

**CITY OF MURFREESBORO, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2014**

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

## ABOUT THE COVER PHOTO



The cover photo was taken by Jim Davis, an employee of the Parks and Recreation Department. It portrays one of the scenic downtown legs of the Murfreesboro Half-Marathon in October.

The City of Murfreesboro has recognized opportunities to partner with various groups in order to bring tourism to the City. The Half-Marathon brings participants from outside the City and State and, like other tourism events, affects our hotel/motel occupancy tax and sales tax numbers. Additionally, the organizers of the marathon award part of the proceeds to local charities and city departments such as police and recreation.

Rutherford County Chamber of Commerce secured the trademark of *The Sports Capital of Tennessee* for Rutherford County, to set the County apart from other areas. Many of the tournaments that are held in Rutherford County are hosted in Murfreesboro such as TSSAA State Championships in basketball, baseball, softball, track and field, tennis, soccer, volleyball, cheerleading and dance, AAU basketball tournaments, Tennessee Cup soccer tournament, US Fast Pitch Association Youth Softball Tournament, Music City Adult Soccer Tournament, BPA baseball tournament, USTA Tennis tournaments and clinics, to name a few.

Per a Chamber representative, “tourism spending in Rutherford County in 2013 increased \$272.88 to \$291.52 million, placing Rutherford County in the top 10 counties across the state for travel-related expenditures. A surge in sporting events has contributed greatly to this growth.” Additionally Murfreesboro was named one of the Best Sports Cities in the U.S. by Sporting News.

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*... creating a better quality of life*

January 27, 2015

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

The Comprehensive Annual Financial Report of the City of Murfreesboro, Tennessee for the fiscal year June 30, 2014, 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, the Comprehensive Annual Financial Report of the City of Murfreesboro for the fiscal year ended June 30, 2014 has been completed.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control 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 unmodified (“clean”) opinion on the City of Murfreesboro’s financial statements for the year ended June 30, 2014. The independent auditor’s report is located at the front of the financial section of this report.

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

#### PROFILE OF THE GOVERNMENT

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

#### LOCAL ECONOMY

The City’s strong and diverse economy has continued to propel population growth in the City and in surrounding Rutherford County. Census estimates for 2013 anticipate Murfreesboro has grown in population to 117,044 residents, a 7.6 percent increase over the 2010 census. This makes Murfreesboro the sixth largest city in Tennessee. The 39 percent increase in population over the decade also made Murfreesboro one of the fastest growing cities 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.

#### 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](http://www.murfreesborotn.gov)

Murfreesboro is making economic progress in a number of different areas. Rutherford County has been recognized as one of the top places in the country to find work. Almost 4,000 new jobs were created in the county last fiscal year alone (Bureau of Labor Statistics, Change in Employment, June 2013 to June 2014). Nissan added a third shift and 900 jobs to its Smyrna facility. Amazon, which opened in 2012, completed a \$9 million expansion. Schwan Cosmetics began construction on their headquarters and manufacturing facility to Murfreesboro. The Schwan project is an investment of \$38 million and is expected to create 250 new jobs over the next five years. The total number of people employed by Schwan will eventually reach a total of 450.

For six consecutive quarters, Rutherford County is among the nation's top counties in terms of employment growth, according to a 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 has witnessed a 3.7 percent 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, 2014 unemployment rate at 6.0 percent. The 6.0 percent unemployment rate is lower than comparable national and state figures. The most recent data available, November 2014, has seen the unemployment rate continue to decline to 5.1 percent.

With the growth in jobs has come additional demand for housing. For FY 14, 833 new single family building permits have been issued. This compares to the FY 11 low of 329 single family permits for the entire year. Total new construction value in FY 09 was \$206 million, compared to the FY 14 valuation of \$452.7 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 14 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 14 by approximately \$1.75 million or 5.2 percent from the previous year, setting a new record collection of \$35.4 million.

In April 2014 Moody's and Standard & Poor's rating agencies reviewed and assigned a rating of Aa2 and AA, respectively, to the 2014 general obligation bond issue.

### 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.

The start of a comprehensive plan to begin understanding and preparing for the challenges of the next twenty years began in 2014 with the hiring of Kendig Keast Collaborative (KKC) of Sugarland, TX. Additionally on the KKC team are Smith, Seckman and Reid to perform utilities planning and Neil-Schaefer and Associates performing an update to the master transportation plan including a computer model. The last comprehensive planning document was completed in 1989 when Murfreesboro's population was approximately 45,000. Now with a population of over 117,000 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.

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 15 budget. The City contracted with Management Advisory Group (MAG) to perform this study. Steps in this multi-year process have so far included:

- 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

MAG met individually with department heads and assistant department heads early in the process. In addition, workshops were held across the City giving employees the opportunity to ask questions and gain a clear understanding of the project and what to expect from the study.

The City anticipates receiving MAG's final report and recommendations regarding the classification and compensation in FY 15.

The City's self-insured group health insurance program exceeded \$13 million in expenses for FY 14, a decrease of approximately 4 percent from FY 13. Cowan Benefit Services of Brentwood, TN was selected as the benefits consultant to advise the City on its health, life and disability insurance coverages. 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"

The City's wellness program, BoroFit, was initiated in January 2013, with expenses of \$163,258 in FY 13 and \$166,666 in FY 14. Employees received a \$250 extra FSA benefit in FY 14 if they participated in the free blood draw screening. In FY 15 employees received a \$500 premium reduction if they were able to maintain the health rating assigned to them, privately, through Interactive Health Services.

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, 2014, 169 employees of the City's 936 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 14, the City acquired the former Murfreesboro Medical Clinic, a 120,000 square foot office building to renovate to a new Police Headquarters. In addition to relocating the police department to the facility, it will free up over 50,000 square feet of office space that can house city departments currently needing additional space. Additionally, a new public safety training complex is under design and its construction has been funded in the 2012 bond issue.

Based on interest from Council members and staff, the decision was made to have Fire & Rescue personnel provide an increased level of medical 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 opened in August 2104 on 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. Funding for the program was put in place April 2014 to be amortized over 5 years.

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. The City selected Tyler Technology's MUNIS product to replace antiquated financial, human resource and other software. Implementation is currently underway. The Water and Sewer Department completed the implementation of the first phase 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 14, 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 spring 2015.

To meet the need in the rapidly growing west side of Murfreesboro, Parks and Recreation began 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.

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, expected to be complete by the fall of 2015, 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.

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 14 and will be reemphasized in FY 15.

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.

