology	689,883	689,883	735,526	(45,643)
Community services	458,411	458,411	396,793	61,618
Early childhod education	721,729	721,729	667,298	54,431
Indigent children	9,846	9,846	9,846	
Personnel services	270,032	270,032	273,270	(3,238)
Capital outlay	370,000	370,000	387,222	(17,222)
	$ 54,838,342	$ 54,838,342	$ 54,465,547	$ 372,795
Excess of Revenues Over (Under) Expenditures	$ (5,181,422)	$ (5,181,422)	$ (5,018,016)	$ 163,406
Other Financing Sources and (Uses) -				
Transfers in	$ 4,810,103	$ 4,810,103	$ 4,810,103	$ -0-
Transfers out			(140,476)	140,476
	$ 4,810,103	$ 4,810,103	$ 4,669,627	$ 140,476
Net change in fund balance (Budgetary basis)	$ (371,319)	$ (371,319)	$ (348,389)	$ 163,406
Adjustment for encumbrances			-0-	
Net change in fund balance (GAAP basis)			$ (348,389)	
Fund Balance at beginning of year			6,367,199	
Fund Balance at end of year			$ 6,018,810	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Proprietary Funds

June 30, 2013

	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	$ 20,682,721	$ 40,572,358	$ 4,877,158	$ 66,132,237	$ 10,975,733
Accounts receivable	1,877,394	16,048,586	123,724	18,049,704	
Due from others					315,978
Due from other funds	1,390,623		2,740,270	4,130,893	23,787
Inventories	613,611	2,167,199	62,666	2,843,476	180,918
Prepaid items and other assets	142,851	560,004	15,303	718,158	52,953
Total Current Assets	$ 24,707,200	$ 59,348,147	$ 7,819,121	$ 91,874,468	$ 11,549,369
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	$ 26,564,114			$ 26,564,114	$ 4,500
Certificates of deposit					500,000
Conservation loans receivable		$ 1,672,411		1,672,411	
Deferred charges	464,915	594,230		1,059,145	
Capital assets -					
Land and construction in progress	25,460,493	12,924,835	$ 137,282	38,522,610	
Other capital assets, net of depreciation	334,734,888	111,606,092	3,088,110	449,429,090	
Total Noncurrent Assets	$ 387,224,410	$ 126,797,568	$ 3,225,392	$ 517,247,370	$ 504,500
Total Assets	$ 411,931,610	$ 186,145,715	$ 11,044,513	$ 609,121,838	$ 12,053,869
LIABILITIES AND NET POSITION					
Current Liabilities -					
Accounts payable	$ 1,175,573	$ 23,305,042	$ 28,202	$ 24,508,817	$ 1,065,268
Accrued and withheld liabilities	236,015	566,184	4,701	806,900	279
Due to other funds	2,888,645	3,645	2,101,988	4,994,278	4,139
Deferred revenue					22,802
Deposits held	487,761	6,478,932		6,966,693	
Compensated absences	964,747			964,747	
Claims and judgments payable					2,628,000
Bonds and loans payable	8,040,000	3,006,000		11,046,000	
Total Current Liabilities	$ 13,792,741	$ 33,359,803	$ 2,134,891	$ 49,287,435	$ 3,720,488
Noncurrent Liabilities -					
Compensated absences	$ 743,337	$ 1,409,243		$ 2,152,580	
Claims and judgments payable					$ 3,536,000
Post-employment benefit obligation	5,024,281	2,925,825		7,950,106	
Bonds and loans payable	90,511,555	9,330,604		99,842,159	
Advances on conservation loans		1,731,532		1,731,532	
Other liabilities		694,754		694,754	
Total Noncurrent Liabilities	$ 96,279,173	$ 16,091,958		$ 112,371,131	$ 3,536,000
Total Liabilities	$ 110,071,914	$ 49,451,761	$ 2,134,891	$ 161,658,566	$ 7,256,488
Net Position -					
Net investment in capital assets	$ 261,643,826	$ 111,518,997	$ 1,123,404	$ 374,286,227	
Restricted for capital activity	22,984,873		35,000	23,019,873	
Restricted for debt service	3,579,241			3,579,241	
Unrestricted	13,651,756	25,174,957	7,751,218	46,577,931	$ 4,797,381
Total Net Position	$ 301,859,696	$ 136,693,954	$ 8,909,622	$ 447,463,272	$ 4,797,381
Total Liabilities and Net Position	$ 411,931,610	$ 186,145,715	$ 11,044,513	$ 609,121,838	$ 12,053,869

Total Net Position	$ 447,463,272
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds	3,972,155
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	58,506
Net Position of Business-Type Activities	$ 451,493,933

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues -					
Charges for services	$ 42,985,184	$ 156,284,978	$ 3,089,138	$ 202,359,300	$ 18,591,916
Other revenues					546,111
	$ 42,985,184	$ 156,284,978	$ 3,089,138	$ 202,359,300	$ 19,138,027
Operating Expenses -					
Power purchases		$ 122,677,490		$ 122,677,490	
Other operating expenses	$ 17,423,233	7,651,077	$ 1,776,063	26,850,373	$ 3,167,493
Claims and administrative					16,360,865
Depreciation and amortization	11,043,955	5,894,907	235,684	17,174,546	
Maintenance and repairs	1,048,076	1,780,841		2,828,917	
Taxes and tax equivalents		1,163,471		1,163,471	
	$ 29,515,264	$ 139,167,786	$ 2,011,747	$ 170,694,797	$ 19,528,358
Operating Income (Loss)	$ 13,469,920	$ 17,117,192	$ 1,077,391	$ 31,664,503	$ (390,331)
Nonoperating Revenues -					
Interest	$ 141,764	$ 18,700	$ 11,899	$ 172,363	$ 28,408
	$ 141,764	$ 18,700	$ 11,899	$ 172,363	$ 28,408
Nonoperating Expenses -					
Interest	$ 2,730,647	$ 295,829		$ 3,026,476	
Loss on disposal of assets	258,739			258,739	
	$ 2,989,386	$ 295,829		$ 3,285,215	
Income (Loss) Before Capital Contributions and Transfers	$ 10,622,298	$ 16,840,063	$ 1,089,290	$ 28,551,651	$ (361,923)
Capital contributions	$ 3,539,238			$ 3,539,238	
Transfers in			$ 64,812	64,812	
Transfers out		$ (2,864,868)		(2,864,868)	
	$ 3,539,238	$ (2,864,868)	$ 64,812	$ 739,182	
Change in Net Position	$ 14,161,536	$ 13,975,195	$ 1,154,102	$ 29,290,833	$ (361,923)
Net Position at beginning of year as previously stated	$ 287,698,160	$ 122,718,759	$ 7,755,520	$ 418,172,439	$ 4,615,304
Prior period adjustment					544,000
Net Position at beginning of year, as restated	$ 287,698,160	$ 122,718,759	$ 7,755,520	$ 418,172,439	$ 5,159,304
Net Position at end of year	$ 301,859,696	$ 136,693,954	$ 8,909,622	$ 447,463,272	$ 4,797,381

Change in Net Position	$ 29,290,833
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds	803,818
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(77,389)
Change in Net Position of Business-Type Activities	$ 30,017,262

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2013

	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	$ 42,643,934	$ 157,221,410	$ 399,560	$ 200,264,904	
Cash payments to suppliers	(13,885,949)	(2,329,960)	(169,484)	(16,385,393)	$ (1,673,674)
Cash payments to employees	(6,681,633)	(6,045,371)	(268,350)	(12,995,354)	(815,113)
Cash payments to TVA for power		(123,470,407)		(123,470,407)	
Cash payments of property taxes		(831,736)		(831,736)	
Cash received from interfund services provided					18,590,384
Cash payments of claims and administrative expenses					(16,784,752)
Other receipts (payments)			4,800,144	4,800,144	79,348
Net Cash Provided (Used) by Operating Activities	$ 22,076,352	$ 24,543,936	$ 4,761,870	$ 51,382,158	$ (603,807)
Cash Flows from Noncapital Financing Activities -					
Advances on TVA conservation loans		$ 55,351		$ 55,351	
Transfers in			$ 64,812	64,812	
Transfers out		(2,864,868)		(2,864,868)	
Net Cash Provided (Used) by Noncapital Financing Activities		$ (2,809,517)	$ 64,812	$ (2,744,705)	
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of capital assets	$ (7,101,119)	$ (10,044,592)	$ (18,124)	$ (17,163,835)	
Net removal costs of capital assets		(74,792)		(74,792)	
Proceeds from sale of assets	22,428			22,428	
Proceeds from bonds and loans	30,058,852			30,058,852	
Principal payment on bonds and loans	(37,184,612)	(3,098,391)		(40,283,003)	
Bond and debt issuance costs (payments)	(132,573)			(132,573)	
Interest paid on bonds and loans	(2,730,647)	(295,901)		(3,026,548)	
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (17,067,671)	$ (13,513,676)	$ (18,124)	$ (30,599,471)	
Cash Flows From Investing Activities -					
Interest received	$ 141,764	$ 18,700	$ 1,735	$ 162,199	$ 28,405
Net Cash Provided (Used) by Investing Activities	$ 141,764	$ 18,700	$ 1,735	$ 162,199	$ 28,405
Net Increase (Decrease) in Cash and Cash Equivalents	$ 5,150,445	$ 8,239,443	$ 4,810,293	$ 18,200,181	$ (575,402)
Cash and Cash Equivalents at Beginning of Year	42,096,390	32,332,915	66,865	74,496,170	11,555,635
Cash and Cash Equivalents at End of Year	$ 47,246,835	$ 40,572,358	$ 4,877,158	$ 92,696,351	$ 10,980,233

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)
Proprietary Funds

Year Ended June 30, 2013

	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)	$ 13,469,920	$ 17,117,192	$ 1,087,555	$ 31,674,667	$ (390,331)
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	11,166,781	6,003,757	235,684	17,406,222	
Provision for doubtful accounts	208,184			208,184	
Changes in assets and liabilities -					
Accounts receivable	(341,251)	607,429	18,280	284,458	
Due from other funds	4,904,751		8,006,847	12,911,598	915
Due from other governments	2,191			2,191	10
Inventory	(19,709)	(120,481)	(2,964)	(143,154)	(4,052)
Prepaid items and other assets	1,788	(342,215)	7,616	(332,811)	199,642
Conservation loans receivable		(30,527)		(30,527)	
Deferred charges and revenue		117,721		117,721	22,103
Accounts payable	487,135	217,229	2,029	706,393	(32,193)
Claims and judgments payable					(395,500)
Due to other funds	(8,881,541)	(159)	(4,592,481)	(13,474,181)	(4,680)
Accrued and withheld liabilities	65,607	903	(696)	65,814	279
Post-employment benefit obligation	869,814	682,598		1,552,412	
Other liabilities		(40,063)		(40,063)	
Deposits	329,693	363,546		693,239	
Accrued compensated absences	(187,011)	(32,994)		(220,005)	
Net Cash Provided (Used) by Operating Activities	$ 22,076,352	$ 24,543,936	$ 4,761,870	$ 51,382,158	$ (603,807)
Non-Cash Capital and Related Financing Activities -					
Utility acquisition debt incurred		$ 123,922		$ 123,922	
Contributions in aid of construction	$ 3,539,238			3,539,238	
Capital asset transfers and acquisitions from other funds			$ 789,151	789,151	
	$ 3,539,238	$ 123,922	$ 789,151	$ 4,452,311	
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position -					
Cash and Cash Equivalents	$ 20,682,721	$ 40,572,358	$ 4,877,158	$ 66,132,237	$ 10,975,733
Cash and Cash Equivalents - Restricted	26,564,114			26,564,114	4,500
Cash and Cash Equivalents at End of Year	$ 47,246,835	$ 40,572,358	$ 4,877,158	$ 92,696,351	$ 10,980,233
Reconciliation of Depreciation and Amortization Expense per Statement of Revenues, Expenses, and Changes in Net Position to Expense per Statement of Cash Flows -					
Depreciation and amortization expense per Statement of Revenues, Expenses, and Changes in Net Position	$ 11,043,955	$ 5,894,907	$ 235,684	$ 17,174,546	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenues, Expenses, and Changes in Net Position	122,826	108,850		231,676	
Depreciation and amortization expense per Statement of Cash Flows	$ 11,166,781	$ 6,003,757	$ 235,684	$ 17,406,222	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Fiduciary Funds

June 30, 2013

	Pension Trust Funds	Extended School Program Private Purpose Trust Fund	School Activity Agency Fund
ASSETS			
Cash and cash equivalents	$ 3,256,395	$ 3,000	$ 655,293
Certificates of deposit		157,106	10,000
Investments, at fair value			
Mutual funds	78,550,124		
U.S. Government notes and bonds	326,289		
Corporate notes and bonds	15,452,447		
Common stock	23,157,099		
Accrued interest receivable	69,236		
Contributions receivable	283,846		
Other receivables			4,660
Inventory			7,595
	$ 121,095,436	$ 160,106	$ 677,548
LIABILITIES			
Due to others			$ 677,548
			$ 677,548
NET POSITION			
Net Position -			
Held in trust for pension benefits and other purposes	$ 121,095,436	$ 160,106	$ - 0 -

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Net Position
Fiduciary Funds

Year Ended June 30, 2013

	Pension Trust Funds	Extended School Program Private Purpose Trust Fund
Additions -		
Contributions -		
Employer	$ 5,583,938	
Investment income-		
Net appreciation in fair value of investments	$ 8,023,344	
Interest	913,388	$ 485
Dividends	2,649,877	
Total investment income	$ 11,586,609	$ 485
Less investment fees	(72,212)	
Net investment income	$ 11,514,397	$ 485
Total additions	$ 17,098,335	$ 485
Deductions -		
Benefits to participants	$ 4,060,368	$ -0-
Total deductions	$ 4,060,368	$ -0-
Net Increase (Decrease)	$ 13,037,967	$ 485
Net Position Held in Trust for Pension Benefits -		
Beginning of year	108,057,469	159,621
End of year	$ 121,095,436	$ 160,106

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.

Description of Government-wide Financial Statements

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

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

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Government-wide Financial Statements (continued)

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.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund 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 local, state, and federal 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.

TMBF/Bond Fund – The TMBF/Bond fund is a capital projects fund used to account for the acquisition and construction of capital projects which are financed with Tennessee Municipal Bond Fund debt or the issuance of bonds.

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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation – Fund Financial Statements (continued)

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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 or up to 180 days for grant revenues (with the exception of grants earned by the City Schools which are considered available if they are collected within 60 days 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

Entitlements are recorded as revenues when all eligibility requirements are met, including timing requirements, and the amount is received during the period or within the period of availability for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. 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 proprietary, pension funds, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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.

Budgetary Basis of Accounting

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 – TMBF/Bond Fund, Capital Improvement and Contingency Fund and Gateway Project Fund

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Basis of Accounting (continued)

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.

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 commit 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 commitments 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.

Assets, Liabilities, and Net Position/Fund Balance

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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position /Fund Balance (continued)

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	TMBF/Bond Fund	Other Governmental Funds	Murfreesboro Water and Sewer	Total
Restricted assets -					
Cash and cash equivalents	$ 762,321	$ 50,512,306	$ 483,573	$ 26,564,114	$ 78,322,314
Investments			1,943,897		1,943,897
	$ 762,321	$ 50,512,306	$ 2,427,470	$ 26,564,114	$ 80,266,211

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, 2013 is $762,321.

Amounts received from outside sources have been classified as restricted assets on the balance sheets of the major and nonmajor capital projects funds. These amounts are maintained in separate bank accounts and their use is limited by outside sources. Proceeds from the 2010 and 2012 TMBF loans are required by the loan agreement to be kept separate and apart from all other funds of the City and to be spent for capital projects as outlined in the loan agreements. The amount of these restricted funds at June 30, 2013 is $49,800,976. Also, amounts required to be set aside in separate bank accounts by the State of Tennessee for certain road projects in the amount of $711,330 have been classified as restricted at June 30, 2013. At June 30, 2013, $356,127 is restricted for payments to engineers for the reconstruction of Middle Tennessee Boulevard.

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 $127,446 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2013. 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, 2013, $64,812 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, 2013 is $1,943,897.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2013, Water and Sewer connection fees in the amount of $20,156,309 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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position/Fund Balance (continued)

Restricted Assets – Business-type Activities (continued) –

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 $275,984. The interest income reserve was set up by the Water and Sewer Board to reserve interest earned on nonoperational 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, 2013, $2,552,580 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, 2013 is $3,579,241.

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, 2013, the City of Murfreesboro's Risk Management Fund has $500,000 in a certificate of deposit which is restricted in this manner. In addition, the Insurance Fund has $4,500 in cash restricted for claims.

Capital Assets and Depreciation – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The City capitalizes assets using a $5,000 capitalization threshold.

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

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

Total depreciation and amortization expense for proprietary funds amounted to $17,406,222 for the year ended June 30, 2013. 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 position. A reconciliation of this difference is provided below:

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position/Fund Balance (continued)

Capital Assets and Depreciation (continued)

	Total Proprietary Funds
Depreciation and amortization on statement of cash flows	$ 17,406,222
Depreciation and amortization on statement of revenues, expenses, and changes in net position	17,174,546
Difference (depreciation charged to other operating expense accounts)	$ 231,676

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.

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

Allowance for Uncollectible Accounts – The City's allowance for estimated uncollectible receivables at June 30, 2013 is as follows:

	General Fund	Other Governmental Funds	Water and Sewer	Evergreen Cemetery
Allowance for -				
Taxes Receivable	$ 2,130,531			
Other	2,150,062	$ 150,061		
Accounts Receivable			$ 90,000	$ 36,654

An allowance for doubtful accounts was not considered necessary for the Murfreesboro Electric Department.

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 position. 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 Position/Fund Balance (continued)

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.

Net Position Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable Fund Balance – Nonspendable fund balance classification includes 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 classification includes 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 classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the classification as committed. The City Manager has been granted the ability to assign amounts to a specific purpose in the City's Financial Policy Statements. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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.

Fund Balance Flow Assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions (continued)

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance classifications at June 30, 2013 are as follows:

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF/Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Fuel inventory	$ 135,308					$ 135,308
Golf inventory	80,276					80,276
Airport inventory					$ 25,668	25,668
Cafeteria inventory					68,356	68,356
Prepaids	187,555				18,416	205,971
Permanent fund					1,813,294	1,813,294
Restricted						
State road projects	497,461					497,461
Law enforcement	231,650				128,273	359,923
Recreation projects	69,222					69,222
State street aid					1,279,461	1,279,461
Capital projects				$ 49,134,546		49,134,546
School cafeteria					55,817	55,817
Extended school program					27,991	27,991
Committed						
State street aid					10,344	10,344
Law enforcement					279,062	279,062
Airport					356,774	356,774
Community development					83	83
Education		$ 6,018,810				6,018,810
School cafeteria					1,311,300	1,311,300
Extended school program					712,698	712,698
Assigned						
Recreation projects	16,047					16,047
School debt	354,191					354,191
Public golf courses	6,271					6,271
Budgetary assignment	4,854,808					4,854,808
Debt service			$ 4,427,052			4,427,052
Cemetery operations					306,227	306,227
Unassigned	46,190,580				(1,105,800)	45,084,780
	$ 52,623,369	$ 6,018,810	$ 4,427,052	$ 49,134,546	$ 5,287,964	$ 117,491,741

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF / Bond Fund	Other Governmental Funds	Total Governmental Funds
Summary for Governmental Funds Balance Sheet						
Nonspendable	$ 403,139				$ 1,925,734	$ 2,328,873
Restricted	798,333			$ 49,134,546	1,491,542	51,424,421
Committed		$ 6,018,810			2,670,261	8,689,071
Assigned	5,231,317		$ 4,427,052		306,227	9,964,596
Unassigned	46,190,580				(1,105,800)	45,084,780
Total fund balances	$ 52,623,369	$ 6,018,810	$ 4,427,052	$ 49,134,546	$ 5,287,964	$ 117,491,741

Revenues and Expenditures/Expenses

Program Revenues - Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meet the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

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 resignation, 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, retirements and terminations.

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 position – governmental activities* as reported in the government-wide statement of net position. 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 $267,375,300 difference are as follows:

General Government -		
General Obligation refunding bonds	$	31,335,000
Add: Unamortized Premium		4,183,155
Capital lease obligation		134,631
TMBF loans payable		185,308,464
Accrued interest payable		669,125
Energy Efficient School Loan		1,772,711
Landfill post-closure costs		1,335,000
Compensated absences		8,490,820
Net pension obligation		99,928
Post-employment benefit obligation		34,046,466
Net adjustment	$	267,375,300

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 position 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 $3,664,163 difference are as follows:

Capital outlay	$	20,587,103
Depreciation		(16,922,940)
Net adjustment	$	3,664,163

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 position." The details of this $2,300,440 difference are as follows:

In the statement of activities, only the loss 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 position differs from the change in fund balance by the cost of the capital assets sold.	$	(421,812)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		2,722,252
Net adjustment	$	2,300,440

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

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 $(30,010,837) difference are as follows:

Debt issued or incurred	$	(48,641,518)
Amortization of premium		597,594
Principal repayments		24,716,266
Loan costs paid		204,244
Amortization of loan costs		(140,238)
Payments on capital lease obligations		134,631
Decrease in landfill liability		90,000
Decrease in net pension obligation		82,058
Increase in OPEB liability		(7,053,874)
Net adjustment	$	(30,010,837)

Note C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, 2013 is presented as follows:

		General Purpose School Fund
Net change in fund balance (Budgetary Basis)	$	(348,389)
Adjustments:		
To adjust for net change in encumbrances		-0-
Net change in fund balance (GAAP Basis)	$	(348,389)

Deficit Fund Equity - The Capital Improvement and Contingency fund had a deficit balance of $718,538. The deficit fund balance is due to grant funds not being received within the City's period of availability (180 days after year end for grant funds). In addition, School Federal and State Program fund had a deficit fund balance of $387,262 due to not receiving grant funds within its period of availability (60 days after year end for school system funds).

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, 2013, the City had the following investments and maturities:

	Fair Value	Investment Maturities in Years <1	1-5	6-10
Employee Pension Plan -				
Federal Home Loan Bank	$ 104,113		$ 104,113	
Corporate Bonds & Notes	8,265,208		4,922,698	$ 3,342,510
Total	$ 8,369,321		$ 5,026,811	$ 3,342,510
Electric Department Pension Plan -				
Federal Home Loan Bank	$ 222,176		$ 222,176	
Corporate Bonds & Notes	7,187,239	$ 183,963	5,630,105	$ 1,373,171
Total	$ 7,409,415	$ 183,963	$ 5,852,281	$ 1,373,171
Perpetual Care Cemetery Fund -				
Federal Home Loan Bank	$ 78,085		$ 78,085	
Corporate Bonds & Notes	1,370,032	$ 50,664	1,034,889	$ 284,479
Total	$ 1,448,117	$ 50,664	$ 1,112,974	$ 284,479

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, 2013, 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, 2013, the City had investments in corporate bonds rated by Moody’s as presented as follows:

Note E – CASH AND INVESTMENTS (continued)

	Fair Market Value: Corporate Bonds & Notes		
Moody's Rating	City's Pension Plan	Electric Department Pension Plan	Perpetual Care Cemetery
A1	$ 865,987	$ 540,647	$ 169,881
A2	722,611	257,588	101,819
A3	1,107,752	1,245,784	345,182
AAA		65,363	
BAA1	1,580,346	2,112,992	316,374
BAA2	1,857,362	1,820,450	252,006
BAA3	1,599,183	894,781	184,770
NR	531,967	249,634	
	$ 8,265,208	$ 7,187,239	$ 1,370,032

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, 2013, 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, 2013.

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, $8,265,208, $7,187,239 and $1,370,032 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, 2013, was as follows:

Governmental activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated -				
Land	$ 245,479,480	$ 1,671,617		$ 247,151,097
Construction in progress	22,266,771	18,646,890	$ 13,205,103	27,708,558
Subtotal	$ 267,746,251	$ 20,318,507	$ 13,205,103	$ 274,859,655
Capital assets, being depreciated -				
Buildings	$ 126,858,652	$ 943,671	$ 719,662	$ 127,082,661
Improvements other than buildings	68,251,640	133,781		68,385,421
Equipment	56,161,463	8,143,081	874,215	63,430,329
Computer software	2,014,751	88,161		2,102,912
Infrastructure	312,799,051	6,938,492		319,737,543
Subtotal	$ 566,085,557	$ 16,247,186	$ 1,593,877	$ 580,738,866
Less accumulated depreciation				
Buildings	$ (35,599,533)	$ (2,666,292)	$ 304,240	$ (37,961,585)
Improvements other than buildings	(29,122,008)	(2,946,081)		(32,068,089)
Equipment	(34,156,723)	(3,874,280)	816,593	(37,214,410)
Computer software	(629,871)	(130,926)		(760,797)
Infrastructure	(71,440,375)	(7,305,361)		(78,745,736)
Subtotal	$ (170,948,510)	$ (16,922,940)	$ 1,120,833	$ (186,750,617)
Capital assets, being depreciated, net	$ 395,137,047	$ (675,754)	$ 473,044	$ 393,988,249
Capital assets, net	$ 662,883,298	$ 19,642,753	$ 13,678,147	$ 668,847,904

Note F – CAPITAL ASSETS (continued)

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

Governmental activities -	
General government	$ 492,635
Police	949,120
Fire protection	727,420
Judicial	275
Streets and signs	7,419,130
Planning and engineering	15,443
Building and codes	324
Solid waste	754,733
Transportation	25,304
Urban environmental	26,056
Public health, education and welfare	102,342
Community services	308,883
Recreation	3,108,148
Education	2,993,127
Total governmental activities depreciation expense	$ 16,922,940

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-type activities -				
Capital assets, not being depreciated				
Land	$ 22,084,681	$ 90,698		$ 22,175,379
Construction in progress	15,958,933	15,415,696	$ 15,027,398	16,347,231
Subtotal	$ 38,043,614	$ 15,506,394	$ 15,027,398	$ 38,522,610
Capital assets, being depreciated -				
Structures and improvements	$ 102,471,442	$ 1,313,173	$ 68,587	$ 103,716,028
Transmission and distribution mains	295,827,721	13,949,507	34,790	309,742,438
Electric plant	148,463,348	4,843,333	833,927	152,472,754
Equipment	53,552,372	1,038,767	721,672	53,869,467
Subtotal	$ 600,314,883	$ 21,144,780	$ 1,658,976	$ 619,800,687
Less: accumulated depreciation -				
Structures and improvements	$ (18,776,109)	$ (2,702,330)	$ (63,468)	$ (21,414,971)
Transmission and distribution mains	(70,402,911)	(5,761,072)	(16,955)	(76,147,028)
Electric plant	(39,288,695)	(5,579,536)	(901,091)	(43,967,140)
Equipment	(25,961,812)	(3,344,104)	(463,458)	(28,842,458)
	$ (154,429,527)	$ (17,387,042)	$ (1,444,972)	$ (170,371,597)
Capital assets, being depreciated, net	$ 445,885,356	$ 3,757,738	$ 214,004	$ 449,429,090
Capital assets, net	$ 483,928,970	$ 19,264,132	$ 15,241,402	$ 487,951,700

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, 2013 are $238,757.

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

Business-type activities:	
Water and sewer	$ 11,166,781
Electric	5,984,577
Cemetery	24,531
Stormwater fund	211,153
Total business-type activities depreciation expense	$ 17,387,042

Note G – LONG-TERM LIABILITIES

General Obligation Refunding Bonds – In 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. During the fiscal year ended June 30, 2013, the City of Murfreesboro refinanced two of its capital outlay notes by issuing $1,870,000 in general obligation refunding bonds with a maturity date of June 30, 2020 and bearing a fixed interest rate of 1.60%.

Year Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2014	$ 8,110,000	$ 1,493,210
2015	3,990,000	1,105,730
2016	4,170,000	916,730
2017	4,345,000	718,940
2018	4,535,000	512,360
2019-2020	6,185,000	390,970
	$ 31,335,000	$ 5,137,940

Revenue and Tax Refunding Bonds – During the year ended June 30, 2010, the Electric Department and the Water and Sewer Department refinanced several of their Tennessee Municipal Fund Bond Loans by issuing $15,445,000 and $40,860,000, respectively, in revenue and tax refunding bonds in conjunction with the City of Murfreesboro with maturity dates the same dates as the original Tennessee Municipal Fund Bonds. The maturities for the revenue and tax bonds for the Electric Department range from 2014-2021 and bear interest at fixed rates ranging from 2.00% to 3.38%. The maturities for the revenue and tax bonds for the Water and Sewer Department range from 2014-2026 and bear interest at rates ranging from 2.00% to 5.00%. The new bonds are secured by a pledge of net revenues from operations. During the year ended June 30, 2013, the Water and Sewer Department borrowed $28,610,000 in revenue and tax refunding bonds and paid off State of Tennessee revolving loans. The 2013 revenue and tax refunding bonds are payable from 2014 through 2021 at a fixed rate of 1.31%.

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	2.00-3.38%	$ 4,865,000
Water and Sewer Department – Series 2009	2.00-5.00%	31,445,000
Water and Sewer Department – Series 2013	1.31%	28,610,000
		$ 64,920,000

Maturities of the revenue bonds are as follows:

Year Ending June 30,	Principal	Interest
2014	$ 8,320,000	$ 1,875,129
2015	5,905,000	1,644,594
2016	6,035,000	1,507,291
2017	6,150,000	1,377,460
2018	6,320,000	1,207,839
2019-2023	25,715,000	3,403,028
2024-2026	6,475,000	467,400
	$ 64,920,000	$ 11,482,741

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 Bond Fund Loans outstanding at year end are as follows:

Purpose	Interest Rates	
Governmental activities	Variable	$ 97,150,464
Governmental activities	2.89%	42,358,000
Governmental activities	2.17%	40,700,000
Governmental activities	1.25%	5,100,000
		$ 185,308,464
Business-type activities	Variable	43,716,543
		$ 229,025,007

Annual debt service requirements to maturity are as follows:

TMBF Loans

Year Ending	Governmental Activities		Business-type Activities	
June 30,	Principal	Interest	Principal	Interest
2014	$ 17,798,860	$ 2,679,368	$ 2,726,000	$ 1,678,304
2015	17,099,480	2,468,219	2,847,000	1,573,928
2016	15,950,925	2,256,576	2,973,000	1,464,909
2017	15,356,000	2,047,293	3,104,000	1,351,060
2018	15,882,000	1,837,208	3,241,000	1,232,193
2019-2023	72,010,907	5,920,237	18,491,000	4,185,284
2024-2027	31,210,292	1,343,232	10,334,543	856,300
	$ 185,308,464	$ 18,552,133	$ 43,716,543	$ 12,341,978

Note G – LONG-TERM LIABILITIES (continued)

Tennessee Municipal Bond Fund Loans (continued)
Interest rates are set by the remarketing agent and are based on the market price of the bonds underlying the loans.

Energy Efficient Schools Loans – The City entered into a $1,000,000 interest free loan during the fiscal year ended June 30, 2012 and another $971,518 interest free loan during the fiscal year ended June 30, 2013. Both loans were issued by the State specifically to provide funding for a qualifying capital outlay project to improve the energy efficiency of certain Murfreesboro City Schools. The principal payments of $8,333 and $8,096 are to be paid monthly through 2022 and 2023, respectively.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal
2014	$ 197,148
2015	197,148
2016	197,148
2017	197,148
2018	197,148
2019-2023	786,971
	$ 1,772,711

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, 2013, the Department made a purchase of $184,541 representing $5,632 in net plant allocated to specific plant accounts and $177,909 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance of $123,921 is payable annually in equal installments over a ten year period. Currently, the annual payments due on prior purchases total $134,428 as of June 30, 2013.

Capital Lease – The Murfreesboro City Schools (MCS) leases certain equipment under an agreement that is classified as a capital lease. The remaining capital lease obligation is $134,631 at June 30, 2013. Payments due on the lease are approximately $134,600 annually with the final installment due in 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 position as equipment and was $538,526 at June 30, 2013. Accumulated amortization of leased equipment at June 30, 2013 was $383,700. Amortization of assets under the capital lease is included in depreciation expense.

Note G – LONG-TERM LIABILITIES (continued)

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
Governmental Activities -					
General Obligation refunding bonds	$ 37,420,000	$ 1,870,000	$ 7,955,000	$ 31,335,000	$ 8,110,000
Add: Premium on refunding	4,780,749		597,594	4,183,155	
	$ 42,200,749	$ 1,870,000	$ 8,552,594	$ 35,518,155	$ 8,110,000
Capital lease obligation	269,262		134,631	134,631	134,631
Capital outlay notes	2,117,350		2,117,350		
Tennessee Municipal Bond Fund Loans	154,011,904	45,800,000	14,503,440	185,308,464	17,798,860
Energy Efficient School Loan	941,669	971,518	140,476	1,772,711	197,148
	$ 199,540,934	$ 48,641,518	$ 25,448,491	$ 222,733,961	$ 26,240,639
Estimated landfill closure costs	1,425,000		90,000	1,335,000	467,000
Compensated absences	7,699,976	2,474,784	1,683,940	8,490,820	933,621
Net pension obligation	181,986		82,058	99,928	
Post-employment benefit obligation	26,992,592	7,053,874		34,046,466	
Claims and judgments	* 6,559,500	2,206,515	2,602,015	6,164,000	2,628,000
Governmental activity - Long-term liabilities	$ 242,399,988	$ 60,376,691	$ 29,906,504	$ 272,870,175	$ 30,269,260

* The beginnng balance of claims and judgements has been restated. See Note Q for details.

Business-type Activities -					
Revenue Bonds	$ 41,150,000	$ 28,610,000	$ 4,840,000	$ 64,920,000	$ 8,320,000
Matured bonds payable	36,000			36,000	
Add: premium on refunding	2,459,013		180,001	2,279,012	
Less: deferred amount - on refunding	(77,121)		(13,725)	(63,396)	
	$ 43,567,892	$ 28,610,000	$ 5,006,276	$ 67,171,616	$ 8,320,000
State revolving loans	32,676,612		32,676,612		
Compensated absences	3,337,332	213,240	433,245	3,117,327	964,747
Post-employment benefit obligation	6,397,694	1,552,412		7,950,106	
Tennessee Municipal Bond Fund Loans	44,878,691	1,448,852	2,611,000	43,716,543	2,726,000
Business-type activity - Long-term liabilities	$ 130,858,221	$ 31,824,504	$ 40,727,133	$ 121,955,592	$ 12,010,747

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, $6,164,000 of internal service funds claims and judgments are included in the above amounts.

For governmental activities, the general fund liquidates approximately 97% of the liabilities for pension-related debt, post-employment benefits and compensated absences with the remaining 3% being liquidated by the other governmental funds and the internal service funds. The entire claims and judgments liability is included in the risk management internal service fund and will be liquidated by that fund.

Note H – CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2013, outstanding funds advanced by TVA totaled $1,731,532 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, 2013, the outstanding receivables for loans made from these funds amounted to $1,672,411.

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 which is 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 12.10% 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. For the fiscal years ending 2011 and 2012 the amount funded was less than the required amount resulting in a cumulative positive NPO of $181,985 as of June 30, 2012. For the fiscal year ending 2013, the amount funded exceeded the required amount, thereby decreasing the cumulative positive NPO to $99,928 as of June 30, 2013.

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

Note I – EMPLOYEE PENSION PLANS (continued)

retirement age for a firefighter 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 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 are no investments in any one issuer that represents 5% or more of total investments.

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

Murfreesboro Electric Department Employee Pension - The Murfreesboro Electric Department provides a single-employer defined benefit pension plan with contributions made to a separate fund named the Murfreesboro Electric Department Pension Trust. 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. Employees hired after April 1, 2012 are not eligible to participate the plan. For those employees the Department has established a new defined contribution plan. This plan requires those employees to contribute a minimum of 4% of their gross pay and the Department will contribute another 6%.

The Plan, which was originally established August 1, 1956, has been amended several times since then, the last amendment being effective July 1, 2010. The Board of Directors of the Murfreesboro Electric Department acts as the Pension Committee with the responsibility to oversee the operation of the plan. Effective, January 1, 1994, the Employer entered into an agreement with Pinnacle Financial Partners, whereby, Pinnacle holds and manages the Plan's assets as Successor Trustee. 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.

Employees with ten (10) or more years of credited service are entitled to monthly pension benefits upon attainment of early retirement age fifty five (55). The Plan's normal retirement age is sixty (60). The monthly benefit is 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty (30) years. 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. In the event an employee becomes entitled to benefits under the Plan and the value of the benefit is less than $10,000, the employee may receive a lump-sum distribution at the discretion of the Retirement Committee. Benefit payments to participants are recorded upon distribution.

The Plan is non-contributory and cost is borne by actuarially determined contributions made by the Employer. Expenses of the Plan may be paid by the Employer or the Plan.

The Plan has received and maintains a favorable determination letter from the Internal Revenue Service concerning its tax-exempt status.

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 are no investments in any one issuer that represents 5% or more of total investments.

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	41	395
Active Participants	74	792
	115	1,187

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

Annual Required Contribution	$ 4,554,965
Interest on net pension obligation	13,194
Adjustment to annual required contribution	(16,217)
Annual pension cost	$ 4,551,942
Contributions made	(4,634,000)
Decrease in net pension obligation	$ (82,058)
Net pension obligation beginning of year	181,986
Net pension obligation end of year	$ 99,928

Note I – EMPLOYEE PENSION PLANS (continued)

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

	Murfreesboro Electric Department Pension	City of Murfreesboro Employees' Pension
Annual pension cost	$ 806,468	$ 4,551,942
Contributions made	$ 1,132,602	$ 4,634,000
Actuarial valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar	Level dollar
Amortization period - open	20 years	30 years
Remaining amortization period	12 years	24 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	06/30/11	$ 930,409	100.00%	$ -0-
Department Pension	06/30/12	$ 797,797	116.60%	$ (132,612)
	06/30/13	$ 806,468	140.40%	$ (458,746)
City of Murfreesboro	07/01/11	$ 5,130,945	88.90%	$ 31,740
Employee's Pension	07/01/12	$ 4,705,233	96.81%	$ 181,986
	07/01/13	$ 4,551,942	101.80%	$ 99,928

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:						
07/01/11	$ 14,979,684	$ 16,476,417	$ 1,496,733	90.9%	$ 4,744,690	31.5%
07/01/12	$ 14,945,627	$ 16,215,583	$ 1,269,956	92.2%	$ 4,690,597	27.1%
07/01/13	$ 17,360,764	$ 18,269,912	$ 909,148	95.0%	$ 4,711,076	19.3%
City of Murfreesboro Employees' Pension						
07/01/11	$ 89,430,262	$ 104,868,389	$ 15,438,127	85.3%	$ 37,539,589	41.1%
07/01/12	$ 94,073,099	$ 111,167,776	$ 17,094,677	84.6%	$ 37,391,398	45.7%
07/01/13	$ 101,082,852	$ 118,848,917	$ 17,766,065	85.1%	$ 37,016,701	48.0%

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, 2013 is $193,295.

Tennessee Consolidated Retirement System

Plan Description – Employees of the Murfreesboro City Schools are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four 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 Schools 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

Note I – EMPLOYEE PENSION PLANS (continued)

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

Funding Policy – The Murfreesboro City Schools has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The Murfreesboro City Schools is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013 was 12.13% of annual covered payroll. The contribution requirement by plan members is set by state statute. The contribution requirement for the Murfreesboro City Schools is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost – For the year ended June 30, 2013, the Murfreesboro City Schools' annual pension cost of $1,031,402 to TCRS was equal to the Murfreesboro City Schools' required and actual contributions.

The required contribution was determined as a part of the July 1, 2011 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 Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	$ 932,148	100.00%	$ -0-
06/30/12	$ 965,871	100.00%	$ -0-
06/30/13	$ 1,031,402	100.00%	$ -0-

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.66% funded. The actuarial accrued liability for benefits was $18.59 million, and the actuarial value of assets was $18.15 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.44 million. The covered payroll (annual payroll of active employees covered by the plan) was $7.22 million, and the ratio of the UAAL to the covered payroll was 6.03%.

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.

Note I – EMPLOYEE PENSION PLANS (continued)

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)
07/01/11	$ 18,152,000	$ 18,587,000	$ 436,000	97.66%	$ 7,217,000	6.03%
07/01/09	$ 14,666,000	$ 14,666,000	$ -0-	100.00%	$ 6,839,000	0.00%
07/01/07	$ 13,412,000	$ 13,412,000	$ -0-	100.00%	$ 6,156,000	0.00%

Teachers' Plan

Plan Description – The Murfreesboro City Schools 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/schools*.

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, 2013 was 8.88% 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, 2013, 2012, and 2011 were, $2,649,393, $2,603,317, and $2,400,700, 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 (IRC) Section 457. The plans, available to all full-time 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 IRC 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.

Note J – DEFERRED COMPENSATION PLANS (continued)

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

The City offers health care benefits for retired employees and their beneficiaries 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, 2013, there were 160 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 (60) 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, 2011 and the Murfreesboro Electric Department plan as of July 1, 2012, the effective dates of the biannual OPEB valuations for each plan, respectively, follows.

	City Administered Plan		Murfreesboro
	Water & Sewer	Other	Electric Department
Actives	134	702	77
Retirees/Beneficiaries	30	106	23
Total	164	808	100

Note K – POST-EMPLOYMENT BENEFITS (continued)

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	$ 605,757	$ 3,333,992	$ 435,079
Amortization of Unfunded Accrued Liabilitiy	444,027	2,261,795	330,515
Interest	23,360	124,520	17,036
Annual Required Contribution	$ 1,073,144	$ 5,720,307	$ 782,630
Contribution as a percentage of projected pay	16.28%	16.83%	16.79%

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	$ 1,073,144	$ 5,720,307	$ 782,630
Interest on net OPEB obligation	186,951	1,112,849	103,904
Adjustment to annual required contribution	(131,985)	(785,654)	(23,704)
Annual OPEB cost	$ 1,128,110	$ 6,047,502	$ 862,830
Contributions made	(258,296)	(757,201)	(180,232)
Increase in net OPEB obligation	$ 869,814	$ 5,290,301	$ 682,598
Net OPEB obligation at beginning of year	4,154,467	24,729,978	2,243,227
Net OPEB obligation at end of year	$ 5,024,281	$ 30,020,279	$ 2,925,825

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:

Note K – POST-EMPLOYMENT BENEFITS (continued)

Year End	Plan	Annual OPEB Cost	OPEB Cost Contributed	Obligation at Year-end
06/30/11	Water & Sewer	$ 1,137,982	22.8%	$ 3,275,438
06/30/12	Water & Sewer	$ 1,130,405	22.2%	$ 4,154,467
06/30/13	Water & Sewer	$ 1,128,110	22.9%	$ 5,024,281
06/30/11	City	$ 6,002,628	11.7%	$ 19,630,080
06/30/12	City	$ 5,899,099	13.6%	$ 24,729,978
06/30/13	City	$ 6,047,502	12.5%	$ 30,020,279
06/30/11	Electric Department	$ 679,220	23.4%	$ 1,735,582
06/30/12	Electric Department	$ 674,526	24.7%	$ 2,243,227
06/30/13	Electric Department	$ 862,830	20.9%	$ 2,925,825

As of July 1, 2011 and July 1, 2012, 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, 2013, 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)	$ 14,287,609	$ 72,778,605	$ 8,001,329
Covered payroll	$ 6,592,034	$ 33,980,957	$ 4,660,810
Ratio of UAAL to covered payroll	217%	214%	172%
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%
Inflation rate	2.50%	2.50%	2.50%

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 9% in the first year of valuation and future increases are assumed to grade uniformly to 5% over an eight 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% each year from attained ages 55 to 65, while claims were increased 3% each year from ages 65 to 75 for the Electric Department.