Approximately 54.5 percent of all calls received by the Fire and Rescue Departments during FY 14 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 was 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 extension project between I-24 and South Church Street is nearly complete at a construction cost of approximately \$11 million. This road is important as it provides alternative access to I-24 for the southern and eastern portion of Rutherford County. Scheduled completion is in early 2015.

The final phase of Veterans Parkway (Phase 2B), linking State Route 840 to South Church Street (US-231) is well underway. This approximate \$7.6 million construction cost of the project completes the loop and is scheduled for completion in early calendar year 2015.

The improvements to Middle Tennessee Boulevard between Main Street and Greenland Drive will be entering the construction phase in the first part of calendar year 2015. Approximately \$8.7 million is budgeted for participating construction elements with approximately 80% of the funding provided by Federal transportation dollars along with matching funding provided by the City and Middle Tennessee State University. Construction is expected to last over a three year period.

Preliminary engineering and environmental studies are underway for the extension of Cherry Lane as a five-lane connector roadway between NW Broad Street (US 41/70) and Memorial Boulevard (US 231) and includes an interchange at State Route 840. For FY 13 and 14, engineering expense of \$2,429,000 is budgeted comprised of \$1,932,000 in Federal highway dollars and \$497,000 in local match.

The City is working with the State of Tennessee on a project popularly known as "the bridge over Broad". This bridge is expected to resolve heavy congestion at a major intersection (Broad Street and Memorial Blvd/Old Fort Parkway) near the downtown area. This is a State project and construction has begun and is expected to be complete in FY 16. The City is coordinating all utility relocations and right-of-way needs. Additionally, the City is re-routing and closing some local streets to assist with the new traffic design of the area.

## OTHER CAPITAL INVESTMENTS

Schwan Cosmetics USA officials announced that the company is consolidating its U.S. operations by building a new facility in Murfreesboro. The plant will merge its Cosmolab facility in Lewisburg, Tenn., and its Schwan Cosmetics USA facility in Piscataway, N.J.

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, as more than 200 jobs will transfer from the Lewisburg facility, company officials said. The 250 new jobs include manufacturing and office positions.

In late FY 14, Enovate Medical announced plans to relocate its headquarters facility from Michigan. In addition, M-Tek Manufacturers announced in early FY 15 that it will build its North American headquarters in Murfreesboro, as well. These additions to Murfreesboro is expected to bring more than 650 new jobs over the next five years. More information on these projects can be found in the Management’s Discussion and Analysis report.

The City’s third and fourth new Wal-Mart SuperCenters, to be located on South Church St and Memorial Boulevard, began construction in 2013. The Memorial location opened in late 2014 in time for the holiday shopping season. 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 15 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.

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#### SAFE AND LIVABLE NEIGHBORHOODS

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- Implementing the transition from First Responder to Basic Life Support medical service provided by the Fire & Rescue Department
- Continuing to move forward the relocation of the Police Department to a new headquarters on Highland Avenue
- Opening Overall Creek, a new elementary school east of Veteran’s Parkway
- Beginning construction of the Stones River Greenway extension to Barfield Crescent Park
- Begin the transition to new Police and Fire & Rescue radio communications system

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#### STRONG AND SUSTAINABLE ECONOMIC AND FINANCIAL HEALTH

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- Maintaining the existing level of effective property tax rate, which is the 16<sup>th</sup> consecutive year without a property tax increase. The tax rate after reappraisal will be \$1.2066, down from \$1.2703;
- Contributing to Middle Tennessee State University’s Science Building
- Moving to a new health insurance provider that will save almost \$800K without a change in benefits to employees, their families or the City’s retirees
- Building an indoor tennis complex in conjunction with Middle Tennessee State University
- Constructing Joe B. Jackson Parkway, Veterans Parkway and Middle Tennessee Boulevard

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#### EXCELLENT SERVICES WITH A FOCUS ON CUSTOMER SERVICE

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- Recognizing our employees as our customers and better engaging them in the workplace
- Replacing the legacy system currently used for financials and human resources information systems
- Renovating Sports\*Com and McKnight Park
- Continuing “Service Excellence,” the City’s customer service training program for City employees
- Initiate an employee service award program
- Fund step increases and longevity pay for full-time personnel
- Increasing employee participation in wellness programs
- Beginning project to construct new headquarters for Rover
- Repaving \$2 million in City streets from State gasoline taxes

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#### ENGAGING OUR COMMUNITY

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- Using social media, technology and neighborhood meetings to develop the comprehensive plan
- Conducting of neighborhood meetings on critical issues
- Holding the third session of the Citizens Academy
- Engaging our employees during the Classification and Compensation Study
- Interviewing city employees about their goals, needs and ideas
- Utilizing a customer service form to get feedback on our performance

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, 2013. This was the sixteenth 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.

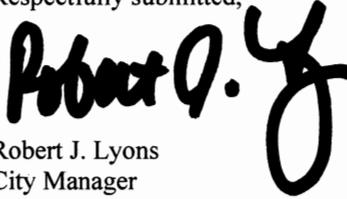
The City also received the Distinguished Budget Award for the FY 15 budget. This is the fourth consecutive year the City has received this prestigious award.

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.

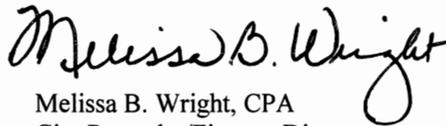
We are also grateful for the outstanding work performed by City employees every day. Without their efforts, Murfreesboro would not be a community focused on the livability of its citizens.