Murfreesboro City Schools

Plan Description

Murfreesboro City Schools participates in the 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. Prior to reaching the age of 65, members have the option of choosing between the standard or partnership preferred provider organization (PPO) 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 plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial premium subsidy to pre-65 teachers. For plan members electing family coverage, plan members contribute on average 40% of premiums and Murfreesboro City Schools contributes on average 60% 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	$ 2,217,000
Interest on the net OPEB obligation	90,505
Adjustment to the ARC	(96,069)
Annual OPEB cost	$ 2,211,436
Amount of contribution	(447,863)
Increase/(Decrease) in net OPEB obligation	$ 1,763,573
Net OPEB obligation - beginning of year	2,262,614
Net OPEB obligation - end of year	$ 4,026,187

Year End	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year-end
06/30/11	Teachers Group	$ 381,000	124.2%	$ 431,573
06/30/12	Teachers Group	$ 2,201,939	16.8%	$ 2,262,614
06/30/13	Teachers Group	$ 2,211,436	20.3%	$ 4,026,187

Funded Status and Funding Progress

The funded status of the Teachers Group Insurance Plan was as follows:

	Teacher Group Plan
Actuarial valuation date	July 1, 2011
Actuarial accrued liability (AAL)	$12,743,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	$12,743,000
Actuarial Value of Assets as a % of the AAL	0.00%
Covered payroll (active plan members)	$38,871,000
UAAL as a percentage of covered payroll	32.78%

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will be reduced by decrements to an ultimate rate of 5.00 percent by fiscal year 2021. The annual healthcare cost trend for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013 and will be reduced by decrements to an ultimate rate of 5.00% by fiscal year 2018. Both rates include a 2.50 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 the fiscal year ended July 1, 2007.

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 POSITION

Assets -		
Cash and cash equivalents	$	2,955,297
Investments, at fair value		100,495,529
Contributions receivable		283,846
	$	103,734,672
Net Position -		
Held in trust for pension benefits	$	103,734,672

STATEMENT OF CHANGES IN NET POSITION

Additions -		
Employer contributions	$	4,451,336
Investment income		9,543,910
	$	13,995,246
Deductions -		
Benefits to participants	$	3,372,416
	$	3,372,416
Net increase	$	10,622,830
Net Position Held in Trust for Pension Benefits -		
Beginning of year		93,111,842
End of year	$	103,734,672

Note M – COMMITMENTS AND CONTINGENCIES

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

Additionally, there was a decrease in this estimated liability from the previous year in the amount of $90,000. The City's engineer estimates that additional costs required will approximate $1,335,000. Accordingly, this amount has been accrued as a liability on the government-wide statement of net position. A Contract in Lieu of Performance Bonds, dated December 6, 2012, was entered into between the City and the State of Tennessee in the amount of $1,518,826. 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
Bradley Academy Elevator Addition	$ 260,796	$ 122,229	$ 138,567
Fire and Rescue Department ID Signs	88,500	28,000	60,500
Hobgood School Expansion	4,123,000	3,043,850	1,079,150
Joe B. Jackson Pkwy I-24 to US 231	10,858,559	1,188,109	9,670,450
Overall Creek Elementary School	17,078,000	40,727	17,037,273
Police Building 3rd Floor Renovations	42,231	31,214	11,017
Fire Rescue Vehicles	1,107,890	553,945	553,945
Rover Transit Shelters	157,870	38,574	119,296
Two-way Radio Infrastructure Upgrades	1,699,000	-0-	1,699,000
	$ 35,415,846	$ 5,046,648	$ 30,369,198

Also, the Murfreesboro City School System has contracted a janitorial service company to provide the custodial services for certain school facilities. Total commitments as of June 30, 2013 approximate $900,000. 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 possibility that the City may pay an estimated additional amount of $1,603,328.

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 $611,699 for the year ended June 30, 2013.

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 $5,369,653, respectively. Accumulated depreciation at June 30, 2013 was $520,295. 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
2014	$ 69,166
2015	69,166
2016	69,166
2017	69,166
2018	69,166
2019-2025	518,748
	$ 864,578

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, 2013, arising from these transactions were as follows:

	Due From	Due To
General Fund		
Water and Sewer fund	$ 160,271	
Electric Department fund	3,645	
General purpose school fund	5,973	$ 60,946
TMBF/Bond Fund	1,200,250	
Nonmajor governmental funds	3,347,980	66,993
Nonmajor enterprise funds	711,365	32,412
Internal service funds	3,639	
	$ 5,433,123	$ 160,351
General Purpose School Fund		
General fund	$ 60,946	$ 5,973
Nonmajor governmental funds	2,713,179	759,616
	$ 2,774,125	$ 765,589
TMBF/Bond Fund		
General fund		$ 1,200,250
Nonmajor Governmental Funds		
General fund	$ 66,993	$ 3,347,980
General purpose school fund	759,616	2,713,179
Nonmajor governmental funds	522,404	522,404
Internal service funds		2,771
	$ 1,349,013	$ 6,586,334
Water and Sewer Fund		
General fund		$ 160,271
Nonmajor enterprise funds	$ 1,390,623	2,707,858
Internal service funds		20,516
	$ 1,390,623	$ 2,888,645
Murfreesboro Electric Department		
General fund		$ 3,645
Nonmajor Enterprise Funds		
General fund	$ 32,412	$ 711,365
Water and Sewer fund	2,707,858	1,390,623
	$ 2,740,270	$ 2,101,988
Internal Service Funds		
General fund		$ 3,639
Water and Sewer fund	$ 20,516	
Nonmajor governmental funds	2,771	
Internal service funds	500	500
	$ 23,787	$ 4,139
	$ 13,710,941	$ 13,710,941

Note O – INTERFUND TRANSACTIONS (continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) the payments between funds are made.

Interfund transfers during the year ended June 30, 2013 were as follows:

		Transfer From						
		General Fund	General Purpose School Fund	TMBF/Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Electric Department Fund	Total
Transfer To	General Fund					$ 6,000	$ 2,864,868	$ 2,870,868
	General Purpose School Fund	$ 4,810,103						4,810,103
	Debt Service Fund	26,139,822		$ 1,291,719		241,250		27,672,791
	Nonmajor Governmental Funds	98,031	$ 140,476		$ 2,759,245			2,997,752
	Nonmajor Enterprise Fund					64,812		64,812
		$ 31,047,956	$ 140,476	$ 1,291,719	$ 2,759,245	$ 312,062	$ 2,864,868	$ 38,416,326

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 – 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, 2013 were $2,206,515. 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, 2012. 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. HealthScope Benefits, Inc. 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 HealthScope Benefits, Inc. from the Insurance Fund up to a maximum of $125,000 for each medical claim. Administrative costs and claims for the fiscal year ended June 30, 2013 were $13,814,892.

Note P – RISK MANAGEMENT PROGRAM (continued)

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, 2013 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, 2013 were as follows:

Fiscal Year		Liability at Beginning	Year Claims and Change in Estimate	Claim Payments	Liability at End
Risk Management Fund -					
2012	*	$ 5,984,000	$ 3,977,188	$ 3,401,688	$ 6,559,500
2013		$ 6,559,500	$ 2,206,515	$ 2,602,015	$ 6,164,000

* The June 30, 2012 risk management liability has been restated. See Note Q for details.

Insurance Fund -					
2012		$ 762,661	$ 12,628,613	$ 12,581,745	$ 809,529
2013		$ 809,529	$ 13,814,892	$ 13,679,080	$ 945,341

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 Q – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2013, the following prior period adjustments were made to retroactively restate certain fund balance amounts.

An adjustment was made to the Risk Management Fund balance to correct a prior year overstatement in the amount of $544,000. Also, during the year, prior period adjustments were made to move certain assets and liabilities from capital project type funds to the General Fund. Adjustments were made for $1,074,380 and $1,088,515 to move Gateway Project Fund activity to the General Fund and activity related to the Rutherford Chamber of Commerce project from the Capital Improvement and Contingency Fund to the General Fund, respectively. The net effect reduced General Fund balance by $2,162,895.

Note R – FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1 inputs)
Employee Pension Plan	
Mututal funds	$ 68,969,109
U.S. Government notes and bonds	104,113
Corporate notes and bonds	8,265,208
Common/preferred stock	23,157,099
	$ 100,495,529
Electric Department Pension Plan	
Mututal funds	$ 9,581,015
U.S. Government notes and bonds	222,176
Corporate notes and bonds	7,187,239
	$ 16,990,430
Perpetual Care Cemetery Fund	
U.S. Government notes and bonds	$ 78,085
Corporate notes and bonds	1,370,032
	$ 1,448,117

Note S – SUBSEQUENT EVENTS

In May of 2013, and subsequent to June 30, 2013, the City Council passed several resolutions expressing official intent to fund certain expenditures related to the construction of a new elementary school and the purchase of technology equipment for the Murfreesboro City Schools, respectively. These expenditures are to be funded by notes, bonds, or other indebtedness to be issued or incurred by the City of Murfreesboro in the amounts of $24,000,000 and $5,206,725, respectively. Additionally, City Council passed resolutions expressing official intent to fund certain other public work projects, and related expenditures totaling approximately $15,592,360. On December 19, 2013, City Council passed a resolution authorizing the issuance of general obligation debt not to exceed $42,000,000 to cover these capital projects. No agreements have been signed at the issuance of the report to incur this debt; but the City plans to issue debt during the 2014 fiscal year end for these projects. The projects are underway and are currently being funded by the general fund in expectation of being reimbursed by this debt issuance.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Funding Progress

June 30, 2013

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 -						
07/01/04	$ 54,574,289	$ 62,648,615	$ 8,074,326	87.1 %	29,361,363	27.5 %
07/01/05	58,134,958	69,207,197	11,072,239	84.0	31,949,042	34.7
07/01/06	62,774,796	75,869,525	13,094,729	82.7	33,533,397	39.0
07/01/07	69,675,720	84,477,610	14,801,890	82.5	35,467,822	41.7
07/01/08	76,160,860	91,281,997	15,121,137	83.4	37,555,620	40.3
07/01/09	80,040,594	99,166,582	19,125,988	80.7	40,384,320	47.4
07/01/10	83,658,491	105,022,974	21,364,483	79.7	39,994,629	53.4
07/01/11	89,430,262	104,868,389	15,438,127	85.3	37,539,589	41.1
07/01/12	94,073,099	111,167,776	17,094,677	84.6	37,391,398	45.7
07/01/13	101,082,852	118,848,917	17,766,065	85.1	37,016,701	48.0
Murfreesboro Electric Department Employees' Pension Plan -						
08/01/04	$ 9,343,486	$ 9,814,993	$ 471,507	95.2 %	$ 3,126,722	15.1 %
08/01/05	10,275,202	10,735,207	460,005	95.7	3,337,003	13.8
08/01/06	10,711,935	11,529,863	817,928	92.9	3,314,820	24.7
08/01/07	11,731,118	13,038,280	1,307,162	90.0	3,400,782	38.4
08/01/08	11,565,801	12,834,516	1,268,715	90.1	3,618,857	35.1
08/01/09	10,265,822	11,482,378	1,216,556	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	4,744,680	31.5
07/01/12	14,945,627	16,215,583	1,269,957	92.2	4,690,597	27.1
07/01/13	17,360,764	18,269,912	909,148	95.0	4,711,076	19.3

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Employer Contributions

June 30, 2013

	Murfreesboro Employees' Pension		Electric Department Pension	
Fiscal Year	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2004	$ 2,721,331	98.0 %	$ 485,027	100.0 %
2005	3,045,036	97.0	551,578	100.0
2006	3,531,820	93.0	550,390	100.0
2007	3,852,817	97.0	608,688	100.0
2008	4,265,880	95.0	637,785	100.0
2009	4,441,232	101.2	793,813	100.0
2010	4,993,579	89.0	1,145,337	100.0
2011	5,123,682	89.0	930,409	100.0
2012	4,705,717	96.8	797,797	116.0
2013	4,554,965	101.7	806,468	140.4

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Post-Employment Benefits

Schedule of Funding Progress

June 30, 2013

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-	$ 58,897,953	$ 58,897,953	0.0 %	$ 27,109,758	217.3 %
07/01/09	-0-	58,233,849	58,233,849	0.0	30,404,899	191.5
07/01/11	-0-	67,268,504	67,268,504	0.0	32,362,816	207.9
Murfreesboro Water and Sewer Department						
07/01/08	-0-	$ 11,514,086	$ 11,514,086	0.0 %	$ 5,188,601	221.9 %
07/01/09	-0-	11,913,264	11,913,264	0.0	5,569,115	213.9
07/01/11	-0-	13,289,514	13,289,514	0.0	6,278,128	211.7
Murfreesboro Electric Department						
07/01/08	$ -0-	$ 6,308,938	$ 6,308,938	0.0 %	$ 3,954,739	159.5 %
07/01/10	-0-	6,713,346	6,713,346	0.0	4,696,177	143.0
07/01/12	-0-	7,409,294	7,409,294	0.0	4,660,810	159.0
Murfreesboro City Schools						
07/01/09	$ -0-	$ 3,511,000	$ 3,511,000	0.0 %	$ 37,384,000	9.4 %
07/01/10	-0-	2,570,000	2,570,000	0.0	40,603,000	6.3
07/01/11	-0-	12,743,000	12,743,000	0.0	40,876,000	31.2

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, 2013

	Total Special Revenue Funds	Capital Improvement and Contingency Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,894,238	$ 854,840		$ 4,749,078
Certificates of deposit	350,978			350,978
Due from other funds	1,349,013			1,349,013
Due from other governments	3,478,048	3,168,454		6,646,502
Accounts receivable, net	104,679		$ 34,792	139,471
Due from others		34,574		34,574
Other receivables	686,928		13,386	700,314
Prepaid items and deposits	18,416			18,416
Inventory	94,024			94,024
Restricted assets -				
Cash and cash equivalents		356,127	127,446	483,573
Investments, at fair value			1,943,897	1,943,897
	$ 9,976,324	$ 4,413,995	$ 2,119,521	$ 16,509,840
LIABILITIES AND FUND BALANCES				
Liabilities-				
Accounts payable	$ 225,568	$ 43,131		$ 268,699
Accrued liabilities	444,959			444,959
Due to other funds	3,410,841	3,175,493		6,586,334
Due to other governments	134,806			134,806
Due to others				
Deferred revenue	1,817,972	1,913,909		3,731,881
Other deposits	55,197			55,197
	$ 6,089,343	$ 5,132,533		$ 11,221,876
Fund Balances-				
Nonspendable	$ 112,440		$ 1,813,294	$ 1,925,734
Restricted	1,491,542			1,491,542
Committed	2,670,261			2,670,261
Assigned			306,227	306,227
Unassigned	(387,262)	$ (718,538)		(1,105,800)
	$ 3,886,981	$ (718,538)	$ 2,119,521	$ 5,287,964
	$ 9,976,324	$ 4,413,995	$ 2,119,521	$ 16,509,840

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	Total Special Revenue Funds	Total Capital Projects Funds	School Debt Service Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
Revenues-					
Intergovernmental	$ 12,517,336	$ 2,655,719			$ 15,173,055
Charges for services	5,180,907				5,180,907
Donations		743,625			743,625
Interest and investment earnings	2,537	643		$ 179,960	183,140
Miscellaneous	313,896				313,896
	$ 18,014,676	$ 3,399,987		$ 179,960	$ 21,594,623
Expenditures -					
Current-					
Police	$ 237,656				$ 237,656
Streets	2,606,712				2,606,712
Community services	5,434,094				5,434,094
Community development	795,719				795,719
Education	3,930,674				3,930,674
Food service	4,124,047				4,124,047
Capital outlay	149,266	$ 5,542,778			5,692,044
Debt service -					
Principal			$ 2,467,575		2,467,575
Interest			432,146		432,146
	$ 17,278,168	$ 5,542,778	$ 2,899,721		$ 25,720,667
Excess of Revenues Over (Under) Expenditures	$ 736,508	$ (2,142,791)	$ (2,899,721)	$ 179,960	$ (4,126,044)
Other Sources (Uses) -					
Issuance of debt		$ 971,518			$ 971,518
Transfers in	$ 98,031		$ 2,899,721		2,997,752
Transfers out	(247,250)			$ (64,812)	(312,062)
	$ (149,219)	$ 971,518	$ 2,899,721	$ (64,812)	$ 3,657,208
Net change in fund balances	$ 587,289	$ (1,171,273)	$ -0-	$ 115,148	$ (468,836)
Fund Balances at beginning of year, as previously stated	$ 3,299,692	$ (1,710,160)	$ -0-	$ 2,004,373	$ 3,593,905
Prior period adjustment		2,162,895			2,162,895
Fund Balances at beginning of year, as restated	$ 3,299,692	$ 452,735	$ -0-	$ 2,004,373	$ 5,756,800
Fund Balances at end of year	$ 3,886,981	$ (718,538)	$ -0-	$ 2,119,521	$ 5,287,964

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, 2013

	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	$ 860,453	$ 271,464	$ 465,063	$ 83	$ 847,566	$ 1,353,206	$ 96,403	$ 3,894,238
Certificates of deposit					350,978			350,978
Due from other funds		66,993			458,898	44,907	778,215	1,349,013
Due from other governments	542,658	87,203	25,509	181,937	27,991	55,817	2,556,933	3,478,048
Accounts receivable, net		76,552			28,127			104,679
Program receivable, net				686,928				686,928
Prepaid items and deposits		18,416						18,416
Inventory		25,668				68,356		94,024
	$ 1,403,111	$ 546,296	$ 490,572	$ 868,948	$ 1,713,560	$ 1,522,286	$ 3,431,551	$ 9,976,324
LIABILITIES AND FUND BALANCES								
Liabilities-								
Accounts payable	$ 113,306	$ 85,326	$ 332		$ 26,604			$ 225,568
Accrued liabilities		4,281			89,865	$ 44,995	$ 305,818	444,959
Due to other funds		634	14,375	$ 160,249	10,931	818	3,223,834	3,410,841
Due to other governments					134,806			134,806
Deferred revenue			68,530	708,616	710,665	41,000	289,161	1,817,972
Deposits		55,197						55,197
	$ 113,306	$ 145,438	$ 83,237	$ 868,865	$ 972,871	$ 86,813	$ 3,818,813	$ 6,089,343
Fund Balances-								
Nonspendable		$ 44,084				$ 68,356		$ 112,440
Restricted	$ 1,279,461		$ 128,273		$ 27,991	55,817		1,491,542
Committed	10,344	356,774	279,062	$ 83	712,698	1,311,300		2,670,261
Unassigned							$ (387,262)	(387,262)
	$ 1,289,805	$ 400,858	$ 407,335	$ 83	$ 740,689	$ 1,435,473	$ (387,262)	$ 3,886,981
	$ 1,403,111	$ 546,296	$ 490,572	$ 868,948	$ 1,713,560	$ 1,522,286	$ 3,431,551	$ 9,976,324

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	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	$ 2,806,270	$ 90,466		$ 765,187	$ 27,991	$ 3,146,986	$ 5,680,436	$ 12,517,336
Charges for services		1,510,846			2,606,751	1,063,310		5,180,907
Interest	373	1,216	$ 948					2,537
Miscellaneous		1,085	261,454	36,532	14,825			313,896
	$ 2,806,643	$ 1,603,613	$ 262,402	$ 801,719	$ 2,649,567	$ 4,210,296	$ 5,680,436	$ 18,014,676
Expenditures-								
Education							$ 3,930,674	$ 3,930,674
Streets	$ 2,606,712							2,606,712
Police			$ 237,656					237,656
Community services		$ 1,313,845			$ 2,660,329		1,459,920	5,434,094
Community development				$ 795,719				795,719
Food service						$ 4,124,047		4,124,047
Capital outlay		57,342	91,924					149,266
	$ 2,606,712	$ 1,371,187	$ 329,580	$ 795,719	$ 2,660,329	$ 4,124,047	$ 5,390,594	$ 17,278,168
Excess of Revenues Over (Under) Expenditures	$ 199,931	$ 232,426	$ (67,178)	$ 6,000	$ (10,762)	$ 86,249	$ 289,842	$ 736,508
Other Sources (Uses)-								
Transfers in			$ 98,031					$ 98,031
Transfers out		$ (241,250)		$ (6,000)				(247,250)
		$ (241,250)	$ 98,031	$ (6,000)				$ (149,219)
Net change in fund balances	$ 199,931	$ (8,824)	$ 30,853	$ -0-	$ (10,762)	$ 86,249	$ 289,842	$ 587,289
Fund Balances at beginning of year	1,089,874	409,682	376,482	83	751,451	1,349,224	(677,104)	3,299,692
Fund Balances at end of year	$ 1,289,805	$ 400,858	$ 407,335	$ 83	$ 740,689	$ 1,435,473	$ (387,262)	$ 3,886,981