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, 2014**

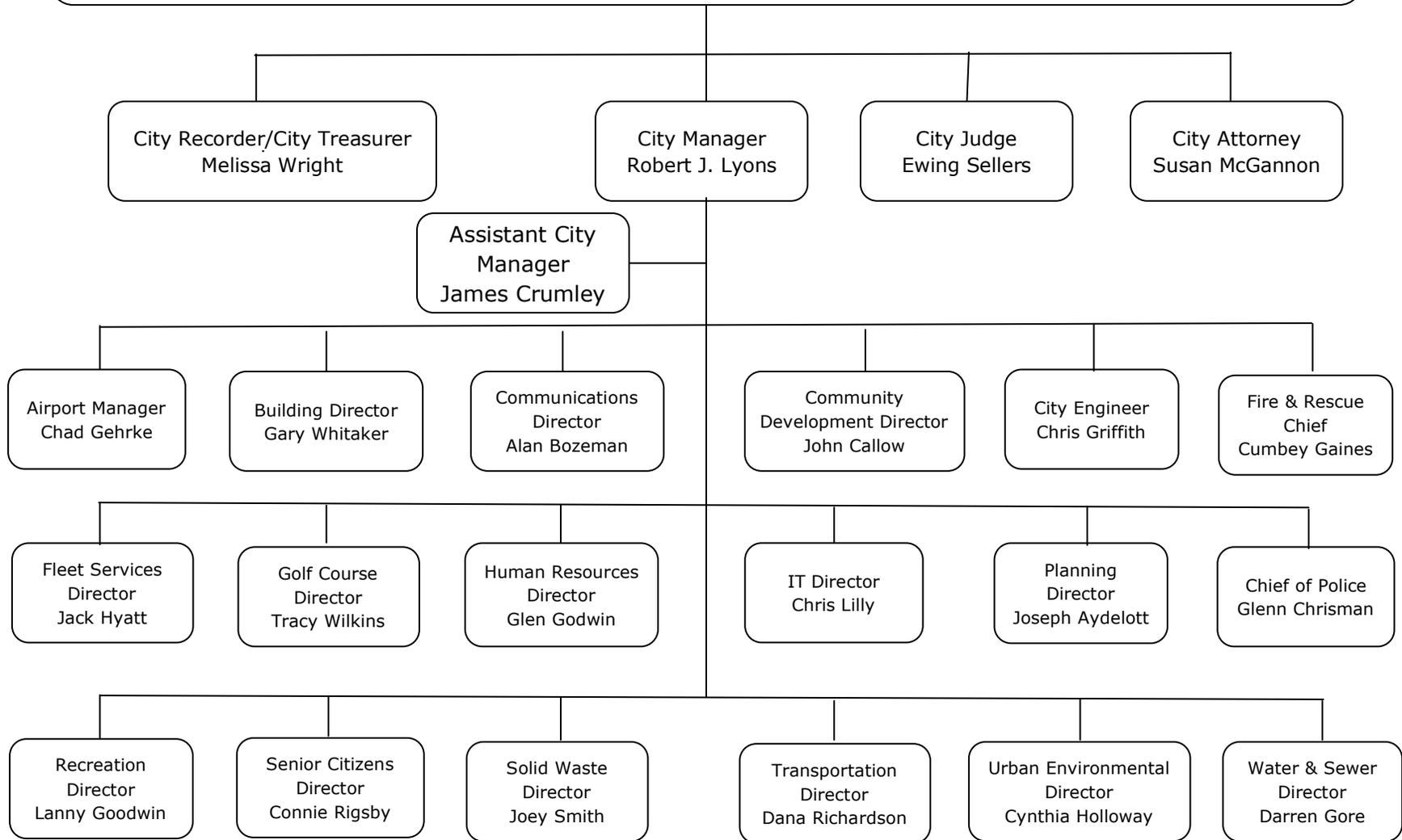
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|---|---|
| MAYOR   | Shane McFarland   |
| CITY COUNCIL                                  | Ronald Washington<br>Doug Young<br>Madelyn Scales Harris<br>Tolbert Gilley, III<br>Eddie Smotherman<br>Rick Lalance |
| CITY MANAGER                                  | 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               | Connie Rigsby   |
| DIRECTOR OF URBAN ENVIRONMENT                 | Cynthia Holloway  |
| CITY JUDGE                                    | Ewing Sellers   |
| COMMUNICATIONS DIRECTOR                       | Alan Bozeman  |
| AIRPORT MANAGER                               | Chad Gehrke   |
| STREET DIVISION                               | Raymond Hillis  |
| FLEET SERVICES DIRECTOR                       | Jack Hyatt  |
| TRANSPORTATION DIRECTOR                       | Dana Richardson   |
| INFORMATION TECHNOLOGY DIRECTOR               | Chris Lilly   |

# City of Murfreesboro—Organization Chart

## Legislative Body

Shane McFarland, Mayor; Doug Young, Vice Mayor; Toby Gilley, Madelyn Scales Harris  
Rick LaLance, Eddie Smotherman, Ron Washington





Government Finance Officers Association

**Certificate of  
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**City of Murfreesboro  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# JOB, HASTINGS & ASSOCIATES

*Certified Public Accountants*

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

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

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## 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, 2014, 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 and deferred inflows of resources of \$114,187,325, \$197,629,795, \$426,060,501, \$12,942,115, \$20,509,201, and \$2,730,886 respectively, and total revenues of \$66,243,737, \$164,065,956, \$47,901,162, \$2,736,771, \$3,860,551, and \$634,005 respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of June 30, 2014, 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 data, and post-employment benefit data on pages three (3) through (20) and Ninety-one (91) through (96) 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, the combining and individual nonmajor fund financial statements and schedules, the combining and individual statements and schedules on pages 116 through 134, the 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 schedules, the combining and individual statements and schedules on pages 116 through 134, 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 schedules, the combining and individual statements and schedules on pages 116 through 134, 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 January 27, 2015, 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  
January 27, 2015

## CITY OF MURFREESBORO

### Management's Discussion and Analysis

June 30, 2014

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, 2014. 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 – vii of this report.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Murfreesboro exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$1,023,698,099. Of this amount, \$62,251,662 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 \$47,228,744 (4.8 percent) during the year. The governmental net position increased by \$17,761,732 (3.4 percent) and the business-type net position increased by \$29,467,012 (6.5 percent).
- As of June 30, 2014, the City's governmental funds reported combined fund balances of \$114,693,878, a decrease of \$3,878,528 (3.3 percent) in comparison with the prior year. In FY14 the City incurred expenditures of \$13,518,580 for projects related to debt for which the proceeds were recognized in a prior year. The unassigned portion of the total governmental funds fund balance is \$45,934,353 and is available for spending at the City's discretion.
- At June 30, 2014 the unassigned fund balance for the General Fund was \$47,920,845, or 56.9 percent of the total General Fund expenditures.
- The City of Murfreesboro's total long-term liabilities increased by \$14,535,365 (3.7 percent) during the year ended June 30, 2014.

#### 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 and rescue, judicial, engineering, state street aid, planning, building and codes, solid waste, transportation, urban environmental, public health, education and welfare, community services, recreation, community/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 21 - 22 of this report.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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 eleven (11) 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, and the TMBF/bond fund which are considered to be major funds. Data from the other seven (7) 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 23 - 37 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 38 - 42 of this report. The City's other four (4) enterprise funds are combined into a single column for non-major funds.

*Internal service funds* are used to account for activities that provide supplies and services for the City's other programs and activities. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The City of Murfreesboro uses internal service funds to account for its fleet maintenance of vehicles and for its self-insurance programs. They have been combined into a single column in the proprietary fund financial statements on pages 38 - 42 of this report. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 43 - 44 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 90 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 91 - 95 of this report. In compliance with GASB 45, the City adopted the reporting requirements for other post-employment benefits. Required supplementary information can be found on page 96 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 97 - 121 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,023,698,099 at June 30, 2014. The largest part of the City of Murfreesboro's net position (89.7 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.

Changes in net position include an increase of \$5,228,251 (1.65 percent) in current and other assets. The governmental activities decreased \$5,817,874 (3.0 percent) and the business-type activities increased \$11,046,125 (9.2 percent). The majority of the governmental activity decrease was a decrease in cash and restricted cash accounts, due to borrowed cash from previous years being spent in the current year. Cash and restricted cash for both the Water and Sewer and Electric departments make up the increase in current assets for FY 14. These increases are due to increased electric sales, and Water and Sewer connection fees and developer-contributed assets.

Additionally there was an increase in capital assets of \$58,554,831 (5.1 percent). The governmental activities increased \$41,698,691 (6.2 percent) and the business-type activities increased \$16,856,140 (3.5 percent). The governmental activity increase was largely due to the addition of an elementary school and a wetland ecosystem restoration project. Water and Sewer Department's capital assets increased by \$8,040,587 due primarily to the increase in construction in process of \$8,090,551 which is not depreciated until the asset is put into service. Electric Department's capital assets increased by \$7,288,843 primarily due to increases net of depreciation in substations of \$3,748,547, increases in poles, lines, transformers and meters of \$2,499,654, and purchases of land totaling \$692,951 in FY 14.

#### **NET POSITION June 30, 2014**

|                                   | Governmental Activities |                    | Business-type Activities |                    | Total            |                    |
|-----------------------------------|-------------------------|--------------------|--------------------------|--------------------|------------------|--------------------|
|                                   | 2014                    | 2013<br>(Restated) | 2014                     | 2013<br>(Restated) | 2014             | 2013<br>(Restated) |
| Current and other assets          | \$ 191,296,920          | \$ 197,114,794     | \$ 130,787,731           | \$ 119,741,606     | \$ 322,084,651   | \$ 316,856,400     |
| Capital assets                    | 710,546,595             | 668,847,904        | 504,807,840              | 487,951,700        | 1,215,354,435    | 1,156,799,604      |
| Total assets                      | 901,843,515             | 865,962,698        | 635,595,571              | 607,693,306        | 1,537,439,086    | 1,473,656,004      |
| Deferred outflows of resources    |                         |                    | 50,209                   |                    | 50,209           |                    |
| Long-term liabilities outstanding | 290,683,122             | 272,870,175        | 118,678,010              | 121,955,592        | 409,361,132      | 394,825,767        |
| Other liabilities                 | 17,734,565              | 67,652,186         | 36,471,740               | 34,708,696         | 54,206,305       | 102,360,882        |
| Total liabilities                 | 308,417,687             | 340,522,361        | 155,149,750              | 156,664,288        | 463,567,437      | 497,186,649        |
| Deferred inflows of resources     | 50,223,759              |                    |                          |                    | 50,223,759       |                    |
| Net position:                     |                         |                    |                          |                    |                  |                    |
| Net investment in capital         |                         |                    |                          |                    |                  |                    |
| assets                            | 522,950,590             | 504,527,046        | 395,306,872              | 374,286,227        | 918,257,462      | 878,813,273        |
| Restricted                        | 18,408,485              | 11,275,897         | 24,780,490               | 26,599,114         | 43,188,975       | 37,875,011         |
| Unrestricted                      | 1,842,994               | 9,637,394          | 60,408,668               | 50,143,677         | 62,251,662       | 59,781,071         |
| Total net position                | \$ 543,202,069          | \$ 525,440,337     | \$ 480,496,030           | \$ 451,029,018     | \$ 1,023,698,099 | \$ 976,469,355     |

There are restrictions on use of 4.2 percent of the City's net position. Debt service and capital project activities comprise \$29,577,446 or 68.5 percent of the total restricted net position. The unrestricted net position of \$62,251,662 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 \$1,842,994 for governmental activities unrestricted net position, a decrease of \$7,794,400 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 \$60,408,668 in unrestricted net position, which is an increase of \$10,264,991 (20.5 percent) from the prior year. The majority of this increase is attributed to the Water and Sewer Department (approximately \$5.6 million) and the Electric Department (\$2.7 million). The Water and Sewer Department raised the minimum monthly allowance for 5/8" meters by \$0.50, thereby increasing revenues and cash from operations. The Electric Department also recognized an increase in revenues and the retirement of \$3 million in debt principal.

### **Governmental Activities**

Governmental activities increased the City of Murfreesboro's net position by \$17,761,732 accounting for 37.6 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 increased \$487,611 or 3.1 percent from the previous fiscal year. Within this category, revenue related to the building industry (permits, licenses and fees) increased \$458,762 from the prior year.

Operating grants and contributions revenue increased of \$892,901, a change of 1.4 percent from the prior year. Education and school food service operating grants increased \$1,643,425, community services increased \$130,315, community/economic development grants and donations decreased \$690,641 and police operating grants decreased \$353,407.

Capital grants and contributions for the governmental activities of the City was \$19,498,764, an increase of \$9,540,419, or 95.8 percent from the previous year. Recreation received a donation from the federal government of improvements to a wetland area valued at \$12,385,562. Street and road project capital grants and donations decreased \$4,353,446. Additionally, the City received \$1,359,931 from Rutherford County as the City's share of County debt issued in FY 14 on an elementary pupil average daily attendance basis to be used for City education related projects.