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Tennessee state gasoline tax apportionment	$ 2,830,000	$ 2,830,000	$ 2,806,270	$ (23,730)
Interest	750	750	373	(377)
	$ 2,830,750	$ 2,830,750	$ 2,806,643	$ (24,107)
Expenditures-				
Traffic signals	$ 100,000	$ 100,000	$ 24,939	$ 75,061
Curbs and gutters	140,000	140,000	140,011	(11)
Sidewalks	50,000	50,000	124,438	(74,438)
Rights-of-way	100,000	100,000	57,822	42,178
Street paving	1,860,750	2,160,750	1,874,247	286,503
Street markings	180,000	180,000	150,710	29,290
Storm drainage	140,000	140,000	45,772	94,228
Intersections	50,000	50,000	23,817	26,183
Traffic signal lighting	80,000	80,000	75,432	4,568
Street construction	50,000	50,000	49,552	448
Surveys and engineering	80,000	80,000	39,972	40,028
	$ 2,830,750	$ 3,130,750	$ 2,606,712	$ 524,038
Excess of Revenues Over (Under) Expenditures	$ -0-	$ (300,000)	$ 199,931	$ 499,931
Fund Balance at beginning of year			1,089,874	
Fund Balance at end of year			$ 1,289,805	

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Federal funds			$ 11,231	$ 11,231
State funds	$ 176,625	$ 216,969	79,235	(137,734)
Interest	1,200	1,200	1,216	16
Rental income	450,393	450,393	444,593	(5,800)
Fuel sales	867,000	1,072,000	1,066,253	(5,747)
Miscellaneous	750	750	1,085	335
	$ 1,495,968	$ 1,741,312	$ 1,603,613	$ (137,699)
Expenditures -				
Labor	$ 155,056	$ 155,056	$ 140,858	$ 14,198
Operations and maintenance	92,800	92,800	94,810	(2,010)
Supplies	10,375	10,375	13,361	(2,986)
Insurance	14,966	14,966	16,434	(1,468)
Social Security taxes	11,495	11,495	10,418	1,077
Group insurance	14,292	14,292	14,109	183
Retirement	9,041	9,041	9,040	1
Utilities	41,900	41,900	43,603	(1,703)
Travel and subsistence	3,900	3,900	2,926	974
Purchases for resale	723,000	920,782	915,722	5,060
Fuel rebates	36,000	36,000	31,922	4,078
Surveys and studies	62,000	156,348	5,231	151,117
Other miscellaneous	14,500	14,500	15,411	(911)
Capital outlay	118,000	118,000	57,342	60,658
	$ 1,307,325	$ 1,599,455	$ 1,371,187	$ 228,268
Excess of Revenues Over (Under) Expenditures	$ 188,643	$ 141,857	$ 232,426	$ 90,569
Other Financing Sources and (Uses) -				
Transfers out	(241,250)	(241,250)	(241,250)	-0-
Net change in fund balance	$ (52,607)	$ (99,393)	$ (8,824)	$ 90,569
Fund Balance at beginning of year			409,682	
Fund Balance at end of year			$ 400,858	

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Court fines	$ 90,000	$ 90,000	$ 98,031	$ 8,031
Seizure awards	50,000	135,000	143,920	8,920
Interest	1,000	1,000	948	(52)
Miscellaneous	1,000	17,400	19,503	2,103
	$ 142,000	$ 243,400	$ 262,402	$ 19,002
Expenditures -				
Labor	$ 90,000	$ 90,000	$ 159,354	$ (69,354)
Operations and maintenance	22,200	22,200	19,153	3,047
Supplies	5,575	5,575	4,423	1,152
Utilities	26,700	26,700	16,832	9,868
Undercover operations	70,000	70,000	26,135	43,865
Other miscellaneous	13,000	13,000	11,759	1,241
Capital outlay	2,500	178,400	91,924	86,476
	$ 229,975	$ 405,875	$ 329,580	$ 76,295
Excess of Revenues Over (Under) Expenditures	$ (87,975)	$ (162,475)	$ (67,178)	$ 95,297
Other Financing Sources -				
Transfers in	90,000	90,000	98,031	8,031
Net change in fund balance	$ 2,025	$ (72,475)	$ 30,853	$ 103,328
Fund Balance at beginning of year			376,482	
Fund Balance at end of year			$ 407,335	

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Revenue from federal government	$ 821,535	$ 892,112	$ 765,187	$ (126,925)
Program income	25,000	25,000	36,532	11,532
	$ 846,535	$ 917,112	$ 801,719	$ (115,393)
Expenditures-				
Administration	$ 131,229	$ 131,688	$ 129,979	$ 1,709
Housing rehabilitation	304,707	384,311	284,000	100,311
Housing assistance	159,875	150,389	142,887	7,502
Neighborhood stabilization program			21,266	(21,266)
Emergency shelter grant	110,000	110,000	94,758	15,242
Homeless prevention			5,000	(5,000)
Economic development	10,000	10,000	3,010	6,990
Property acquisition	26,000	26,000	25,000	1,000
Other	98,724	98,724	89,819	8,905
	$ 840,535	$ 911,112	$ 795,719	$ 115,393
Excess of Revenues Over (Under) Expenditures	$ 6,000	$ 6,000	$ 6,000	$ -0-
Other Financing Sources (Uses)				
Transfers out	(6,000)	(6,000)	(6,000)	-0-
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, 2013

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
State funds			$ 27,991	$ 27,991
Charges for services	$ 2,912,331	$ 2,912,331	2,606,751	(305,580)
Other local revenues	12,018	12,018	14,825	2,807
	$ 2,924,349	$ 2,924,349	$ 2,649,567	$ (274,782)
Expenditures -				
Community services	$ 2,765,274	$ 2,765,274	$ 2,660,329	$ 104,945
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ 159,075	$ 159,075	$ (10,762)	$ (169,837)
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ (10,762)	
Fund Balance at beginning of year			751,451	
Fund Balance at end of year			$ 740,689	

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, 2013

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Federal program revenues	$ 2,319,940	$ 2,319,940	$ 2,876,474	$ 556,534
State program revenues	48,000	48,000	50,541	2,541
USDA Commodities		219,971	219,971	
Charges for services	1,782,619	1,782,619	1,063,310	(719,309)
	$ 4,150,559	$ 4,370,530	$ 4,210,296	$ (160,234)
Expenditures -				
Food service	$ 3,753,173	$ 3,753,173	$ 3,904,076	$ (150,903)
USDA commodities		219,971	219,971	
	$ 3,753,173	$ 3,973,144	$ 4,124,047	$ (150,903)
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ 397,386	$ 397,386	$ 86,249	$ (311,137)
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ 86,249	
Fund Balance at beginning of year			1,349,224	
Fund Balance at end of year			$ 1,435,473	

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, 2013

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Federal program revenues	$ 4,407,409	$ 4,407,409	$ 4,494,690	$ 87,281
State program revenues	1,235,647	1,235,647	1,185,746	(49,901)
	$ 5,643,056	$ 5,643,056	$ 5,680,436	$ 37,380
Expenditures -				
Regular instruction program	$ 2,269,310	$ 2,269,310	$ 2,020,990	$ 248,320
Special education program	1,218,952	1,218,952	1,507,588	(288,636)
Health services		100,000	109,507	(9,507)
Special education program - support	458,504	458,504	268,605	189,899
Early intervening services	16,638	16,638	23,984	(7,346)
Community services	1,579,652	1,579,652	1,459,920	119,732
	$ 5,543,056	$ 5,643,056	$ 5,390,594	$ 252,462
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ 100,000	$ -0-	$ 289,842	$ 289,842
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ 289,842	
Fund Balance at beginning of year			(677,104)	
Fund Balance at end of year			$ (387,262)	

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.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	Capital Improvement and Contingency Fund	Gateway Project Fund	Total Nonmajor Capital Projects Funds
Revenues-			
Intergovernmental	$ 2,655,719		$ 2,655,719
Donations	743,625		743,625
Interest income	643		643
	$ 3,399,987		$ 3,399,987
Expenditures-			
Capital outlay -			
Street construction and drainage	$ 2,234,335		$ 2,234,335
Other projects and costs	3,308,443		3,308,443
	$ 5,542,778		$ 5,542,778
Excess of Revenues Over (Under) Expenditures	$ (2,142,791)		$ (2,142,791)
Other Financing Sources (Uses)-			
Issuance of debt	$ 971,518		$ 971,518
Net change in fund balances	$ (1,171,273)		$ (1,171,273)
Fund Balances at beginning of year, as previously stated	$ (635,780)	$ (1,074,380)	$ (1,710,160)
Prior period adjustment	1,088,515	1,074,380	2,162,895
Fund Bances at beginning of year, as restated	452,735	$ -0-	$ 452,735
Fund Balances at end of year	$ (718,538)	$ -0-	$ (718,538)

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ 750	$ 750	$ 643	$ (107)
Federal funds	5,672,806	5,672,806	460,984	(5,211,822)
State funds	1,300,000	1,300,000	2,194,735	894,735
Rental income	69,166	69,166		(69,166)
Donations received	520,000	520,000	743,625	223,625
	$ 7,562,722	$ 7,562,722	$ 3,399,987	$ (4,162,735)
Expenditures-				
Street construction	$ 5,672,806	$ 5,672,806	$ 2,234,335	$ 3,438,471
Capital outlay and other projects	2,520,500	2,520,500	3,308,443	(787,943)
	$ 8,193,306	$ 8,193,306	$ 5,542,778	$ 2,650,528
Excess of Revenues Over (Under) Expenditures	$ (630,584)	$ (630,584)	$ (2,142,791)	$ (1,512,207)
Other Financing Sources (Uses)-				
Issuance of debt	1,000,000	1,000,000	971,518	(28,482)
Net change in fund balance	$ 369,416	$ 369,416	$ (1,171,273)	$ (1,540,689)
Fund Balance at beginning of year, as previously stated			$ (635,780)	
Prior period adjustment			1,088,515	
Fund Balance at beginning of year, as restated			$ 452,735	
Fund Balance at end of year			$ (718,538)	

CITY OF MURFREESBORO, TENNESSEE

Gateway Project

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ -0-	$ -0-	$ -0-	$ -0-
Expenditures-				
Capital outlay and other projects	30,000	233,000	-	233,000
Excess of Revenues Over (Under) Expenditures	$ (30,000)	$ (233,000)	$ -0-	$ 233,000

Fund Balance at beginning of year, as previously stated	$ (1,074,380)
Prior period adjustment	1,074,380
Fund Balance at beginning of year, as restated	$ -0-
Fund Balance at end of year	$ -0-

MAJOR CAPITAL PROJECTS FUND

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

TMBF/ Bond Fund accounts for the proceeds of loans through the Tennessee Municipal Bond Fund and the expenditures related to various capital projects funded by the loans.

CITY OF MURFREESBORO, TENNESSEE

TMBF/Bond Fund

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ 42,000	$ 42,000	$ 130,354	$ 88,354
Miscellaneous income	312,210	312,210	1,441,948	1,129,738
	$ 354,210	$ 354,210	$ 1,572,302	$ 1,218,092
Expenditures-				
Capital outlay and other projects	$ 40,596,560	$ 40,596,560	$ 13,370,738	$ 27,225,822
Debt issuance costs			204,244	(204,244)
	$ 40,596,560	$ 40,596,560	$ 13,574,982	$ 27,021,578
Excess of Revenues Over (Under) Expenditures	$ (40,242,350)	$ (40,242,350)	$ (12,002,680)	$ 28,239,670
Other Financing Sources (Uses)-				
Issuance of debt	$ 44,326,350	$ 44,326,350	$ 45,800,000	$ 1,473,650
Transfers out	(312,210)	(312,210)	(1,291,719)	(979,509)
	$ 44,014,140	$ 44,014,140	$ 44,508,281	$ 494,141
Net change in fund balance	$ 3,771,790	$ 3,771,790	$ 32,505,601	$ 28,733,811
Fund Balance at beginning of year			16,628,945	
Fund Balance at end of year			$ 49,134,546	

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	$ -0-	$ -0-	$ 2,715	$ 2,715
Expenditures -				
Principal retirement	$ 23,041,767	$ 23,041,767	$ 22,248,691	$ 793,076
Interest	6,699,842	6,699,842	4,046,550	2,653,292
Fiscal agent fees	110,000	110,000	93,818	16,182
	$ 29,851,609	$ 29,851,609	$ 26,389,059	$ 3,462,550
Excess of Revenues Over (Under) Expenditures	$ (29,851,609)	$ (29,851,609)	$ (26,386,344)	$ 3,465,265
Other Financing Sources (Uses) -				
Refunding bonds issued			$ 1,870,000	$ 1,870,000
Transfers in	$ 26,851,609	$ 26,851,609	27,672,791	821,182
Transfers out			(2,759,245)	(2,759,245)
	$ 26,851,609	$ 26,851,609	$ 26,783,546	$ (68,063)
Net change in fund balance	$ (3,000,000)	$ (3,000,000)	$ 397,202	$ 3,397,202
Fund Balance at beginning of year			4,029,850	
Fund Balance at end of year			$ 4,427,052	

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	$ -0-	$ -0-	$ -0-	$ -0-
Expenditures -				
Principal retirement		$ 2,467,575	$ 2,467,575	
Interest		432,146	432,146	
	$ -0-	$ 2,899,721	$ 2,899,721	$ -0-
Excess of Revenues Over (Under) Expenditures	$ -0-	$ (2,899,721)	$ (2,899,721)	$ -0-
Other Financing Sources (Uses) -				
Transfers in		$ 2,899,721	$ 2,899,721	
	$ -0-	$ 2,899,721	$ 2,899,721	$ -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, 2013

	Murfressboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
ASSETS					
Current Assets -					
Cash and cash equivalents	$ 4,800,144			$ 77,014	$ 4,877,158
Accounts receivable				123,724	123,724
Due from other funds	2,707,858	$ 21,910	$ 10,502		2,740,270
Inventories				62,666	62,666
Prepaid items	12,776			2,527	15,303
Total Current Assets	$ 7,520,778	$ 21,910	$ 10,502	$ 265,931	$ 7,819,121
Noncurrent Assets -					
Land and construction in progress	$ 112,855	$ 12,492	$ 11,000	$ 935	$ 137,282
Other capital assets, net of depreciation	2,914,654			173,456	3,088,110
Total Noncurrent Assets	$ 3,027,509	$ 12,492	$ 11,000	$ 174,391	$ 3,225,392
Total Assets	$ 10,548,287	$ 34,402	$ 21,502	$ 440,322	$ 11,044,513
LIABILITIES AND NET POSITION					
Current Liabilities -					
Accounts payable	$ 20,960			$ 7,242	$ 28,202
Accrued and withheld liabilities	2,666			2,035	4,701
Due to other funds	2,101,988				2,101,988
Total Current Liabilities	$ 2,125,614			$ 9,277	$ 2,134,891
Net Position -					
Net investment in capital assets	$ 925,521	$ 12,492	$ 11,000	$ 174,391	$ 1,123,404
Restricted for capital expenditures				35,000	35,000
Unrestricted	7,497,152	21,910	10,502	221,654	7,751,218
Total Net Position	$ 8,422,673	$ 34,402	$ 21,502	$ 431,045	$ 8,909,622
Total Liabilities and Net Position	$ 10,548,287	$ 34,402	$ 21,502	$ 440,322	$ 11,044,513

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	Murfreesboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
Operating Revenues -					
Charges for services	$ 2,707,858			$ 381,280	$ 3,089,138
Operating Expenses -					
Operating expenses	$ 1,338,607			$ 437,456	$ 1,776,063
Depreciation and amortization expense	211,153			24,531	235,684
	$ 1,549,760			$ 461,987	$ 2,011,747
Operating Income (Loss)	$ 1,158,098			$ (80,707)	$ 1,077,391
Nonoperating Revenues -					
Interest	10,164			1,735	11,899
Income (Loss) Before Transfers	$ 1,168,262			$ (78,972)	$ 1,089,290
Transfers in				64,812	64,812
Change in Net Position	$ 1,168,262			$ (14,160)	$ 1,154,102
Net Position at beginning of year	7,254,411	$ 34,402	$ 21,502	445,205	7,755,520
Net Position at end of year	$ 8,422,673	$ 34,402	$ 21,502	$ 431,045	$ 8,909,622

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2013

	Murfreesboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
Cash Flows from Operating Activities -					
Cash received from customers				$ 399,560	$ 399,560
Cash payments to suppliers				(169,484)	(169,484)
Cash payments to employees				(268,350)	(268,350)
Other receipts	$ 4,800,144				4,800,144
Net Cash Provided (Used) by Operating Activities	$ 4,800,144			$ (38,274)	$ 4,761,870
Cash Flows from Noncapital Financing Activities -					
Transfers in				$ 64,812	$ 64,812
Net Cash Provided by Noncapital Financing Activities				$ 64,812	$ 64,812
Cash Flows From Capital and Related Financing Activities -					
Acquisition and construction of capital assets				$ (18,124)	$ (18,124)
Net Cash Used by Capital and Related Financing Activities				$ (18,124)	$ (18,124)
Cash Flows From Investing Activities -					
Interest received				$ 1,735	$ 1,735
Net Cash Provided by Investing Activities				$ 1,735	$ 1,735
Net Increase in Cash and Cash Equivalents	$ 4,800,144	$ -0-	$ -0-	$ 10,149	$ 4,810,293
Cash and Cash Equivalents at Beginning of Year				66,865	66,865
Cash and Cash Equivalents at End of Year	$ 4,800,144	$ -0-	$ -0-	$ 77,014	$ 4,877,158
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ 1,168,262			$ (80,707)	$ 1,087,555
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -					
Depreciation	211,153			24,531	235,684
Changes in assets and liabilities -					
Accounts receivable				18,280	18,280
Inventory				(2,964)	(2,964)
Prepaid expenses	5,670			1,946	7,616
Due from other funds	8,006,847				8,006,847
Accounts payable	564			1,465	2,029
Accrued and withheld liabilities	129			(825)	(696)
Due to other funds	(4,592,481)				(4,592,481)
Net Cash Provided (Used) by Operating Activities	$ 4,800,144			$ (38,274)	$ 4,761,870
Non-Cash Capital and Related Financing Activities -					
Capital assets acquired with due to other fund	$ 789,151				$ 789,151
	$ 789,151				$ 789,151

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, 2013

	Insurance	Risk Management	Fleet Services	Totals
ASSETS				
Current Assets -				
Cash and cash equivalents	$ 2,575,098	$ 8,400,635		$ 10,975,733
Accrued interest receivable		3,647		3,647
Due from other funds	24		$ 23,763	23,787
Due from others	299,899	12,432		312,331
Prepaid items	52,953			52,953
Inventory			180,918	180,918
Total Current Assets	$ 2,927,974	$ 8,416,714	$ 204,681	$ 11,549,369
Noncurrent Assets -				
Restricted assets -				
Cash and cash equivalents	$ 4,500			$ 4,500
Certificates of deposit		$ 500,000		500,000
Total Noncurrent Assets	$ 4,500	$ 500,000		$ 504,500
Total Assets	$ 2,932,474	$ 8,916,714	$ 204,681	$ 12,053,869
LIABILITIES AND NET POSITION				
Current Liabilities -				
Accounts payable	$ 945,341	$ 119,927		$ 1,065,268
Accrued and withheld liabilities			$ 279	279
Due to other funds		4,139		4,139
Deferred revenue		22,802		22,802
Claims and judgments payable		2,628,000		2,628,000
Total Current Liabilities	$ 945,341	$ 2,774,868	$ 279	$ 3,720,488
Noncurrent Liabilities -				
Claims and judgments payable		3,536,000		3,536,000
Total Liabilities	$ 945,341	$ 6,310,868	$ 279	$ 7,256,488
Net Position -				
Unrestricted	$ 1,987,133	$ 2,605,846	$ 204,402	$ 4,797,381
Total Net Position	$ 1,987,133	$ 2,605,846	$ 204,402	$ 4,797,381
Total Liabilities and Net Position	$ 2,932,474	$ 8,916,714	$ 204,681	$ 12,053,869

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2013

	Insurance	Risk Management	Fleet Services	Totals
Operating Revenues -				
Premiums from City departments	$ 10,236,599	$ 4,021,391		$ 14,257,990
Premiums from others	2,069,078	1,748		2,070,826
Charges for services			$ 2,263,100	2,263,100
Miscellaneous	536,588		9,523	546,111
	$ 12,842,265	$ 4,023,139	$ 2,272,623	$ 19,138,027
Operating Expenses -				
Claims and administrative expense	$ 13,852,738	$ 2,508,127		$ 16,360,865
Administrative support		601,187		601,187
Labor expense		215,834	$ 599,558	815,392
Parts and lubricants			1,234,656	1,234,656
Operation and maintenance		825	12,045	12,870
Supplies		7,160	26,703	33,863
Insurance			54,936	54,936
Social Security taxes		16,234	43,590	59,824
Group insurance		19,908	133,313	153,221
Retirement		25,702	66,991	92,693
Utilities		1,059	66,891	67,950
Travel		622		622
Professional fees		4,750		4,750
Miscellaneous		2,388	15,878	18,266
Capital outlay		2,644	14,619	17,263
	$ 13,852,738	$ 3,406,440	$ 2,269,180	$ 19,528,358
Operating Income (Loss)	$ (1,010,473)	$ 616,699	$ 3,443	$ (390,331)
Nonoperating Revenue -				
Interest earned	1,610	26,798	-0-	28,408
Change in Net Position	$ (1,008,863)	$ 643,497	$ 3,443	$ (361,923)
Net Position at beginning of year, as previously stated	$ 2,995,996	$ 1,418,349	$ 200,959	$ 4,615,304
Prior period adjustment		544,000		544,000
Net Position at beginning of year, as restated	$ 2,995,996	$ 1,962,349	$ 200,959	$ 5,159,304
Net Position at end of year	$ 1,987,133	$ 2,605,846	$ 204,402	$ 4,797,381

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2013

	Insurance	Risk Management	Fleet Services	Totals
Cash Flows From Operating Activities-				
Cash received from interfund services provided	$ 12,304,954	$ 4,022,000	$ 2,263,430	$ 18,590,384
Cash payments to suppliers			(1,673,674)	(1,673,674)
Cash payments to employees		(215,834)	(599,279)	(815,113)
Cash payments of claims and administrative expenses	(13,713,120)	(3,071,632)		(16,784,752)
Other receipts	736,854	24,560	9,523	770,937
Other payments		(691,589)		(691,589)
Net Cash Provided (Used) by Operating Activities	$ (671,312)	$ 67,505	$ -0-	$ (603,807)
Cash Flows From Investing Activities-				
Interest received	$ 1,610	$ 26,795		$ 28,405
Net Cash Provided by Investing Activities	$ 1,610	$ 26,795		$ 28,405
Net Increase (Decrease) in Cash and Cash Equivalents	$ (669,702)	$ 94,300	$ -0-	$ (575,402)
Cash and Cash Equivalents at Beginning of Year	3,249,300	8,306,335		11,555,635
Cash and Cash Equivalents at End of Year	$ 2,579,598	$ 8,400,635	$ -0-	$ 10,980,233
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (1,010,473)	$ 616,699	$ 3,443	$ (390,331)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Changes in assets and liabilities -				
Due from other funds	(24)	609	330	915
Due from others	200,266	(4,430)		195,836
Due from other governments		10		10
Prepaid items	3,806			3,806
Inventory			(4,052)	(4,052)
Accounts payable	135,812	(168,005)		(32,193)
Claims and judgments payable		(395,500)		(395,500)
Accrued wages			279	279
Due to other funds		(4,680)		(4,680)
Deferred revenue	(699)	22,802		22,103
Net Cash Provided (Used) by Operating Activities	$ (671,312)	$ 67,505	$ -0-	$ (603,807)
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position -				
Cash and Cash Equivalents	$ 2,575,098	$ 8,400,635		$ 10,975,733
Cash and Cash Equivalents - Restricted	4,500			4,500
Cash and Cash Equivalents at End of Year	$ 2,579,598	$ 8,400,635	$ -0-	$ 10,980,233

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 Position
Pension Trust Funds

June 30, 2013

	Employees' Pension	Electric Department Pension	Totals
ASSETS			
Cash and cash equivalents	$ 2,955,297	$ 301,098	$ 3,256,395
Investments, at fair value			
Mutual funds	68,969,109	9,581,015	78,550,124
U.S. Government notes and bonds	104,113	222,176	326,289
Corporate notes and bonds	8,265,208	7,187,239	15,452,447
Common/preferred stock	23,157,099		23,157,099
Accrued interest receivable		69,236	69,236
Contributions receivable	283,846		283,846
	$ 103,734,672	$ 17,360,764	$ 121,095,436
NET POSITION			
Net Position -			
Held in trust for pension benefits	$ 103,734,672	$ 17,360,764	$ 121,095,436

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds

Year Ended June 30, 2013

	Employees' Pension	Electric Department Pension	Totals
Additions -			
Contributions -			
Employer	$ 4,451,336	$ 1,132,602	$ 5,583,938
Investment income-			
Net appreciation in fair value of investments	$ 6,501,722	$ 1,521,622	$ 8,023,344
Interest	624,411	288,977	913,388
Dividends	2,417,777	232,100	2,649,877
Total investment income	$ 9,543,910	$ 2,042,699	$ 11,586,609
Less investment fees		(72,212)	(72,212)
Net investment income	$ 9,543,910	$ 1,970,487	$ 11,514,397
Total additions	$ 13,995,246	$ 3,103,089	$ 17,098,335
Deductions -			
Benefits to participants	$ 3,372,416	$ 687,952	$ 4,060,368
Total deductions	$ 3,372,416	$ 687,952	$ 4,060,368
Net Increase (Decrease)	$ 10,622,830	$ 2,415,137	$ 13,037,967
Net Position Held in Trust for Pension Benefits -			
Beginning of year	93,111,842	14,945,627	108,057,469
End of year	$ 103,734,672	$ 17,360,764	$ 121,095,436

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents	$ 533,900	$ 1,416,695	$ 1,295,302	$ 655,293
Certificates of deposit	16,716		6,716	10,000
Other receivables	1,982	4,660	1,982	4,660
Inventory	8,244	7,595	8,244	7,595
Total Assets	$ 560,842	$ 1,428,950	$ 1,312,244	$ 677,548
LIABILITIES				
Due to others	$ 560,842	$ 1,428,950	$ 1,312,244	$ 677,548
Total Liabilities	$ 560,842	$ 1,428,950	$ 1,312,244	$ 677,548

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, 2013

	Interest Rate	Maturity Date	Amount
Governmental Funds -			
Extended School Program Fund			
Pinnacle National Bank	0.30 %	03/03/2014	$ 100,000
Pinnacle National Bank	0.25	03/20/2014	125,489
Pinnacle National Bank	0.25	03/20/2014	125,489
			$ 350,978
Permanent Fund			
Perpetual Care Cemetery Fund	2.00 %	09/30/2016	$ 65,000
Enterprise Funds -			
Evergreen Cemetery Commission -			
Pinnacle National Bank	0.25 %	07/13/2013	$ 7,525
Internal Service Funds -			
Risk Management Fund -			
Midsouth Bank, Murfreesboro	0.95 %	09/23/2013	$ 500,000
Fiduciary Funds -			
Extended School Program Private Purpose Trust Fund			
Pinnacle National Bank	0.30 %	03/03/2014	$ 157,106
School Activity Agency Fund			
Pinnacle National Bank	0.25 %	03/20/2014	$ 10,000
Total Certificates of Deposit			$ 1,080,609

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2013

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund -			
Federal Home Loan Bank Bds	2.750 %	03/13/2015	$ 104,113
Appalachian Pwr Co. Sr Nt K	5.000	06/01/2017	110,584
Atmos Energy Corp. Sr Nt	4.950	10/15/2014	315,693
Autozone Inc. Sr Nt	5.750	01/15/2015	214,636
BB&T Corp. Sr Nt	3.950	04/29/2016	321,399
BP Capital Markets PLC	3.561	11/01/2021	401,212
Bank of America Corp. Sr	variable	07/28/2017	200,428
Bank of America Corp.	5.125	11/15/2014	157,551
Capital One Financial Corp. Sr Nt	2.125	07/15/2014	75,879
Citigroup Inc. Sub Nt	5.000	09/15/2014	207,846
Citigroup Floating Rate Libor Plus	variable	04/09/2018	298,611
Clorox Co.	3.550	11/01/2015	553,576
Comcast Corp. New Nt	4.950	06/15/2016	166,143
Dell Inc. Nt	2.300	09/10/2015	149,262
Direct TV Holdings Sr Nt	4.600	02/15/2021	259,285
Express Scripts Inc. Sr Nt	3.125	05/15/2016	181,976
General Elec Floating Rate Libor	variable	04/15/2023	198,718
Goldman Sachs Group Inc. Mtn Sr	6.000	06/15/2020	112,362
Goldman Sachs Group Inc.	2.000	05/13/2020	386,140
Goldman Sachs Group Inc.	3.625	02/07/2016	130,483
Goldman Sachs Group Inc. Sr Nt	6.250	09/01/2017	226,640
Jackson, TN Energy Rev Taxable	2.650	04/01/2021	332,041
Kinder Morgan Energy Partners LP	5.800	03/01/2021	311,671
Kraft Foods Inc. Nt	4.125	02/09/2016	181,722
Morgan Stanley Step-up Sr Mtn	4.000	07/20/2020	199,926
Morgan Stanley Floating Rate Bond	7.000	04/28/2023	230,265
Nabors Industries	4.625	09/15/2021	122,874
National Rural Util Coop Fin Corp.	7.200	10/01/2015	280,190
NationsBank Corp. Sub Nt	7.750	08/15/2015	276,655
O'Reilly Automotive Inc. New Sr Not	3.800	09/01/2022	492,815
Oracle Corp. / Ozark Holding Inc. Nt	5.250	01/15/2016	387,079
Rebublic Services	3.800	05/15/2018	316,875
Scana Corp. New Note	4.125	02/01/2022	123,016
Suntrust Bk Atlanta Ga Medium Term	5.450	12/01/2017	83,486
UnitedHealth Group	6.000	11/15/2017	85,984
Viacom Inc. New Sr Nt	5.625	09/15/2019	172,185
Flour Corp. New Com	NA	NA	385,515
General Electric Co. Com	NA	NA	371,040
Honeywell Intl Inc. Com	NA	NA	634,720
Quanta Services Inc.	NA	NA	264,600
Sigma-Aldrich Corp. Com	NA	NA	361,890
Union Pacific Corp. Com	NA	NA	694,260
United Technologies Corp. Com	NA	NA	432,171
Amazon Com Inc. Com	NA	NA	833,070
Costco Whsl Corp. New Com	NA	NA	221,140

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2013

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Disney Walt Co. Com	NA	NA	$ 694,650
Home Depot Inc. Com	NA	NA	542,290
Nike Inc. CL B	NA	NA	382,080
Verizon Communications Inc. Com	NA	NA	553,740
Whole Foods Mkt Com	NA	NA	308,880
Yum Brands Inc. Com	NA	NA	416,040
American Express Co. Com	NA	NA	502,761
American Tower Corporation	NA	NA	585,360
Apache Corp. Com	NA	NA	377,235
Apple Inc. Com	NA	NA	356,877
Capital One Finl Corp. Com	NA	NA	491,488
Chubb Corp. Com	NA	NA	296,275
EMC Corp. Mass Com	NA	NA	519,640
Ebay Inc. Com	NA	NA	144,816
Exxon Mobil Corp. Com	NA	NA	496,925
Google Inc. Cl A	NA	NA	528,222
Government Properties Income Reit	NA	NA	118,383
Intel Corp. Com	NA	NA	726,900
International Business Machs Corp Com	NA	NA	191,110
JP Morgan Chase & Co. Com	NA	NA	855,198
Linn Energy LLC	NA	NA	169,218
Marathon Oil Common	NA	NA	242,060
Microsoft Corp. Com	NA	NA	283,649
National Oilwell Varco Inc. Com	NA	NA	413,400
Oracle Corp. Com	NA	NA	675,620
Prudential Financial Inc. Com	NA	NA	584,240
Qualcomm Inc. Com	NA	NA	745,298
Schlumberger Ltd Com	NA	NA	501,620
Wells Fargo & Co. New Com	NA	NA	536,510
Kraft Foods Group Inc. Com	NA	NA	186,215
Lauder Estee Cos Inc. Class A	NA	NA	493,275
Mondelez International Inc.	NA	NA	285,300
Pepsico Inc. Com	NA	NA	817,900
Phillip Morris Intl Com	NA	NA	606,340
Alerian MLP ETF	NA	NA	107,100
Ishares TR S&P Midcap Value Index	NA	NA	405,080
Ishares Dow Jones U.S. Real Estate	NA	NA	132,860
Allergan Inc. Com	NA	NA	446,472
Amgen Inc. Com	NA	NA	443,970
Express Scripts Holding Co.	NA	NA	617,400
HCA Holdings, Inc.	NA	NA	472,386
UnitedHealth Group Inc. Com	NA	NA	703,910
Vanguard Small Cap Growth ETF	NA	NA	3,231,595
RBC Bluebay Emerging Market Select Bond Fund Cl I	NA	NA	7,041,044
Legg Mason Global Opportunities	NA	NA	4,688,901
PIMCO Global Bond Fund US Dollar	NA	NA	4,321,407

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2013

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Principal High Yield Class I Inst	NA	NA	$ 9,328,310
American Funds - Capital World Growth and Income Fund	NA	NA	3,888,821
Dodge & Cox International Stock Fund	NA	NA	11,394,455
Janus Global Research Fund Cl I	NA	NA	3,815,634
Oppenheimer Developing Markets	NA	NA	5,798,887
Van Eck Global Hard Assets Fund	NA	NA	2,105,247
PIMCO Commodity Realreturn Strategy Fund Ins	NA	NA	1,920,742
Ridgeworth Fd - Smallcap Value Equity	NA	NA	3,138,920
Ridgeworth FD - Intermediate Bd I Shs	NA	NA	8,295,146
			$ 100,495,529
Electric Department Employee Pension Fund -			
AFLAC Inc.	3.450 %	08/15/2015	$ 157,703
Agilent Technologies	5.500	09/14/2015	147,294
Atmos Energy Corp. Sr Nt	4.950	10/15/2014	263,077
Avon Products	4.200	07/15/2018	304,998
Bank Amer Corp. Sr Nt	4.750	05/15/2016	293,238
Bank of America Corp.	5.125	11/15/2014	105,034
Bank of America Sr	variable	07/28/2017	250,535
BB&T Corp. Sr Nt	3.950	04/29/2016	107,133
BP Capital Markets	3.561	11/01/2021	150,455
Capital One Finl Corp. Nt	6.150	09/01/2016	83,693
Citigroup Floating Rate Libor Plus	variable	04/09/2018	298,611
Citigroup Inc. Nt	4.450	01/10/2017	107,079
Citigroup Inc Sub NT5-2014	5.000	09/15/2014	103,923
Clorox Co.	3.550	11/01/2015	263,608
Comcast Corp. New Nt	4.950	06/15/2016	166,143
Dell Inc. Nt	2.300	09/10/2015	273,647
Express Scripts Inc. Sr Nt	3.125	05/15/2016	181,976
Federal Home Loan Bank	3.125	12/08/2017	118,063
Federal Home Loan Bank Bds	2.750	03/13/2015	104,113
Fifth Third Bancorp	3.625	01/25/2016	52,784
General Elec Cap Corp.	2.250	11/09/2015	153,711
General Elec Cap Corp. MTN Nt	3.350	10/17/2016	105,273
General Electric Floating Rate Libor	variable	04/15/2023	198,718
Goldman Sachs Group Inc.	2.000	05/13/2020	241,337
Goldman Sachs Group Inc.	3.625	02/07/2016	156,579
Goldman Sachs Group Inc. Medium Term	3.700	08/01/2015	125,023
Goldman Sachs Group Inc. Sr Nt	6.250	09/01/2017	164,314
Hewlett Packard Co. Glbl Nt	3.000	09/15/2016	256,733
Hewlett Packard Co. Glbl Nt	4.750	06/02/2014	118,600
Kinder Morgan Energy Partners LP	5.800	03/01/2021	113,335
Laboratory Corp. Amer Hldgs Sr Nt	3.125	05/15/2016	103,701
Lowes Cos Inc. Nt	2.125	04/15/2016	206,024
McKesson Corp.	5.700	03/01/2017	84,712
Morgan Stanley	4.000	07/24/2015	208,470

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2013

	Interest Rate	Maturity Date	Fair Value
Electric Department Employee Pension Fund (continued) -			
Morgan Stanley Floating Rate Bond	7.000 %	04/28/2023	$ 102,340
Morgan Stanley Note	5.450	01/09/2017	162,113
Morgan Stanley Sr Nt	variable	03/30/2017	75,591
Morgan Stanley Step-up Sr MTN	4.000	07/20/2020	49,981
O'Reilly Authomotive Inc New Sr Nt	3.800	09/01/2022	246,407
Oracle Corp./Ozark Hldg Inc. Nt	5.250	01/15/2016	82,945
Prudential Finl Mtns Book Fr	4.750	06/13/2015	117,346
Reblublic Services Inc. Note	3.800	05/15/2018	264,062
Ryder System Inc. Medium Term Notes	2.500	03/01/2018	98,857
Scanna Corp. New Note	4.125	02/01/2022	98,413
Symantec Corp. Sr Nt	2.750	06/15/2017	75,514
Unitedhealth Group	6.000	11/15/2017	28,661
University of Notre Dame	4.141	09/01/2013	65,363
Viacom Inc. New Sr Nt	5.625	09/15/2019	172,185
DFA US Vector Equity Portfolio	NA	NA	2,569,718
DFA US Core Equity 2 Portfolio	NA	NA	1,508,210
DFA Emerging Markets Value Portfolio	NA	NA	215,799
DFA Emerging Markets Small Cap	NA	NA	317,541
DFA International Small Company	NA	NA	425,352
DFA International Small Cap Value	NA	NA	443,117
DFA Emerging Markets Portfolio	NA	NA	215,568
DFA US Large Cap Value Portfolio	NA	NA	2,116,634
DFA Real Estate Securities	NA	NA	947,712
DFA International Value Portfolio	NA	NA	821,364
			$ 16,990,430
Evergreen Cemetery Commission -			
AFLAC Inc.	3.450 %	08/15/2015	$ 26,284
Abbott Labs Nt	5.125	04/01/2019	17,256
Autozone Inc.	4.000	11/15/2020	25,546
Avon Products	4.200	07/15/2018	50,833
BB&T Corp. Sr Nt	3.950	04/29/2016	53,566
BP Capital Markets Sr Debt	2.750	05/10/2023	23,116
Bank Amer Corp. Sr Nt	4.750	05/15/2016	53,316
Bank of America	5.750	08/15/2016	27,167
Best Buy Company	3.750	03/15/2016	49,875
Caterpillar Finl Svcs Corp. Medium	4.900	08/15/2013	25,137
Citigroup Inc. Sub NT5-2014	5.000	09/15/2014	25,981
Citigroup Floating Rate Libor Plus	variable	04/09/2018	49,769
Dell Inc. Nt	2.300	09/10/2015	49,754
Express Scripts Inc. Sr Nt	3.125	05/15/2016	25,997
Federal Home Loan Bank Bds	2.750	03/13/2015	78,085
Fifth Third Bancorp	3.625	01/25/2016	26,392
General Elec Cap Corp.	2.250	11/09/2015	25,618
General Electrick Floating Rate Libor Plus 1.0%	variable	04/15/2023	99,359
Goldman Sachs Group Inc. Medium Term	3.700	08/01/2015	52,093
Goldman Sachs Group Inc. Nt	3.300	05/03/2015	25,768

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2013

	Interest Rate	Maturity Date	Fair Value
Evergreen Cemetery Commission (continued) -			
Goldman Sachs Group Inc.	variable %	03/06/2018	$ 19,187
Goldman Sachs Group Inc.	2.000	05/13/2020	96,535
Goldman Sachs Group Inc. Sr Nt	5.150	01/15/2014	25,527
Hewlett Packard Co. Glbl Nt	3.000	09/15/2016	77,020
Hewlett Packard Co. Glbl Nt	3.300	12/09/2016	25,951
JP Morgan Chase & Co. Global Nt	5.125	09/15/2014	26,229
Kinder Morgan Energy Partners LP	5.800	03/01/2021	22,667
Morgan Stanley	4.000	07/24/2015	52,117
Morgan Stanley Nt	5.375	10/15/2015	32,114
Morgan Stanley Sr Nt	variable	03/30/2017	25,197
Oracle Corp./Ozark Holding Inc. Nt	5.250	01/15/2016	27,648
Rebublic Services Inc. Note	3.800	05/15/2018	105,625
Suntrust Bk Atlanta GA Medium Term	5.450	12/01/2017	27,829
Unitedhealth Group	6.000	11/15/2017	45,858
Verizon Communications Inc. Nt	5.550	02/15/2016	27,701
			$ 1,448,117
Total Investments			$ 118,934,076

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2013

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt -					
2014	2009 General Obligation Refunding	2.00-5.00 %	$ 7,800,000	$ 1,473,250	$ 9,273,250
2015	Bonds		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
			$ 29,465,000	$ 5,053,500	$ 34,518,500
2014	2013 General Obligation Refunding	1.60 %	$ 310,000	$ 19,960	$ 329,960
2015	Bonds		310,000	22,480	332,480
2016			315,000	17,480	332,480
2017			315,000	12,440	327,440
2018			320,000	7,360	327,360
2019			155,000	3,560	158,560
2020			145,000	1,160	146,160
			$ 1,870,000	$ 84,440	$ 1,954,440
2014	Tennessee Municipal Bond Fund		$ 2,632,440	$ 31,877	$ 2,664,317
2015	Loan (1)		2,737,480	18,407	2,755,887
2016			1,099,925	5,142	1,105,067
			$ 6,469,845	$ 55,426	$ 6,525,271
2014	Tennessee Municipal Bond Fund		$ 290,420	$ 1,677	$ 292,097
	Loan (2)		$ 290,420	$ 1,677	$ 292,097
2014	Tennessee Municipal Bond Fund		$ 4,704,000	$ 327,950	$ 5,031,950
2015	Loan (3)		4,869,000	291,152	5,160,152
2016			5,040,000	253,062	5,293,062
2017			5,216,000	213,636	5,429,636
2018			5,398,000	172,833	5,570,833
2019			5,587,000	130,606	5,717,606
2020			5,783,000	86,900	5,869,900
2021			5,839,907	41,755	5,881,662
			$ 42,436,907	$ 1,517,894	$ 43,954,801
2014	Tennessee Municipal Bond Fund		$ 321,000	$ 22,856	$ 343,856
2015	Loan (3)		334,000	20,344	354,344
2016			347,000	17,730	364,730
2017			361,000	15,014	376,014
2018			375,000	12,189	387,189
2019			391,000	9,254	400,254
2020			406,000	6,195	412,195
2021			422,000	3,017	425,017
			$ 2,957,000	$ 106,599	$ 3,063,599