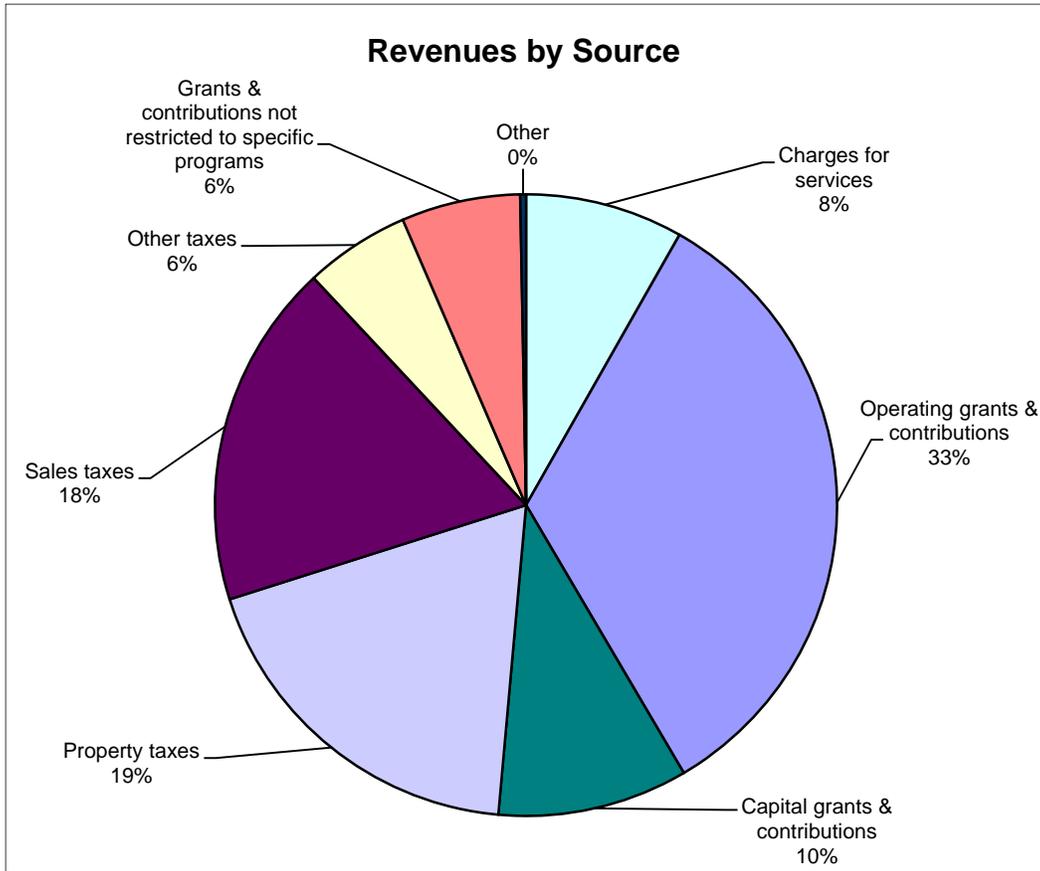
The City's property tax revenue had a modest increase of \$304,146. The City's other tax revenue experienced an increase of \$1,643,054 or 3.7 percent over the prior year. The local option sales tax increased \$1,750,315 (5.2 percent over prior year), the gross receipts tax (also known as business license tax) decreased \$147,326 and alcohol taxes increased \$35,959. The gross receipts tax is administered by the State of Tennessee and calendar year 2014 is the year they decided to transition the due date of taxes from a state mandated business cycle of 5 due dates, to a due date based on the taxpayer's federal tax reporting year.

The hotel/motel occupancy tax revenue had a small increase \$14,317, but FY 13 was slightly inflated due to results from a hotel/motel occupancy tax audit. Cable and gas franchise revenue decreased \$10,211. Grants and contributions not restricted to specific programs had a modest increase of \$596,627 or 5.1 percent. A portion of the increase was from state shared sales tax that increased \$254,793 over FY 13.

**CHANGES IN NET POSITION**  
June 30, 2014

|   | Governmental Activities |                       | Business-type Activities |                       | Total                   |                       |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-----------------------|
|   | 2014                    | 2013                  | 2014                     | 2013                  | 2014                    | 2013                  |
| Revenues:   |                         |                       |                          |                       |                         |                       |
| Program revenues:   |                         |                       |                          |                       |                         |                       |
| Charges for services  | \$ 16,197,887           | \$ 15,710,276         | \$ 207,838,626           | \$ 202,359,300        | \$ 224,036,513          | \$ 218,069,576        |
| Operating grants & contributions                            | 65,691,516              | 64,798,615            | 173,516                  | 121,397               | 65,865,032              | 64,920,012            |
| Capital grants & contributions                              | 19,498,764              | 9,958,345             | 7,136,091                | 3,539,238             | 26,634,855              | 13,497,583            |
| General revenues:   |                         |                       |                          |                       |                         |                       |
| Property taxes  | 36,827,383              | 36,523,237            |                          |                       | 36,827,383              | 36,523,237            |
| Other taxes   | 46,174,872              | 44,531,818            |                          |                       | 46,174,872              | 44,531,818            |
| Grants & contributions not restricted to specific programs  | 12,192,744              | 11,596,117            |                          |                       | 12,192,744              | 11,596,117            |
| Other   | 586,300                 | 635,316               | 126,436                  | 172,363               | 712,736                 | 807,679               |
| Total revenues  | <u>\$ 197,169,466</u>   | <u>\$ 183,753,724</u> | <u>\$ 215,274,669</u>    | <u>\$ 206,192,298</u> | <u>\$ 412,444,135</u>   | <u>\$ 389,946,022</u> |
| Expenses:   |                         |                       |                          |                       |                         |                       |
| General government  | \$ 16,300,480           | \$ 14,763,088         |                          |                       | \$ 16,300,480           | \$ 14,763,088         |
| Police  | 26,273,446              | 26,249,165            |                          |                       | 26,273,446              | 26,249,165            |
| Fire and rescue   | 16,890,210              | 15,603,783            |                          |                       | 16,890,210              | 15,603,783            |
| Judicial  | 434,580                 | 435,966               |                          |                       | 434,580                 | 435,966               |
| Engineering   | 15,040,258              | 14,124,386            |                          |                       | 15,040,258              | 14,124,386            |
| State street aid  | 2,730,069               |                       |                          |                       | 2,730,069               |                       |
| Planning  | 488,337                 | 1,795,956             |                          |                       | 488,337                 | 1,795,956             |
| Building and codes  | 1,753,710               | 1,698,034             |                          |                       | 1,753,710               | 1,698,034             |
| Solid waste   | 4,721,314               | 4,833,446             |                          |                       | 4,721,314               | 4,833,446             |
| Transportation  | 810,843                 | 2,044,607             |                          |                       | 810,843                 | 2,044,607             |
| Urban environmental   | 1,012,736               | 977,490               |                          |                       | 1,012,736               | 977,490               |
| Public health, educ. and welfare                            | 2,265,496               | 1,896,109             |                          |                       | 2,265,496               | 1,896,109             |
| Community services  | 7,300,219               | 7,195,027             |                          |                       | 7,300,219               | 7,195,027             |
| Recreation  | 13,393,999              | 12,774,050            |                          |                       | 13,393,999              | 12,774,050            |
| Community/economic develop.                                 | 993,443                 | 1,689,443             |                          |                       | 993,443                 | 1,689,443             |
| Education   | 63,386,759              | 62,000,474            |                          |                       | 63,386,759              | 62,000,474            |
| Food service  | 4,746,679               | 4,124,047             |                          |                       | 4,746,679               | 4,124,047             |
| Interest on long-term debt                                  | 4,092,965               | 4,784,283             |                          |                       | 4,092,965               | 4,784,283             |
| Water and sewer and stormwater                              |                         |                       | \$ 34,237,096            | \$ 33,363,312         | 34,237,096              | 33,363,312            |
| Electric  |                         |                       | 147,945,163              | 139,421,615           | 147,945,163             | 139,421,615           |
| Cemetery  |                         |                       | 460,814                  | 468,656               | 460,814                 | 468,656               |
| Total expenses  | <u>\$ 182,635,543</u>   | <u>\$ 176,989,354</u> | <u>\$ 182,643,073</u>    | <u>\$ 173,253,583</u> | <u>\$ 365,278,616</u>   | <u>\$ 350,242,937</u> |
| Increase in net position before contributions and transfers | \$ 14,533,923           | \$ 6,764,370          | \$ 32,631,596            | \$ 32,938,715         | \$ 47,165,519           | \$ 39,703,085         |
| Contributions to permanent funds                            |                         |                       | 63,225                   | 58,563                | 63,225                  | 58,563                |
| Transfers   | 3,227,809               | 2,980,016             | (3,227,809)              | (2,980,016)           |                         |                       |
| Change in net position                                      | <u>\$ 17,761,732</u>    | <u>\$ 9,744,386</u>   | <u>\$ 29,467,012</u>     | <u>\$ 30,017,262</u>  | <u>\$ 47,228,744</u>    | <u>\$ 39,761,648</u>  |
| Net position - beginning, as previously reported            | \$ 525,835,143          | \$ 515,546,757        | \$ 451,493,933           | \$ 421,476,671        | \$ 977,329,076          | \$ 937,023,428        |
| Prior period adjustment                                     | (394,806)               | 544,000               | (464,915)                |                       | (859,721)               | 544,000               |
| Net position - beginning, as restated                       | <u>\$ 525,440,337</u>   | <u>\$ 516,090,757</u> | <u>\$ 451,029,018</u>    | <u>\$ 421,476,671</u> | <u>\$ 976,469,355</u>   | <u>\$ 937,567,428</u> |
| Net position at end of year                                 | <u>\$ 543,202,069</u>   | <u>\$ 525,835,143</u> | <u>\$ 480,496,030</u>    | <u>\$ 451,493,933</u> | <u>\$ 1,023,698,099</u> | <u>\$ 977,329,076</u> |