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2013

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2014	Tennessee Municipal Bond Fund		$ 4,198,000	$ 191,980	$ 4,389,980
2015	Loan (4)		3,253,000	174,267	3,427,267
2016			3,416,000	160,221	3,576,221
2017			3,586,000	145,471	3,731,471
2018			3,766,000	129,987	3,895,987
2019			3,954,000	113,726	4,067,726
2020			4,152,000	96,652	4,248,652
2021			4,359,000	78,725	4,437,725
2022			4,577,000	59,903	4,636,903
2023			4,806,000	40,140	4,846,140
2024			4,929,293	19,430	4,948,723
			$ 44,996,293	$ 1,210,502	$ 46,206,795
2014	Tennessee Municipal Bond Fund	2.89 %	$ 2,734,000	$ 1,184,640	$ 3,918,640
2015	Loan		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
			$ 42,358,000	$ 8,441,170	$ 50,799,170
2014	Tennessee Municipal Bond Fund	2.17 %	$ 2,241,000	$ 858,875	$ 3,099,875
2015	Loan		2,380,000	808,737	3,188,737
2016			2,432,000	756,527	3,188,527
2017			2,485,000	703,178	3,188,178
2018			2,539,000	648,667	3,187,667
2019			2,594,000	592,974	3,186,974
2020			2,650,000	536,077	3,186,077
2021			2,708,000	477,943	3,185,943
2022			2,766,000	418,550	3,184,550
2023			2,826,000	357,876	3,183,876
2024			2,888,000	295,880	3,183,880
2025			2,950,000	232,537	3,182,537
2026			3,014,000	167,828	3,181,828
2027			3,080,000	101,707	3,181,707
2028			3,147,000	34,145	3,181,145
			$ 40,700,000	$ 6,991,501	$ 47,691,501

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2013

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2014	Tennessee Municipal Bond Fund	1.25 %	$ 678,000	$ 59,513	$ 737,513
2015	Loan		714,000	50,812	764,812
2016			723,000	41,831	764,831
2017			732,000	32,738	764,738
2018			742,000	23,525	765,525
2019			751,000	14,194	765,194
2020			760,000	4,750	764,750
			$ 5,100,000	$ 227,363	$ 5,327,363
2014	Energy Efficient School Loan	0 %	$ 99,996		$ 99,996
2015			99,996		99,996
2016			99,996		99,996
2017			99,996		99,996
2018			99,996		99,996
2019			99,996		99,996
2020			99,996		99,996
2021			99,996		99,996
2022			41,705		41,705
			$ 841,673		$ 841,673
2014	Energy Efficient School Loan	0 %	$ 97,152		$ 97,152
2015			97,152		97,152
2016			97,152		97,152
2017			97,152		97,152
2018			97,152		97,152
2019			97,152		97,152
2020			97,152		97,152
2021			97,152		97,152
2022			97,152		97,152
2023			56,670		56,670
			$ 931,038		$ 931,038
Total General Long-Term Debt			$ 218,416,176	$ 23,690,072	$ 242,106,248
Murfreesboro Water and Sewer -					
2014	Tennessee Municipal Bond Fund (5)		$ 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
			$ 4,804,000	$ 813,674	$ 5,617,674

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2013

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2014	Tennessee Municipal Bond Fund (5)		$ 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			1,954,543	22,758	1,977,301
			$ 31,472,543	$ 10,430,630	$ 41,903,173
2014	2009 Tax and Revenue Refunding Bonds	2.00-5.00 %	$ 2,515,000	$ 1,367,750	$ 3,882,750
2015			2,115,000	1,242,000	3,357,000
2016			2,195,000	1,157,400	3,352,400
2017			2,260,000	1,081,800	3,341,800
2018			2,370,000	968,800	3,338,800
2019			2,475,000	850,300	3,325,300
2020			2,595,000	726,550	3,321,550
2021			2,715,000	596,800	3,311,800
2022			2,815,000	488,200	3,303,200
2023			2,915,000	375,600	3,290,600
2024			3,025,000	259,000	3,284,000
2025			1,690,000	138,000	1,828,000
2026			1,760,000	70,400	1,830,400
			$ 31,445,000	$ 9,322,600	$ 40,767,600
2014	2013 Tax and Revenue Refunding Bonds	1.31 %	$ 3,390,000	$ 374,791	$ 3,764,791
2015			3,465,000	330,382	3,795,382
2016			3,510,000	284,991	3,794,991
2017			3,555,000	239,010	3,794,010
2018			3,600,000	192,439	3,792,439
2019			3,650,000	145,279	3,795,279
2020			3,695,000	97,464	3,792,464
2021			3,745,000	49,060	3,794,060
			$ 28,610,000	$ 1,713,416	$ 30,323,416
Total Murfreesboro Water and Sewer			$ 96,331,543	$ 22,280,320	$ 118,611,863
Murfreesboro Electric Department					
2014	2009 Tax and Revenue Refunding Bonds	2.00-3.375 %	$ 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	12,825	392,825
			$ 4,865,000	$ 446,725	$ 5,311,725

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2013

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Electric Department (continued)					
2014	Tennessee Municipal Bond Fund (6)		$ 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
			$ 7,440,000	$ 1,097,675	$ 8,537,675
Total Murfreesboro Electric Department			$ 12,305,000	$ 1,544,400	$ 13,849,400
Total Indebtedness			$ 327,052,719	$ 47,514,792	$ 374,567,511

(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 .51% was used which was the rate in effect at June 30, 2013.
(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 .63% was used which was the rate in effect at June 30, 2013.
(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 .78% was used which was the rate in effect at June 30, 2013.
(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 .43% was used which was the rate in effect at June 30, 2013.
(5) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 5.00% was used.
(6) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 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, 2013

Revenues -		
Charges for services	$	9,315
Miscellaneous		41,103
	$	50,418
Expenditures -		
Labor	$	1,473,761
Operations and maintenance		1,000,470
Supplies		515,193
Insurance		339,588
Social Security taxes		105,661
Group insurance		406,555
Retirement		161,377
Utilities		56,115
Travel and subsistence		6,867
Training personnel		551
License fees		2,842
Disposal carts		136,856
Additions to fixed assets		58,136
Other miscellaneous		2,194
	$	4,266,166
Amount funded with general governmental revenues	$	(4,215,748)

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, 2013

Revenues -		
Interest	$	363
County funds		155,000
State funds		10,600
Federal funds		28,832
Revenue from other agencies		46,101
Program income		146,164
Donations received		6,935
Miscellaneous		394
	$	394,389
Expenditures -		
Labor	$	416,010
Operations and maintenance		25,585
Supplies		97,503
Senior trip expense		33,609
Insurance		17,620
Social Security taxes		30,313
Group insurance		80,496
Retirement		34,835
Utilities		51,874
Contractual services		2,292
Travel and subsistance		511
Training and instruction		39,286
Designated contributions		6,828
Other miscellaneous		3,419
Capital outlay		16,768
	$	856,949
Excess of Revenues Over (Under) Expenditures	$	(462,560)
Other Financing Sources -		
Transfers in		6,000
Amount funded with general governmental revenues	$	(456,560)

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 130

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

Revenue Capacity 138

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

Debt Capacity 142

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 147

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 149

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 152

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 Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 130,951,307	$ 175,428,453	$ 380,452,965 **	$ 426,343,309	$ 441,657,459	$ 447,516,415	$ 469,146,233	$ 478,989,381	$ 491,744,484	$ 504,527,046
Restricted	25,137,765	24,322,534	27,177,051	24,216,623	25,620,279	28,342,279	27,475,344	17,316,349	10,484,943	11,275,897
Unrestricted	45,201,963	2,820,969 *	14,128,705	1,179,169	1,728,536	15,846,721	9,598,086	14,540,153	13,317,330	10,032,200
Total governmental activities net positior	$ 201,291,035	$ 202,571,956	$ 421,758,721	$ 451,739,101	$ 469,006,274	$ 491,705,415	$ 506,219,663	$ 510,845,883	$ 515,546,757	$ 525,835,143
Business-type activities										
Net investment in capital assets	$ 215,897,440	$ 236,151,787	$ 253,510,019	$ 278,420,182	$ 305,980,547	$ 326,924,482	$ 342,586,135	$ 349,921,094	$ 359,649,468	$ 374,286,227
Restricted	11,293,939	12,339,799	20,608,993	23,549,545	27,152,115	23,665,932	24,480,313	25,118,563	22,499,278	26,599,114
Unrestricted	4,657,462	5,286,813	7,268,772	7,354,573	7,536,734	10,989,579	13,678,297	27,807,561	39,327,925	50,608,592
Total business-type activities net positior	$ 231,848,841	$ 253,778,399	$ 281,387,784	$ 309,324,300	$ 340,669,396	$ 361,579,993	$ 380,744,745	$ 402,847,218	$ 421,476,671	$ 451,493,933
Primary Government										
Net investment in capital assets	$ 346,848,747	$ 411,580,240	$ 633,962,984	$ 704,763,491	$ 747,638,006	$ 774,440,897	$ 811,732,368	$ 828,910,475	$ 851,393,952	$ 878,813,273
Restricted	36,431,704	36,662,333	47,786,044	47,766,168	52,772,394	52,008,211	51,955,657	42,434,912	32,984,221	37,875,011
Unrestricted	49,859,425	8,107,782	21,397,477	8,533,742	9,265,270	26,836,300	23,276,383	42,347,714	52,645,255	60,640,792
Total primary government net positior	$ 433,139,876	$ 456,350,355	$ 703,146,505	$ 761,063,401	$ 809,675,670	$ 853,285,408	$ 886,964,408	$ 913,693,101	$ 937,023,428	$ 977,329,076

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

** The large increase in net investment in capital assets for governmental activities is due to the retroactive reporting of infrastructure in 2006.

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	$ 10,480,078	$ 3,441,920	$ 4,160,902	$ 11,609,689	$ 9,827,713	$ 11,649,426	$ 11,036,656	$ 11,856,868	$ 13,068,983	$ 14,763,088
Police	10,567,162	15,569,351	16,893,470	17,663,308	19,406,692	22,692,847	21,357,988	22,201,545	24,085,661	26,249,165
Fire protection	7,579,266	11,560,354	13,165,975	12,588,799	13,810,394	14,331,112	13,879,753	14,608,541	14,909,082	15,603,783
Judicial	265,559	383,250	470,194	413,187	428,682	435,877	392,199	362,930	401,713	435,966
Legal (3)	396,578	470,674	605,026	656,445	760,004	770,951	708,421	727,927		
Human resources (3)	385,962	540,178	667,777	667,665	699,440	641,827	691,601	765,914		
Streets and signs	7,307,752	5,129,327	10,617,678	11,044,955	10,974,387	13,538,620	13,146,938	13,617,876	15,682,905	14,124,386
Planning and engineering	1,591,616	2,147,854	2,577,020	2,719,203	2,838,546	2,626,364	1,710,957	1,811,333	1,748,469	1,795,956
Building and codes	848,527	1,309,877	1,516,166	1,720,215	1,698,151	1,725,111	1,712,753	1,651,344	1,697,773	1,698,034
Solid waste	2,960,831	3,657,530	4,232,561	4,321,738	5,551,848	6,135,988	4,657,751	4,905,651	4,891,907	4,833,446
Transportation (1)							3,264,921	2,339,168	2,235,586	2,044,607
Urban environmental	401,802	690,795	746,291	653,438	812,456	902,288	964,579	939,172	944,736	977,490
Public health, education and welfare	1,304,758	1,413,132	1,572,061	1,576,043	1,608,823	2,124,575	1,664,492	1,782,425	1,705,184	1,896,109
Community services	4,398,285	3,633,490	5,862,872	5,216,227	9,926,107	8,213,989	6,288,522	6,374,845	6,996,360	7,195,027
Recreation	8,797,250	9,116,288	10,889,653	11,038,185	11,507,834	12,161,486	11,255,539	12,184,112	13,127,693	12,774,050
Community/economic development	834,883	825,139	855,376	443,375	1,640,426	1,113,234	2,325,940	1,541,107	7,680,151	1,689,443
Education	42,437,962	46,031,454	50,508,912	52,820,118	54,783,363	56,067,967	55,979,544	58,805,049	61,165,887	62,000,474
Food service	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963	3,424,389	3,263,223	3,399,774	3,848,294	4,124,047
Interest on long-term debt	1,716,071	2,498,568	4,518,117	6,503,457	6,100,927	3,620,010	2,956,845	4,189,688	4,064,522	4,784,283
Total governmental activities expenses	$ 104,357,774	$ 110,680,563	$ 132,464,902	$ 144,626,046	$ 155,763,756	$ 162,176,061	$ 157,258,622	$ 164,065,269	$ 178,254,906	$ 176,989,354
Business-type activities:										
Water, sewer and stormwater (2)	$ 19,669,239	$ 20,702,532	$ 22,755,496	$ 24,550,818	$ 28,583,063	$ 28,206,394	$ 28,950,257	$ 29,964,693	$ 33,571,683	$ 33,363,312
Electric	76,598,655	80,608,817	95,002,383	102,920,871	113,398,349	134,543,111	123,401,884	145,950,961	136,911,756	139,421,615
Cemetery	344,372	377,487	415,208	409,601	470,903	446,550	592,384	484,801	472,475	468,656
Total business-type activities expenses	$ 96,612,266	$ 101,688,836	$ 118,173,087	$ 127,881,290	$ 142,452,315	$ 163,196,055	$ 152,944,525	$ 176,400,455	$ 170,955,914	$ 173,253,583
Total primary government expenses	$ 200,970,040	$ 212,369,399	$ 250,637,989	$ 272,507,336	$ 298,216,071	$ 325,372,116	$ 310,203,147	$ 340,465,724	$ 349,210,820	$ 350,242,937

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 219,347	$ 154,249	$ 203,514	$ 187,806	$ 227,562	$ 232,252	$ 238,822	$ 100,743	$ 196,940	$ 89,224
Police	293,093	251,479	201,209	206,978	268,899	336,801	217,038	177,723	209,286	282,964
Fire protection	366,113	372,120	385,833	389,146	430,312	621,785	767,033	795,622	825,182	825,032
Judicial	1,746,298	1,594,058	1,659,996	1,640,284	2,793,451	4,829,049	2,167,575	1,615,803	3,377,787	3,620,237
Streets and signs	25,666	12,726	20,508	42,776	18,525	43,846	38,813	39,724	471,201	93,494
Planning and engineering	27,074	69,549	59,094	72,543	43,769	31,327	29,778	29,246	22,583	36,655
Building and codes	2,680,715	2,920,015	3,342,738	3,513,589	2,318,682	2,699,656	1,817,128	1,348,831	2,023,253	2,346,468
Solid waste	49,441	41,568	28,502	45,011	31,988	70,379	35,058	11,428	39,915	48,234
Transportation (1)							86,498	101,016	123,264	129,313
Urban environmental				4,635	733	3,939	3,335		22,050	125
Community services	1,763,362	1,591,030	1,953,102	2,127,197	2,591,282	2,699,471	5,243,992	4,076,701	4,421,094	3,956,866
Recreation	2,026,364	2,694,653	2,719,500	2,824,577	2,984,452	2,912,708	2,863,486	3,187,006	3,353,303	3,174,272
Community/economic development	63,593	102,094	91,528	91,879	34,178	38,436	35,199	168,749	31,244	36,532
Education	2,013,851	2,160,500	2,157,619	2,497,306	2,740,414	2,467,801	22,425	11,762	18,470	7,550
Food service	1,118,259	1,156,877	1,225,607	1,342,876	1,240,116	1,271,818	1,209,432	1,147,656	1,100,168	1,063,310
Interest on long-term debt	36,053	28,161	23,416	3,818	4,667	3,818				
Operating grants and contributions	41,163,018	42,948,523	46,551,338	49,527,119	57,771,476	67,462,074	63,622,478	62,827,946	70,261,023	64,798,615
Capital grants and contributions	14,642,477	22,108,525	17,774,729	30,178,990	17,451,108	15,863,275	9,795,709	4,603,937	3,772,569	9,958,345
Total governmental activities program revenues	$ 68,234,724	$ 78,206,127	$ 78,398,233	$ 94,696,530	$ 90,951,614	$ 101,588,435	$ 88,193,799	$ 80,243,893	$ 90,269,332	$ 90,467,236
Business-type activities:										
Charges for services:										
Water, sewer and stormwater (2)	$ 18,501,861	$ 20,913,599	$ 23,164,912	$ 24,845,239	$ 27,857,208	$ 30,226,096	$ 31,867,204	$ 33,940,432	$ 35,165,160	$ 45,693,042
Electric	80,121,947	83,693,947	99,549,498	110,253,090	124,542,827	144,887,286	133,956,469	160,004,748	151,523,822	156,284,978
Cemetery	332,604	377,258	354,435	319,566	324,331	386,470	384,919	421,315	459,653	381,280
Operating grants and contributions	14,931	43,458	15,413	76,203	69,514	68,994	146,238	311,112	83,165	121,397
Capital grants and contributions	11,866,450	18,274,459	21,864,924	18,831,734	19,826,819	8,119,244	8,042,948	5,533,215	4,879,811	3,539,238
Total business-type activities program revenues	$ 110,837,793	$ 123,302,721	$ 144,949,182	$ 154,325,832	$ 172,620,699	$ 183,688,090	$ 174,397,778	$ 200,210,822	$ 192,111,611	$ 206,019,935
Total primary government program revenues	$ 179,072,517	$ 201,508,848	$ 223,347,415	$ 249,022,362	$ 263,572,313	$ 285,276,525	$ 262,591,577	$ 280,454,715	$ 282,380,943	$ 296,487,171
Net (expense)/revenue										
Governmental activities	$ (36,123,050)	$ (32,474,436)	$ (54,066,669)	$ (49,929,516)	$ (64,812,142)	$ (60,587,626)	$ (69,064,823)	$ (83,821,376)	$ (87,985,574)	$ (86,522,118)
Business-type activities	14,225,527	21,613,885	26,776,095	26,444,542	30,168,384	20,492,035	21,453,253	23,810,367	21,155,697	32,766,352
Total primary government net expense	$ (21,897,523)	$ (10,860,551)	$ (27,290,574)	$ (23,484,974)	$ (34,643,758)	$ (40,095,591)	$ (47,611,570)	$ (60,011,009)	$ (66,829,877)	$ (53,755,766)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 27,636,039	$ 28,344,042	$ 30,642,673	$ 31,059,681	$ 33,141,050	$ 35,334,174	$ 35,205,314	$ 35,703,069	$ 36,218,774	$ 36,523,237
Sales taxes	20,456,883	21,550,526	24,094,087	26,265,473	30,356,728	28,370,349	27,903,293	29,732,214	32,675,500	33,623,222
Other taxes	5,825,859	6,172,046	6,926,688	7,196,182	7,613,113	7,617,089	7,272,347	9,204,463	9,548,770	10,908,596
Grants and contributions not restricted to to specific programs	7,746,526	7,373,394	8,256,056	8,625,079	8,870,859	9,503,830	9,024,361	9,981,203	10,876,032	11,596,117
Unrestricted investment earnings	425,609	702,202	1,826,865	2,486,355	1,880,203	505,331	261,512	305,592	227,584	215,830
Miscellaneous	340,537	75,353	232,735	70,211	164,203	124,835	112,948	621,495	218,657	419,486
Gain on sale of assets	274,956	2,214,818	8,946,150	4,210,874	79,559	1,775,902				
Reduction in estimated landfill post-closure programs	802,000	80,000								
Transfers	17,370	75,933	23,747	78,953	(26,400)	55,257	2,725,496	2,899,560	2,921,131	2,980,016
Total governmental activities	$ 63,525,779	$ 66,588,314	$ 80,949,001	$ 79,992,808	$ 82,079,315	$ 83,286,767	$ 82,505,271	$ 88,447,596	$ 92,686,448	$ 96,266,504
Business-type activities:										
Unrestricted investment earnings	$ 227,051	$ 310,815	$ 792,812	$ 1,514,229	$ 1,099,560	$ 404,669	$ 371,857	$ 387,778	$ 315,436	$ 172,363
Miscellaneous										
Contributions to permanent funds	51,763	80,791	64,225	56,698	50,752	69,150	65,138	66,961	79,451	58,563
Transfers	(17,370)	(75,933)	(23,747)	(78,953)	26,400	(55,257)	(2,725,496)	(2,899,560)	(2,921,131)	(2,980,016)
Total business-type activities	$ 261,444	$ 315,673	$ 833,290	$ 1,491,974	$ 1,176,712	$ 418,562	$ (2,288,501)	$ (2,444,821)	$ (2,526,244)	$ (2,749,090)
Total primary government	$ 63,787,223	$ 66,903,987	$ 81,782,291	$ 81,484,782	$ 83,256,027	$ 83,705,329	$ 80,216,770	$ 86,002,775	$ 90,160,204	$ 93,517,414
Change in Net Position										
Governmental activities	$ 27,402,729	$ 34,113,878	$ 26,882,332	$ 30,063,292	$ 17,267,173	$ 22,699,141	$ 13,440,448	$ 4,626,220	$ 4,700,874	$ 9,744,386
Business-type activities	14,486,971	21,929,558	27,609,385	27,936,516	31,345,096	20,910,597	19,164,752	21,365,546	18,629,453	30,017,262
Total primary government	$ 41,889,700	$ 56,043,436	$ 54,491,717	$ 57,999,808	$ 48,612,269	$ 43,609,738	$ 32,605,200	$ 25,991,766	$ 23,330,327	$ 39,761,648

(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.

(3) In 2012, the City began combining legal and human resource expenses with general government.

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
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
2012	36,218,774	32,675,500	9,548,770	78,443,044
2013	36,523,237	33,623,222	10,908,596	81,055,055

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	$ 141,536	$ 264,004	$ 2,866,482	$ 2,251,222	$ 1,089,753	$ 540,669	$ 486,661			
Unreserved	27,379,072	30,912,311	32,596,314	28,461,940	33,424,938	38,052,920	39,408,819			
Nonspendable								$ 280,823	$ 301,259	$ 403,139
Restricted								545,005	949,243	798,333
Committed										
Assigned								5,395,693	5,737,081	5,231,317
Unassigned								42,230,413	45,770,905	46,190,580
Total general fund	$ 27,520,608	$ 31,176,315	$ 35,462,796	$ 30,713,162	$ 34,514,691	$ 38,593,589	$ 39,895,480	$ 48,451,934	$ 52,758,488	$ 52,623,369
All other governmental funds										
Reserved	$ 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	10,108,544	10,797,880	8,696,080	7,911,903	10,835,989	13,122,871	16,326,009			
Debt service fund	2,538,936	2,573,675	3,604,560	3,805,487	3,893,462	4,245,654	4,790,767			
Capital projects funds	(5,469,262)	(15,072,098)	(165,292)	(7,590,144)	(3,758,551)	6,278,857	(7,086,468)			
Permanent funds	114,026	109,169	68,691	90,946	13,795	18,660	102,466			
Nonspendable								$ 1,825,529	$ 1,864,799	$ 1,925,734
Restricted								29,286,886	18,576,032	50,626,088
Committed								9,144,022	8,868,342	8,689,071
Assigned								5,028,232	4,279,492	4,733,279
Unassigned								(2,327,903)	(2,968,766)	(1,105,800)
Total all other governmental funds	$ 10,437,642	$ 1,310,018	$ 14,144,893	$ 6,573,507	$ 12,747,395	$ 25,571,997	$ 16,346,691	$ 42,956,766	$ 30,619,899	$ 64,868,372

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues -										
Taxes	$ 53,270,607	$ 55,756,343	$ 60,863,834	$ 64,556,511	$ 70,890,458	$ 71,160,024	$ 70,292,556	$ 72,505,644	$ 76,518,800	$ 78,302,123
Intergovernmental	48,507,093	55,825,684	58,780,055	58,715,084	71,729,397	82,202,742	75,896,666	74,954,915	78,790,218	78,589,527
Charges for services	5,907,855	6,842,495	6,966,806	7,587,841	8,134,453	8,081,553	8,243,478	9,430,596	10,135,146	9,702,680
Donations					483,125	477,339	1,941,617	128,331	3,676,689	743,625
Interest and investment earnings	446,717	741,017	1,710,245	2,380,139	1,775,554	558,217	439,174	504,249	343,272	367,382
Licenses and permits	4,599,889	4,631,835	5,155,404	5,289,916	5,280,673	5,634,636	4,407,336	3,430,795	5,311,627	5,536,778
Miscellaneous	7,836,385	6,099,685	6,131,933	4,969,123	6,346,050	5,628,082	4,636,379	6,027,165	5,827,470	7,296,129
	$ 120,568,546	$ 129,897,059	$ 139,608,277	$ 143,498,614	$ 164,639,710	$ 173,742,593	$ 165,857,206	$ 166,981,695	$ 180,603,222	$ 180,538,244
Expenditures -										
General government	$ 10,492,519	$ 3,021,553 *	$ 3,332,008	$ 11,414,689	$ 4,595,923	$ 6,847,627	$ 5,547,009	$ 5,872,815	$ 7,753,022	$ 8,454,711
Police	9,700,595	15,596,243	15,568,305	17,755,914	18,412,254	21,026,722	20,553,607	22,096,832	22,980,994	24,819,511
Fire protection	7,260,949	11,236,417	11,953,554	12,604,596	13,403,457	13,831,170	13,316,531	14,023,025	14,343,682	14,872,249
Judicial	265,283	377,283	424,378	412,307	477,728	452,758	351,734	365,072	397,178	446,771
Legal ***	392,291	477,862	594,253	649,162	754,962	760,019	681,668	750,236		
Human resources ***	377,661	527,178	574,204	643,941	711,621	732,321	646,870	858,324		
Streets and signs	5,189,850	4,170,663	6,443,037	6,168,437	6,216,345	6,060,873	6,838,460	7,102,496	7,884,552	6,624,828
Planning and engineering	1,589,272	2,133,009	2,575,185	2,712,370	2,795,308	2,657,470	1,705,063	1,735,966	1,695,239	1,735,738
Building and codes	856,370	1,290,743	1,513,775	1,705,737	1,740,183	1,717,686	1,700,106	1,666,961	1,615,140	1,663,480
Solid waste	2,688,687	3,324,471	3,743,192	3,832,817	4,448,056	4,474,894	4,289,255	4,191,427	3,998,856	4,266,166
Transportation **							3,135,125	3,271,637	2,139,735	3,078,509
Urban environmental	398,062	666,182	771,954	645,641	780,410	868,624	909,214	926,237	921,753	963,107
Public health, education and welfare	1,179,909	1,308,056	1,469,631	1,473,700	1,506,480	1,532,308	1,528,240	1,502,385	1,602,842	1,793,767
Community services	4,302,808	3,339,475	5,230,313	4,701,071	9,346,329	7,498,113	5,799,104	6,088,043	6,806,580	6,894,926
Recreation	6,684,636	7,601,274	8,138,001	8,691,484	9,152,060	9,277,740	8,399,731	9,442,486	10,110,003	10,380,908
Community/economic development	852,389	866,010	885,812	441,826	1,638,989	1,128,258	2,322,141	1,538,719	1,345,646	795,719
Education	40,827,158	44,139,617	49,680,734	51,587,295	51,009,243	52,770,358	53,552,719	57,304,421	58,455,372	58,008,999
Food service	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963	3,424,389	3,263,223	3,399,774	3,848,294	4,124,047
Capital outlay	30,714,965	53,632,139	38,176,379	57,442,265	40,274,705	32,996,360	24,945,791	19,660,427	20,004,076	19,450,004
Debt service										
Principal	20,167,365	12,555,106	14,316,952	15,066,722	20,842,164	21,118,405	21,671,925	20,699,775	22,561,642	24,716,266
Interest	1,607,220	2,384,025	4,361,936	6,265,007	5,847,716	3,345,873	3,159,943	4,243,000	4,429,881	4,478,696
Debt issuance cost	163,453	106,543	128,064	178,981	603,242	194,668	625,583	413,689	101,642	298,062
Total expenditures	$ 147,794,874	$ 171,015,231	$ 172,486,518	$ 207,363,961	$ 197,945,138	$ 192,716,636	$ 184,943,042	$ 187,153,747	$ 192,996,129	$ 197,866,464
Excess of revenues over (under) expenditures	$ (27,226,328)	$ (41,118,172)	$ (32,878,241)	$ (63,865,347)	$ (33,305,428)	$ (18,974,043)	$ (19,085,836)	$ (20,172,052)	$ (12,392,907)	$ (17,328,220)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses) -										
Issuance of debt	$ 23,705,100	$ 32,993,275	$ 39,412,060	$ 46,803,601	$ 42,499,715	$ 33,455,368	$ 79,501,144	$ 52,474,806	$ 1,604,079	$ 48,641,518
Payments on refunded debt							(70,852,843)			
Proceeds from sale of land	1,104,250	2,817,980	10,643,428	4,877,586	927,796	2,505,060		219,699		
Transfers in	28,037,773	30,110,222	34,590,206	38,462,043	46,098,673	41,826,247	47,926,468	36,236,848	36,774,216	38,351,514
Transfers out	(28,087,097)	(30,158,538)	(34,646,097)	(38,515,991)	(46,245,339)	(41,909,134)	(45,412,348)	(33,592,772)	(34,015,701)	(35,551,458)
	$ 24,760,026	$ 35,762,939	$ 49,999,597	$ 51,627,239	$ 43,280,845	$ 35,877,541	$ 11,162,421	$ 55,338,581	$ 4,362,594	$ 51,441,574
Net change in fund balances	$ (2,466,302)	$ (5,355,233)	$ 17,121,356	$ (12,238,108)	$ 9,975,417	$ 16,903,498	$ (7,923,415)	$ 35,166,529	$ (8,030,313)	$ 34,113,354
Debt service as a percentage of noncapital expenditures	18.22%	12.84%	13.81%	14.36%	16.79%	14.97%	15.66%	15.25%	15.34%	16.47%

* 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.

*** In 2012, the City began combining legal and human resource expenses with general government.

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
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
2012	36,374,163	32,675,500	3,162,068	844,397	2,476,097	91,694	894,881	76,518,800
2013	36,533,227	33,623,222	3,304,894	884,589	2,751,395	92,995	1,111,801	78,302,123

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		
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%
2012	1.270	2,729,003,512	61,980,996	2,790,984,508	9,514,981,962	29.3%
2013	1.270	2,745,448,317	66,409,997	2,811,858,314	9,822,983,455	28.6%

(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

	Tax Rate Per $100 Assessed Value										Tax Levies		
		County											
Fiscal Year Ended June 30,	Direct Rate City	General	Solid Waste	Ambulance	Highway/ Roads	Education	Education Capital projects	General Debt Service	Total County	Total	City	County	Total
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
2012	1.270	0.584		0.083	0.014	1.143	0.045	0.596	2.465	3.735	35,454,208	68,803,350	104,257,558
2013	1.270	0.584		0.083	0.014	1.143	0.045	0.596	2.465	3.735	35,719,435	69,317,931	105,037,366

Source: City of Murfreesboro Tax Department

Note: The direct rate is a single rate with no components.

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2013

Taxpayer	2012 Assessed Valuation	Rank	% of Total Assessed Valuation	2003 Assessed Valuation	Rank	% of Total Assessed Valuation
General Mills / Pillsbury Company	$ 53,511,578	1	1.90 %	$ 22,429,960	1	1.58 %
CF Murfreesboro Associates	30,258,120	2	1.08			
Transwestern Stones River	23,583,880	3	0.84			
Middle TN Electric Membership	20,333,859	4	0.72	9,894,781	5	0.69
Mahle Filter Systems/Tennex Industries	16,338,953	5	0.58	9,823,274	6	0.69
Embassy Suites	15,559,866	6	0.55			
Adams Place LLC	14,002,840	7	0.50			
Stoneridge Farms at Hillwood	13,614,200	8	0.48			
Middle TN Medical Center	13,346,280	9	0.47			
Westbury Farms	12,552,590	10	0.45			
Bellsouth Tellecommunications				13,504,137	2	0.95
Stones River LLC				11,445,240	3	0.80
State Farm Mutual Auto Insurance				9,940,499	4	0.70
Buford C. Throneberry				8,788,135	7	0.62
Rich Products				7,319,556	8	0.51
NHR/OP LP				7,121,200	9	0.50
Boston Capital University				6,993,080	10	0.49
	$ 213,102,166		7.57 %	$ 107,259,862		7.53 %

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
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	654,242	25,854,035	99.87
2006	27,579,046	26,659,470	96.67	887,484	27,546,954	99.88
2007	28,107,445	27,444,825	97.64	618,253	28,063,078	99.84
2008	30,325,680	29,565,591	97.49	696,873	30,262,464	99.79
2009	32,313,095	31,353,518	97.03	882,741	32,236,259	99.76
2010	34,129,964	32,987,635	96.65	1,061,818	34,049,453	99.76
2011	34,709,599	33,574,880	96.73	1,074,214	34,649,094	99.83
2012	35,454,208	34,433,223	97.12	742,135	35,175,358	99.21
2013	35,719,435	34,725,579	97.22		34,725,579	97.22

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 (1)	TML Loans	State and Other Loans (2)	Capital Leases	General Obligation Bonds	Matured Bonds	TML Loans	Revenue Bonds (1)	State and Other Loans (3)	Total Primary Government	Percentage of Personal Income (4)	Per Capita (4)
2004	$ 8,960,338	$ 82,926,540			$ 1,101,066	$ 36,000	$ 19,310,256	$ 5,804,518	$ 53,647,160	$ 171,785,878	7.44 %	$ 2,045
2005	5,922,754	106,394,709			805,000	36,000	32,719,429	4,966,610	51,417,220	202,261,722	8.67	2,485
2006	3,860,170	133,544,818		$ 921,969	500,000	36,000	50,076,719	4,093,702	49,072,989	242,106,367	9.39	2,789
2007	2,592,586	164,641,697	$ 1,900,000	473,400	335,000	36,000	69,035,189	3,180,794	46,717,955	288,912,621	10.27	3,121
2008	1,305,000	186,288,248	3,191,000		165,000	36,000	94,056,075	2,606,958	44,157,910	331,806,191	10.54	3,299
2009		200,127,211	2,994,000			36,000	96,728,807	1,997,584	41,845,666	343,729,268	10.69	3,378
2010	61,190,937	125,880,105	2,578,350		363,125	36,000	42,903,203	54,044,216	39,330,084	326,326,020	9.87	3,001
2011	50,888,343	167,584,136	2,354,350	403,894		36,000	47,378,691	48,830,907	36,411,432	353,887,753	10.25	3,217
2012	42,200,749	154,011,904	3,059,019	269,262		36,000	44,878,691	43,531,892	33,383,408	321,370,925	8.88	2,887
2013	35,518,155	185,308,464	1,772,711	134,631		36,000	43,716,543	67,135,616		333,622,120	8.85	2,875

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

(1) Presented net of original issue discounts and premiums,

(2) Governmental Activities-State and Other Loans includes capital outlay notes and the Energy Efficient School Loan beginning in the fiscal year ending 2012.

(3) Business-Type Activities-State and Other Loans includes state revolving loans and utility plan acquisition loans.

(4) See the Schedule of Demographic and Economic Statistics on page 147 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
2004	84,000	$ 4,577,797,298	$ 91,886,878	2.01 %	1,093.89
2005	81,393	4,889,014,858	112,317,463	2.30	1,379.94
2006	86,793	5,241,331,422	137,404,988	2.62	1,583.13
2007	92,559	6,561,383,347	167,234,283	2.55	1,806.79
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	187,071,042	2.20	1,720.11
2011	110,000	9,371,255,513	218,472,479	2.33	1,986.11
2012	111,327	9,514,981,962	196,212,653	2.06	1,762.49
2013	116,043	9,822,983,455	220,826,619	2.25	1,902.97

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, 2013

Taxing Jurisdiction	Debt Outstanding (1)	Estimated Percentage Applicable (5)	Direct and Overlapping Debt
City of Murfreesboro direct debt			$ 222,733,961
Rutherford County (2)	$ 356,489,102	42.28%	150,723,592
Total direct and overlapping debt			$ 373,457,553
Ratio of direct and estimated overlapping debt to 2012 assessed value (3)			13.28%
Per capita direct and estimated overlapping debt (4)			$ 3,218

(1) As of June 30, 2013.
(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2013 Table 12.
(3) Based upon 2012 Taxable Assessed Valuation of $2,811,858,314
(4) Based upon estimated population of 116,043
(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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	$ 213,618,272	$ 225,764,302	$ 240,510,480	$ 292,700,311	$ 323,298,671	$ 344,485,628	$ 363,856,307	$ 409,901,069	$ 418,647,676	$ 421,778,747
Total net debt applicable to limit	89,317,604	109,721,035	134,707,227	165,794,609	186,890,786	198,875,557	178,882,688	211,053,091	190,730,336	214,123,754
Legal debt margin	$ 124,300,668	$ 116,043,267	$ 105,803,253	$ 126,905,702	$ 136,407,885	$ 145,610,071	$ 184,973,619	$ 198,847,978	$ 227,917,340	$ 207,654,993
Total net debt applicable to the limit as a percentage of the debt limit	41.81%	48.60%	56.01%	56.64%	57.81%	57.73%	49.16%	51.49%	45.56%	50.77%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	$ 2,811,858,314
Debt limit (15% of assessed value)	$ 421,778,747
Debt applicable to limit:	
General Obligation Bonds	$ 31,335,000
Capital lease obligation	134,631
Capital Outlay Notes	
Energy Efficient School Loan	1,772,711
Tennessee Municipal Bond Fund Loans	185,308,464
Less: debt service fund	(4,427,052)
Total debt applicable to limit	$ 214,123,754
Legal debt margin	$ 207,654,993

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 -						
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
2012	32,876,328	18,768,465	14,107,863	2,350,000	1,543,000	3.62
2013	43,126,948	18,471,309	24,655,639	2,460,000	1,425,550	6.35

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

Electric Department -						
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
2012	151,555,276	130,899,258	20,656,018	2,790,000	235,988	6.83
2013	156,303,678	133,272,879	23,030,799	2,380,000	180,188	9.00

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)
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
2012	111,327	3,618,127,500	32,500	32.1	7,034	7.20
2013	116,043	3,771,397,500	32,500	32.1	7,140	6.30

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, 2013

Employer	2013 Employees	2013 Rank	2013 % of Total County Employment	2004 Employees	2004 Rank	2004 % of Total County Employment
Nissan Motor Manufacturing Corp. USA	6,350	1	4.65 %	6,300	1	6.02 %
Rutherford County Government and Board of Education	6,073	2	4.45	3,425	2	3.28
Middle Tennessee State University	2,205	3	1.62	1,835	5	1.75
National Health Corporation	2,071	4	1.52			
City of Murfreesboro and Board of Education	1,912	5	1.40	2,103	4	2.01
State Farm Insurance	1,662	6	1.22			
Ingram Book Company	1,500	7	1.10	2,200	3	2.10
Alvin C. York Veterans Administration Medical Center	1,461	8	1.07	1,200	9	1.15
Asurion	1,250	9	0.92			
Amazon	1,200	10	0.88			
Bridgestone/Firestone, Inc.				1,800	6	1.72
Whirlpool Corporation				1,500	7	1.43
Middle Tennessee Medical Center				1,335	8	1.28
Verizon				1,050	10	1.00
			18.83 %			21.74 %

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, 2012, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government -										
Administrative and General	21	20	20	21	23	24	28	28	20	20
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Police -										
Officers	161	163	182	187	203	239	240	220	229	229
Civilians	41	42	48	48	53	58	57	53	53	53
Fire Protection -										
Firefighters and Officers	167	176	176	188	187	202	202	184	184	184
Civilians	3	3	3	3	3	3	3	3	3	3
Information Technologies									10	10
Judicial	6	6	6	6	6	6	6	6	6	6
Legal and Risk Management	9	9	9	10	10	10	10	10	10	10
Human Resources	7	8	8	9	10	9	9	9	9	9
Streets and Signs	25	27	28	28	29	29	29	28	28	28
Planning and Engineering	22	26	27	29	31	30	23	20	18	18
Building and Codes	19	20	23	26	26	25	27	25	21	21
Solid Waste	45	57	58	58	57	57	57	55	42	42
Urban Environmental	10	12	13	13	16	16	16	15	15	15
Community Services -										
Fleet Services	11	11	11	12	13	13	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	6	6
Mass Transit	-	-	1	12	12	12	18	16	16	16
Recreation and Golf	78	78	81	84	84	88	88	87	84	84
Community Development	3	3	3	3	2	2	2	2	2	2
Education	684	715	775	801	859	881	864	920	861	861
Food Service	29	29	25	25	27	28	25	24	24	26
Water and Sewer	130	127	135	143	149	151	147	147	156	156
Electric	74	73	73	73	76	79	87	83	83	80
Cemetery	6	7	7	8	8	9	9	9	9	9
Total	1,566	1,627	1,727	1,802	1,899	1,986	1,975	1,972	1,913	1,912

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police -										
Arrests	7,213	7,553	7,741	11,613	8,641	9,111	8,530	7,944	8,804	8,866
911 calls	31,197	33,509	25,922	35,785	37,185	38,664	37,824	39,195	41,797	39,465
Traffic violations	17,002	16,242	13,424	23,360	25,120	26,095	13,059	13,930	19,370	16,131
Fire Protection -										
Emergency responses (c)	5,535	5,577	6,104	8,035	8,241	8,983	10,417	11,192	11,971	8,456
Fire safety inspections (a)	5,484	5,012	4,555	5,486	5,229	5,391	4,759	4,239	4,010	3,740
Fire training hours (a)	60,184	62,578	63,627	64,107	69,771	73,059	64,785	60,366	70,855	75,714
Human Resources -										
Full time positions/applications	56 / 2,285	NA	80 /3,277	83/3,879	68/3,460	44/2,564	27/2,096	48/2,633	75/3,583	41/4505
Part time positions/applications	115 /1,881	NA	102 / 1,590	113/1,604	117/2,489	64/1,594	147/1,954	146/1,674	153/2,908	82/3043
Streets and Signs (a) -										
Street repaving (lane miles)	64	43	54	58	20	31	42	61	24	40
Planning and Engineering (b) -										
Preliminary plats reviewed	83	73	57	55	27	13	8	11	16	38
Final plats reviewed	133	156	128	144	128	75	60	56	56	75
Site plans reviewed	139	134	131	161	184	157	97	105	131	122
Annexations studied	30	35	20	19	10	9	2	1	3	9
Building and Codes -										
Single family home permits issued	1,689	1,814	1,922	1,391	711	430	425	329	486	643
Total building permits issued	2,398	2,582	2,511	2,707	1,824	1,433	1,357	1,277	1,396	1,704
Substandard and property maintenance complaint notices (d)	1,405	2,113	2,102	3,458	3,697	8,425	8,334	10,360	8,444	2,147
Solid Waste (a) -										
Refuse collected (tons per year)	31,087	32,265	34,321	36,892	35,227	33,900	33,220	33,673	33,254	34,176
Community services -										
Airport										
Gallons of fuel sold (Avgas and Jet A)	195,512	208,875	195,244	182,641	184,423	191,668	187,749	191,986	200,559	201,038
Education -										
K-6 Enrollment	6,062	6,260	6,600	6,720	6,842	6,902	6,876	6,881	7,060	7,140
Water and Sewer -										
Water sold annually in 100 cubic feet	3,333,846	3,411,762	3,690,312	4,338,296	4,427,024	3,702,460	3,538,776	3,424,017	3,530,353	3,662,128
Sewer sold annually in 100 cubic feet	3,265,520	3,431,040	3,685,630	4,771,612	4,177,764	3,809,040	3,733,376	3,722,554	3,794,902	4,009,855
Electric -										
Number of customers	40,298	43,525	46,985	47,858	49,960	50,556	52,001	52,148	53,311	54,379
Kilowatt hours sold (in thousands)	1,282,229	1,321,732	1,455,524	1,485,484	1,576,120	1,541,000	1,559,000	1,646,877	1,525,730	1,596,336