The cost of all governmental activities was \$182,635,543. However, as shown in the Net Program Cost to Taxpayers table, 55.5 percent (\$101,388,167) 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. In FY14 the planning and engineering functions were separated into two functions and the street and sign functions were combined to the engineering function. Additionally the state street aid functions were split out of the street and sign functions and moved to a separate function. Each program's net cost to taxpayers is presented on page 8.



In comparison to the previous year, the percentages noted above remained relatively flat with the exception of operating grants and contributions decreased from 35 percent to 33 percent and capital grants and contributions increased from 6 percent to 10 percent.

### Net Program Cost to Taxpayers

| Governmental activities:             |                       |                       | Net (Expense)          |
|--------------------------------------|-----------------------|-----------------------|------------------------|
|                                      | Revenue               | Expense               | Revenue                |
| General government                   | \$ 133,614            | \$ 16,300,480         | \$ (16,166,866)        |
| Police                               | 961,267               | 26,273,446            | (25,312,179)           |
| Fire and rescue                      | 866,846               | 16,890,210            | (16,023,364)           |
| Judicial                             | 3,137,614             | 434,580               | 2,703,034              |
| Engineering                          | 4,151,067             | 15,040,258            | (10,889,191)           |
| State street aid                     | 2,820,858             | 2,730,069             | 90,789                 |
| Planning                             | 47,271                | 488,337               | (441,066)              |
| Building and codes                   | 2,804,713             | 1,753,710             | 1,051,003              |
| Solid waste                          | 41,916                | 4,721,314             | (4,679,398)            |
| Transportation                       | 1,469,578             | 810,843               | 658,735                |
| Urban environmental                  | 30,016                | 1,012,736             | (982,720)              |
| Public health, educ. and welfare     |                       | 2,265,496             | (2,265,496)            |
| Community services                   | 6,404,110             | 7,300,219             | (896,109)              |
| Recreation                           | 15,600,748            | 13,393,999            | 2,206,749              |
| Community/economic development       | 893,287               | 993,443               | (100,156)              |
| Education                            | 57,456,106            | 63,386,759            | (5,930,653)            |
| Food service                         | 4,569,156             | 4,746,679             | (177,523)              |
| Interest on long-term debt           |                       | 4,092,965             | (4,092,965)            |
| <b>Total governmental activities</b> | <b>\$ 101,388,167</b> | <b>\$ 182,635,543</b> | <b>\$ (81,247,376)</b> |

Governmental net position for FY 14 increased by \$17,761,732 after payment of governmental activities expenses of \$182,635,543 with program revenues of \$101,388,167, general revenues of \$95,781,299 and transfers from other funds of \$3,227,809. Governmental net position at June 30, 2014 was \$543,202,069.

**Program Expenses  
Governmental Activities**

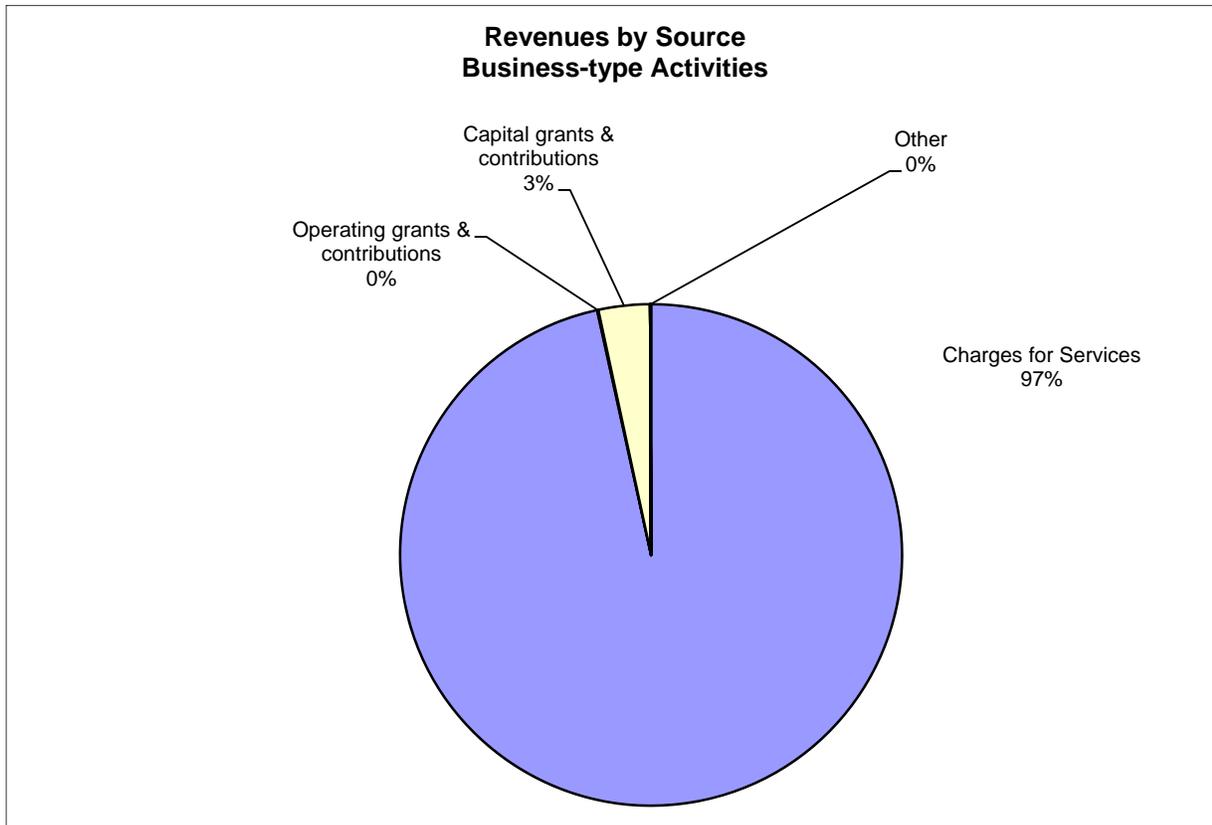
| Governmental activities: | <u>Total<br/>Expense</u> | <u>Percent<br/>of Total</u> |                                      | <u>Total<br/>Expense</u> | <u>Percent<br/>of Total</u> |
|--------------------------|--------------------------|-----------------------------|--------------------------------------|--------------------------|-----------------------------|
| General government       | \$ 16,300,480            | 9%                          | Transportation                       | 810,843                  | 0%                          |
| Police                   | 26,273,446               | 14%                         | Urban environmental                  | 1,012,736                | 1%                          |
| Fire and rescue          | 16,890,210               | 9%                          | Public health, educ. and welfare     | 2,265,496                | 1%                          |
| Judicial                 | 434,580                  | 0%                          | Community services                   | 7,300,219                | 4%                          |
| Engineering              | 15,040,258               | 8%                          | Recreation                           | 13,393,999               | 7%                          |
| State street aid         | 2,730,069                | 2%                          | Community/economic development       | 993,443                  | 1%                          |
| Planning                 | 488,337                  | 0%                          | Education                            | 63,386,759               | 35%                         |
| Building and codes       | 1,753,710                | 1%                          | Food service                         | 4,746,679                | 3%                          |
| Solid waste              | 4,721,314                | 3%                          | Interest on long-term debt           | 4,092,965                | 2%                          |
|                          |                          |                             | <b>Total governmental activities</b> | <b>\$ 182,635,543</b>    | <b>100%</b>                 |

**Business-type Activities**

The business-type activities increased the City of Murfreesboro's net position by \$29,467,012 or 62.4 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 \$182,643,073. As shown in the Changes in Net Position table, the amounts paid by users of the operations were \$207,838,626. The additional revenue sources included operating grants and contributions of \$173,516, capital grants and contributions of \$7,136,091, unrestricted investment earnings of \$126,436 and contributions to permanent funds of \$63,225. There were also transfers to governmental funds of \$3,227,809 from the Electric Department for public utility tax.

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

|                             | <u>Expenses</u>       | <u>Program<br/>Revenue</u> | <u>Expense as a<br/>Percent of Revenue</u> |
|-----------------------------|-----------------------|----------------------------|--|
| Water, sewer and stormwater | \$ 34,237,096         | \$ 50,514,990              | 68%  |
| Electric                    | 147,945,163           | 164,065,088                | 90%  |
| Cemetery                    | 460,814               | 568,155                    | 81%  |
|                             | <u>\$ 182,643,073</u> | <u>\$ 215,148,233</u>      | 85%  |



The Water and Sewer Department experienced a \$2,326,966 (5.44 percent) decline in operating revenues due to decreased tap sales. While FY 13 tap sales were unusually high,

FY 14 tap sales were higher than average years since FY 08. Most of the funds raised through tap sales are restricted for current and future capital improvements. The Department also implemented rate design changes to the minimum monthly bill for 5/8" meters plus allowances for consumption on meters greater than 5/8". The minimum monthly bill for 5/8" meters was increased by \$0.50 per month for sanitary sewer services and not increased for drinking water services. The allowance was decreased on meters greater than 5/8" by 25 percent per month so that every customer that went over the minimum allowance paid water and sewer monthly charges for an additional volume (e.g. per 100 cubic feet). The increase in operating expenses can be attributed to higher labor, supplies, repairs and consulting expenses. The increase in net assets before capital contributions was \$8,356,654 for FY 14 as compared to an increase of \$10,622,298 for FY 13.

Non-operating revenues consist mainly of grant revenue related to two sewer projects that are ongoing at year-end. Non-operating expenses consist mainly of interest on debt and losses on disposals of fixed assets.

Contributed assets from developers totaled \$5,825,278 for FY 14. This is an increase from FY 13 of \$2,286,040. The increase in contributed assets is attributed to an improvement in economic conditions and increased construction activity. The overall net position as of June 30, 2014 increased \$14,181,932.

The Stormwater 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 \$2,720,680, which were relatively flat as compared to last year. Operating and maintenance expenses also remained flat, totaling \$1,531,329, a decrease of 1.1 percent.