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police -										
Patrol Units	113	119	124	125	141	137	135	139	137	150
Fire Protection -										
Fire engines	15	15	15	15	18	18	18	19	19	19
Rescue vehicles	2	3	3	3	3	3	3	3	3	3
Rescue boat	NA	NA	NA	NA	NA	NA	NA	NA	1	1
Fire stations	9	9	9	9	9	9	10	10	10	10
Streets and Signs -										
Streets (miles)	458	467	485	503	513	522	528	531	534	537
Traffic signals	103	106	106	110	119	123	127	131	134	138
Solid Waste -										
Collection trucks	27	34	36	36	36	36	34	33	30	30
Community Services -										
Airport										
Tie-downs	66	85	85	80	80	80	80	80	80	80
Hangers	59	59	59	59	106	106	106	106	106	106
Public Transportation -										
Buses	0	0	0	9	9	9	9	9	9	11
Recreation -										
Park acreage	1,059.11	1,075.07	1,202.31	1,202.31	1,202.31	1,225.90	1,225.90	1,225.90	1,225.96	1,225.96
Greenway trails (miles)	4.5	4.5	5.1	5.1	5.1	7.1	10.1	11.6	11.6	11.6
Education -										
Elementary schools	10	11	11	11	12	12	12	12	12	12
Water and Sewer -										
Water pipe (miles)	402	406	414	422	426	428	430	432	433	435
Water storage capacity (millions of gallons)	10.5	12	12	12	12	12	12	12	12	12
Water treatment capacity (millions of gallons per day)	15.7	15.7	15.7	15.7	15.7	22	22	22	22	22
Sewer pipe (miles)	456	469	494	524	550	565	569	573	575	580
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	16	16
Sewage pumping stations	35	35	38	42	45	43	44	44	45	45
Public fire hydrants	2,751	2,948	3,037	3,122	3,205	3,246	3,286	3,264	3,262	3,301
CUD public fire hydrants in City	NA	NA	NA	NA	NA	NA	NA	2,033	2,068	2,093
Electric -										
Overhead and underground primary and secondary cable (miles)	514.47	534.17	572.92	611.67	626.95	649.88	655.27	662.23	671.91	677.41
Poles	11,814	12,079	13,054	13,693	14,221	14,857	15,179	15,289	15,448	15,541
Transformers	10,804	11,320	11,954	12,594	13,226	13,330	13,627	13,726	13,828	13,988
Substations	9	9	10	10	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, 2013

Murfreesboro Water and Sewer Department

As of June 30, 2013, Murfreesboro Water and Sewer Department serves approximately 25,159 water customers and 38,739 sewer customers of which 13,580 are in the Consolidated Utility District ("CUD") water service area. The following rate structure was in place during 2012/2013 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	50 cubic feet
1"	19.18	300 cubic feet
1.5"	41.10	1,100 cubic feet
2"	65.76	2,000 cubic feet
3"	164.40	5,600 cubic feet
4"	328.80	11,600 cubic feet
6"	685.00	24,600 cubic feet

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	50 cubic feet
1"	27.98	300 cubic feet
1.5"	61.90	1,100 cubic feet
2"	100.06	2,000 cubic feet
3"	252.70	5,600 cubic feet
4"	507.10	11,600 cubic feet
6"	1,058.30	24,600 cubic feet

One Cubic Foot equals seven and one-half gallons

* Not including O&M charge

Murfreesboro Water and Sewer Department (continued)

Rates for service outside the City Limits are 50% higher than the above inside City Limit rates. Effective on bills printed July 1, 2012.

Murfreesboro Electric Department

As of June 30, 2013, Murfreesboro Electric Department serves approximately 54,379 customers and had the following rate structure in place:

Residential:

Customer Charge - $11.76 per month (also minimum bill)
Energy Charge - $.06953 per KWH
Fuel Cost Adjustment (FCA) - $.02444 per KWH

Commercial:

General Power (GSA)

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

Customer Charge	$24.86
Energy Charge	$.07938 per KWH
Fuel Cost Adjustment	$.02423 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	$.08047 per KWH FCA is $.02423 per KWH
over 15,000	$.03982 per KWH FCA is $.02399 per KWH
Demand Charge	
1st 50	No Charge
over 50	$12.01 per KWH

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

Customer Charge	$122.00
Energy Charge	$.04055 per KWH
FCA charge	$.02410 per KWH
Demand Charge	
1st 1,000 KWD	$11.08 per KW
over 1,000 KWH	$11.04 per KW

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2013

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	$.02549 per KWH
FCA charge	$.02423 per KWH
Demand Charge	$ 21.63 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	$ 18.23
Energy Charge	$.01752 per KWH
FCA charge	$.02423 per KWH

General Power (MSB)

Customer Charge	$1,500.00
Admin charge	$ 350.00
Demand Charge	$ 18.74
Energy Charge	$.01783 per KWH
FCA per KWH	$.02423 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.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

Copyright © 2010, American Water Works Association. All Rights Reserved.

WAS v4.2

Back to Instructions

? Click to access definition

Water Audit Report for: Murfreesboro Water and Sewer Department

Reporting Year: 2013 | 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	8	3,661.243	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	9		MG/Yr
Water imported:	?	8	208.373	MG/Yr
Water exported:	?	8	22.617	MG/Yr
WATER SUPPLIED:			3,846.999	MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

					Pcnt:	Value:
Billed metered:	?	6	2,746.971	MG/Yr		
Billed unmetered:	?	10	0.000	MG/Yr		
Unbilled metered:	?	9	1.625	MG/Yr		
Unbilled unmetered:	?	8	37.887	MG/Yr		37.887
AUTHORIZED CONSUMPTION:	?		2,786.483	MG/Yr		

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption)

1,060.516 MG/Yr

Apparent Losses

					Pcnt:	Value:
Unauthorized consumption:	?		9.617	MG/Yr	0.25%	
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed						
Customer metering inaccuracies:	?	2	175.442	MG/Yr	6.00%	
Systematic data handling errors:	?	6	1.000	MG/Yr		
Apparent Losses:	?		186.060			

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	?		874.457	MG/Yr
WATER LOSSES:			1,060.516	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	?		1,100.028	MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	10	435.0	miles	
Number of active AND inactive service connections:	?	10	26,600		
Connection density:			61	conn./mile main	
Average length of customer service line:	?	10	60.0	ft	(pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	6	64.0	psi	

COST DATA

Total annual cost of operating water system:	?	10	$11,977,860	$/Year
Customer retail unit cost (applied to Apparent Losses):	?	8	$2.74	$/100 cubic feet (ccf)
Variable production cost (applied to Real Losses):	?	6	$1,180.00	$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	28.6%
Non-revenue water as percent by cost of operating system:	14.7%
Annual cost of Apparent Losses:	$681,509
Annual cost of Real Losses:	$1,031,859

Operational Efficiency Indicators

Apparent Losses per service connection per day:	19.16	gallons/connection/day
Real Losses per service connection per day*:	90.07	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.41	gallons/connection/day/psi
? Unavoidable Annual Real Losses (UARL):	201.14	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	874.46	million gallons/year
? Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.35	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 73 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Customer metering inaccuracies

2: Volume from own sources

3: Billed metered

For more information, click here to see the Grading Matrix worksheet

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2012 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2013 (Receivable)/ Deferred Revenue
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grant	14.218	B-11-MC-47-0009	$ (209,418)	$ 317,950	$ 108,458	$ (74)	
Community Development Block Grant	14.218	B-12-MC-47-0009		426,121	561,970		$ (135,849)
Passed through the Tennessee Housing Development Agency - Neighborhood Stabilization Program	14.218	NSP1-09-015		19,566	19,566		
Total CDBG - Entitlement Grants Cluster			$ (209,418)	$ 763,637	$ 689,994	$ (74)	$ (135,849)
Passed through the Tennessee Housing Development Agency - Emergency Shelter Grant	14.231	ESG-11-31	$ (24,560)	$ 24,560			
Emergency Shelter Grant	14.231	ESG-11(2)06		41,903	$ 56,272		$ (14,369)
Emergency Shelter Grant	14.231	ESG-12-18		6,767	38,486		(31,719)
Total CFDA #14.231			$ (24,560)	$ 73,230	$ 94,758		$ (46,088)
HOME Program	14.239	HM1036-002	$ (265)			$ 265	
Passed through the Murfreesboro Housing Authority - Capital Fund Program	14.872	TN43P02050106		$ 45,000	$ 45,000		
Total Department of Housing and Urban Development			$ (234,243)	$ 881,867	$ 829,752	$ 191	$ (181,937)
DEPARTMENT OF JUSTICE							
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0751	$ 46,525		$ 46,525		
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2987	37,932	$ 1	32,758		$ 5,175
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0074		31,313	27,919		3,394
Passed through the Murfreesboro Housing Authority - Edward Byrne Memorial Justice Assistance Grant	16.738	10899	(46,669)	277,091	255,732		(25,310)
Total CFDA #16.738			$ 37,788	$ 308,405	$ 362,934		$ (16,741)
Total Department of Justice			$ 37,788	$ 308,405	$ 362,934		$ (16,741)
DEPARTMENT OF TRANSPORTATION							
Passed through the Tennessee Department of Transportation - Airport Improvement Program	20.106	3-47-SBGP-27	$ (4,888)		$ 11,231	$ (483) (1)	$ (16,602)
Highway Planning and Construction	20.205	HPP-9311 (9)	$ (39,914)	$ 181,459	$ 467,492		$ (325,947)
Highway Planning and Construction	20.205	HPP-9311 (19)	(6,327)	50,523	1,757,441		(1,713,245)
Highway Planning and Construction	20.205	STP-M-99 (35)	(1,954)	2,102	225,776		(225,628)
Highway Planning and Construction	20.205	STP-M-9311(21)		2,095	43,567		(41,472)
Total CFDA #20.205			$ (48,195)	$ 236,179	$ 2,494,276		$ (2,306,292)

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2013

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2012 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2013 (Receivable)/ Deferred Revenue
DEPARTMENT OF TRANSPORTATION (continued)							
Passed through the Tennessee Department of Transportation (continued) -							
Section 5303 Metro Planning	20.505	TN-80-0004-00	$ (7,476)	$ 11,337	$ 16,728		$ (12,867)
Passed through the Tennessee Department of Environment and Conservation -							
Recreational Trails Program	20.219	GG-11-33669	$ (73,201)	$ 73,201			
Section 5307 Urbanized Area Formula - FY07	20.507	TN-90-X291-00			$ 31,496		$ (31,496)
Section 5307 Urbanized Area Formula - FY08	20.507	TN-90-X332-02	$ (210)		449,832		(450,042)
Section 5307 Urbanized Area Formula - FY09	20.507	TN-90-X315-00	(81,365)	$ 81,365	517,209		(517,209)
Section 5307 Urbanized Area Formula - FY10	20.507	TN-90-X344-00	(499,558)	709,453	471,565		(261,670)
Section 5307 Urbanized Area Formula - FY10	20.507	TN-90-X344-02		112,635	159,979		(47,344)
Section 5307 Urbanized Area Formula - FY11	20.507	TN-90-X364-00			11,380		(11,380)
ARRA - Section 5307 Urbanized Area Formula	20.507	TN-96-X010-00			7,160		(7,160)
Total CFDA #20.507			$ (581,133)	$ 903,453	$ 1,648,621		$ (1,326,301)
Total Department of Transportation			$ (714,893)	$ 1,224,170	$ 4,170,856	$ (483)	$ (3,662,062)
DEPARTMENT OF ENERGY							
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0002702	$ (96,007)	$ 97,986	$ 1,979		
Total Department of Energy			$ (96,007)	$ 97,986	$ 1,979		
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through the Greater Nashville Regional Council -							
Aging Services - Title IIID	93.043	2013-23		$ 1,666	$ 2,083		$ (417)
Aging Services - Title IIIB	93.044	2013-23		$ 22,000	$ 22,000		
Passed through Middle Tennesee State University -							
The F.U.N.N. Project Phase 2	93.945	C12-0842	$ (20,793)	$ 42,180	$ 21,387		
Total Department of Health and Human Services			$ (20,793)	$ 65,846	$ 45,470		$ (417)
TOTAL FEDERAL AWARDS			$ (1,028,148)	$ 2,578,274	$ 5,410,991	$ (292)	$ (3,861,157)

Notes -

(1) To adjust for 10% deposit to the State made by the City to meet the match requirements for the grant.

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

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards

Year Ended June 30, 2013

Program Name	Contract/Grant Number	Balance June 30, 2012 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2013 (Receivable)/ Deferred Revenue
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council - Aging Services	GG-13-39695-00		$ 10,600	$ 10,600		
			$ 10,600	$ 10,600		
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT						
Fasttrack Infrastructure Development	GG-12-38071-00	$ (588,656)	$ 870,135	$ 281,479		
		$ (588,656)	$ 870,135	$ 281,479		
TENNESSEE DEPARTMENT OF HEALTH						
Project Diabetes Initiative Services	GG-13-34230-00			$ 10,000		$ (10,000)
				$ 10,000		$ (10,000)
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	99-555-1217-4	$ (13,000)	$ 13,000			
Airport Maintenance	99-555-1228-04			$ 14,300		$ (14,300)
Airport Taxi and Ramp Overlay	75-555-1707-4	(10,233)		25,983	$ (2,887) (1)	(39,103)
Airport Layout Plan	Z-08-20-0794-00	(5,033)	5,316	283		
Airport Trim and Remove Trees	75-555-1706-04		21,600	28,154		(6,554)
Airport - State Match - Environmental Assessment	75-555-1103-4			381	(128) (1)	(509)
Airport - Grounds Maintenance Equipment	75-555-0714-04			10,134		(10,134)
Fasttrack Infrastructure Development	110385		725,147	725,147		
LIC - Joe B. Jackson Parkway	040232A2			1,188,109		(1,188,109)
State Match - Section 5303 Metro Planning	GG-11-36243-00	(935)	1,417	2,091		(1,609)
State Match - Section 5307 Urbanized Area Formula - FY07	GG-10-29565-03			3,937		(3,937)
State Match - Section 5307 Urbanized Area Formula - FY08	GG-10-35658-00	(26)		1,057		(1,083)
State Match - Section 5307 Urbanized Area Formula - FY08	GG-10-39362-00			45,201		(45,201)
State Match - Section 5307 Urbanized Area Formula - FY09	GG-12-37665-00	(10,171)	10,171			
State Match - Section 5307 Urbanized Area Formula - FY09	GG-10-39389-00			52,967		(52,967)
State Match - Section 5307 Urbanized Area Formula - FY10	GG-12-39758-00		287,638	236,000	(182,495) (3)	(130,857)
State Match - Section 5307 Urbanized Area Formula - FY10	GG-13-35650-00		14,079	19,997		(5,918)
State Match - Section 5307 Urbanized Area Formula - FY11	N/A			1,423		(1,423)
		$ (39,398)	$ 1,078,368	$ 2,355,164	$ (185,510)	$ (1,501,704)
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grant Award	34101-18911	$ (18,291)			$ 18,291 (2)	
		$ (18,291)			$ 18,291	
TOTAL STATE AWARDS		$ (646,345)	$ 1,959,103	$ 2,657,243	$ (167,219)	$ (1,511,704)

Notes -

(1) To adjust for 10% deposit to the State made by the City to meet the match requirements for the grant.

(2) To adjust for prior year receipt omitted from this schedule.

(3) To adjust for prior year receivable omitted from this schedule.

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

JOBE, HASTINGS & ASSOCIATES
Certified Public Accountants
745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

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

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Murfreesboro, Tennessee's basic financial statements and have issued our report thereon dated December 19, 2013. Our report includes a reference to other auditors who 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 of the financial statements, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (2013-5).

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. We and the other auditors consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2013-1, 2013-2, 2013-3 and 2013-4).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Murfreesboro, Tennessee's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
December 19, 2013

JOBE, HASTINGS & ASSOCIATES
Certified Public Accountants
745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Murfreesboro, Tennessee's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Murfreesboro, Tennessee's major federal programs for the year ended June 30, 2013. The City of Murfreesboro, Tennessee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Murfreesboro, Tennessee's basic financial statements include the operations of the Murfreesboro City Schools, which received $7,095,544 in federal awards which is not included in the schedule during the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Murfreesboro, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. 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 program occurred. An audit includes examining, on a test basis, evidence about the City of Murfreesboro, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Murfreesboro, Tennessee complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Murfreesboro, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jobe, Hastings & Associates
Certified Public Accountants

Murfreesboro, Tennessee
December 19, 2013

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

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. Five 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*. One of the conditions is reported as a material weakness.

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 the major federal award program are reported in the *Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.*

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

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 program tested as a major program includes:

Federal Program Name	CFDA Numbers
Highway Planning and Construction	20.205

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 qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2013-1. Evergreen Cemetery Commission – Financial Statement Preparation

Condition: Management of the Commission lacks the expertise required to prepare complete financial statements.

Criteria: Management should consistently prepare financial statements in accordance with U.S. GAAP.

Effect: Auditor recommended and posted several adjustments to the general ledger and had to assist in preparation of draft financial statements.

Recommendation: Management should consider implementing policies to allow the Commission to prepare and review statements for consistent application of U.S. GAAP in financial reporting.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2013-1. Evergreen Cemetery Commission – Financial Statement Finding (continued)

Views of Responsible Officials and Planned Corrective Actions: We have a very small staff and do not believe the cost of preparing GAAP financial statements will be beneficial to management or the board of directors. Our operations are fairly simple and we believe our monthly financial statements meet our needs.

2013-2. Evergreen Cemetery Commission – Separation of Duties

Condition: One employee is currently responsible for executing, recording and controlling all cash transactions. Accordingly, an unauthorized cash transaction could be executed and not promptly discovered by the Commission's internal control. Management believes the cost of maintaining this control would exceed its benefits. This condition was considered in determining the nature, timing and extent of procedures to be performed in the audit of the financial statements of Evergreen Cemetery Commission for the year ended June 30, 2013.

Criteria: There should be adequate controls and segregation of duties surrounding sensitive assets, such as cash, to prevent misappropriation of any of said assets.

Effect: There is a risk that fraudulent activity and or erroneous transactions could be recorded and remain undetected.

Recommendation: Management should consider implementing policies to allow for separation of duties.

Views of Responsible Officials and Planned Corrective Actions: We have a very small staff and believe the cost of separation of duties will be prohibitive. Our operations are fairly simple and we believe our mitigating procedures are sufficient to reduce the risk that fraudulent activity and or erroneous transactions could be recorded and remain undetected.

2013-3. Evergreen Cemetery Commission – Detailed Inventory

Condition: The Cemetery's inventory is currently not subject to periodic inventory observations. The Cemetery has implemented a new software package and has mapped the inventory available but a complete reconciliation of the inventory data as input and the physical availability of lots is not reconciled on an appropriate basis.

Criteria: Management of the Commission should monitor, track and record inventory related to grave sites.

Effect: Auditor recommended and posted several adjustments to the general ledger.

Recommendation: Management should consider implementing policies to properly maintain the graves site inventory and relate those records to the accounting system.

Views of Responsible Officials and Planned Corrective Actions: We have recently completed the conversion of our inventory system and will work to integrate the new system into the accounting system.

2013-4. Evergreen Cemetery Commission – Notes Receivable Transactions

Condition: The Cemetery's notes receivable from lots sales are maintained in a separate accounting system and are not currently reconciled on a routine basis. During the current year, it was noted that several items were not properly accounted for and were not identified by existing controls.

Criteria: Management of the Commission should monitor, track and record notes receivable.

Effect: Auditor recommended and posted several adjustments to the general ledger.

Recommendation: Management should consider implementing policies to properly maintain the notes receivable detail and relate those records to the accounting system.

Views of Responsible Officials and Planned Corrective Actions: Management has, throughout 2012, and continuing in 2013, initiated an integration of information systems that should be designed to eliminate the need for a reconciliation of the separate accounting system.

2013-5. Internal Controls Over Purchasing

Condition: Adequate supporting documentation for some of the City's large purchases made using acceptable procurement methods other than the competitive bid process was not consistently maintained. In addition, prices charged by vendors under these purchases were not always compared to the prices in the underlying contract or cooperative purchasing agreement.

Criteria: The City's purchasing policy and State law authorizes the City to utilize provisions of contracts or price agreements entered into by the State of Tennessee, the United States General Services Administration and other cooperative purchasing agreements. The cost of purchases made utilizing these alternative methods should be compared to the price in the underlying contract or cooperative purchasing agreement. In addition, evidence of this verification should be sufficiently documented and maintained.

Effect: It was difficult to determine that the costs charged to the City agreed to the amounts in the specific contracts or cooperative purchasing agreements being utilized. If costs are not compared to the underlying contract or cooperative purchasing agreement, the City could overpay for items that had not been competitively bid.

Recommendation: Management should verify that costs charged to the City have been compared to the applicable costs on the approved contract or cooperative purchasing agreement. In addition, adequate supporting documentation of these costs should be maintained.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. Additional purchasing oversight will be added with the new purchasing agent position we are adding during fiscal year 2014.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2013

FINDINGS – FINANCIAL STATEMENTS AUDIT

2012-1. Evergreen Cemetery Commission – Separation of Duties

Status: Repeat Finding

2012-2. Evergreen Cemetery Commission – Detailed Inventory

Status: Repeat Finding

2012-3. Evergreen Cemetery Commission – Notes Receivable Transactions

Status: Repeat Finding