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 \$7,780,110 (4.9 percent) increase in operating revenue. This increase is due primarily as a result of increased residential sales. In addition, the department experienced a two percent growth in the residential customer base. It should also be noted that the polar vortex in early 2014 caused the sale of sixty million additional kilowatt-hours for the year. Purchased power expense of \$129,996,650 reflects an increase of 5.9 percent in 2014 and is consistent with the increase in operating revenue.

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 \$3,148,437 or 18.1 percent during FY 14 compared to a FY 13 increase of \$2,415,137. This increase can be attributed to the improved stock market conditions during FY 14 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, 2014 the City of Murfreesboro's governmental funds reported combined ending fund balances of \$114,693,878, a decrease of \$2,797,863 in comparison with the prior year as restated. 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, 2014, the fund balance was \$56,249,193, an increase of \$3,587,706.

A prior period adjustment was made to the General Fund's fund balance for an increase of \$313,160 due to an understatement of revenue related to a road project in FY 13. Additionally, two special revenue funds and a portion of a capital project fund were folded into the General Fund with a net effect to the beginning fund balance of a decrease of \$275,042. For discussion and comparison purposes, the FY 13 transactions of the funds that were closed are being included with the General Fund totals so that variances are not skewed.

The local option sales tax revenue number increased \$1,750,315 or 5.2 percent over FY 13. The local option sales tax had a positive budget variance of \$888,537.

The licenses, permits and fines category produced \$532,341 more revenue than FY 13. The construction industry continued to show signs of renewal with \$458,762 in additional revenue over the prior year in various industry related charges for licenses, permits and fees than in the previous year.

FY 14 expenditures of the General Fund totaled \$84,180,110 a increase of \$2,481,308 or 2.9 percent over FY 13 expenditures, as adjusted.

As a service based organization, the City's largest expense is for wages and related benefits, which equaled 68.0 percent of FY 14 expenditures. In the General Fund, labor and related accounts totaled \$55,859,593 for FY 14, versus \$54,068,638 for FY 13. This is an increase of \$1,790,955 or 3.3 percent. The City provided step raises of 3.5 percent to employees that had been in their position for at least one year. City management continued to carefully monitor expenditures and hiring requests for all departments to ensure funds were being allocated appropriately. Departments are tasked to monitor spending, 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 14 spending compared to FY 13, with the exception of labor and its related accounts. A few exceptions to flat spending include:

- 1) Property tax adjustments decreased 45.5 percent over FY 13 (\$417,290) due to the completion of State settlements of taxpayer appeals of Rutherford County Assessor values for FY 11, FY12 and FY13 appraisals.

- 2) In FY 14 grant expenditures for road capital projects were \$4,042,240 less than FY 13. The two most active FY 13 road projects continued in FY 14 but with less activity. Also one economic development project wrapped up in FY 13.
- 3) The Transportation Department FY 14 capital outlay expenditures decreased \$997,007 from FY 13 which included \$1,083,179 for the purchase of nine buses in the prior year.
- 4) FY 14 began the first of a three year commitment to fund \$333,333 per year to be used towards construction costs of a new state-of-the-art science building on the campus of Middle Tennessee State University, an important partner of the City.
- 5) Debt service transfers from the General Fund were \$1,931,443 higher than in FY 13. A portion of this increase is due to principal payments for the 2012 debt issue beginning in FY 14.

#### Debt Service Fund

The Debt Service Fund experienced a decrease in fund balance of \$565,552 from FY 13. Principal payments were \$965,704 higher than in FY 13, a 4.3 percent increase and interest payments were \$193,005 less than in FY 13, a 4.8 percent decrease.

Financed debt increased \$9,619,939 for governmental activities, including school debt service, from FY 13. The City made all scheduled principal payments on all debt on time. At June 30, 2014, the fixed rate to variable rate principal balance ratio is 60.2 to 39.8 percent respectively.

The City obtained one new fixed rate bond totaling \$29,355,000 on May 14, 2014 with principal payments beginning in FY 15 and interest paid on a semi-annual basis. This bond provided financing for a number of capital projects including a new elementary school, several recreation projects, and the purchase of property for a new police headquarters. The fixed interest rate ranges from 1.0 to 5.0 percent, to be amortized over fifteen years. This bond also included a \$1,918,664 premium. Moody's and Standard & Poor's provided a rating of Aa2 and AA, respectively to this general obligation bond.

The City also obtained a new variable rate loan of \$10,430,000 on April 14, 2014 to be amortized over five years, with principal payments beginning FY 15. The interest rate at June 30, 2014 was .86% and the loan balance drawn at that date was \$5,126,420. The various projects financed included technology improvements and vehicles.

The City is updating the Capital Improvement plan in FY 15 and while new debt is anticipated, the projects and amounts to be borrowed are still in the early planning stages and amounts are not currently known.

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 25, under Other Governmental Funds, \$3,317,188 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 separately issued school system report includes the buildings (which are titled to the City of Murfreesboro) and equipment financed with their own asset and capital outlay information. The City's government-wide financial statements include these assets.

#### Special Revenue Funds

##### General Purpose School Fund

The General Purpose School fund balance increased \$1,736,199. The fund balance had been budgeted to decrease \$2,581,002. Revenues increased in FY 14 as compared to FY 13 by \$2,880,554, which includes an increase of \$1,432,654 of local intergovernmental revenues and \$1,331,634 of additional State program revenues. The intergovernmental revenue increase includes \$555,848 of increased County property tax collections, and \$1,019,586 of increased sales tax. Expenditures increased \$25,766,569 over FY 13. Capital outlay increased \$23,980,576 largely due to the construction of a new elementary school that opened in the fall of 2014, as well as improvements to older schools in the district.

##### School Federal and State Program Funds

The School Federal and State Program Fund had a deficit fund balance of \$712,758 due to grant funds being received beyond the school's sixty day period of availability for reporting.

##### Airport Fund

The Airport Fund had an increase of \$194,489 in federal and state revenues from FY 13. Capital outlay increased \$200,012 from FY 13 and these increases are related to projects ongoing at the airport, including a runway extension and a taxiway and ramp overlay project.

### Capital Projects Funds

#### TMBF/Bond Fund

The City has two open variable rate loans with a remaining balance to draw of \$48,960 (loan dated 2/4/2008) and \$4,660,941 (loan dated 4/14/2014) at June 30, 2014. Funds are to be drawn on a reimbursement basis from the Tennessee Municipal Bond Fund (TMBF).

Unspent fixed rate loan proceeds at June 30, 2014 from the loan borrowed 11/2/2010 from TMBF were \$9,680,709. The majority of the FY 14 expenditures were for road projects with a lesser amount of activity in recreation related activities.

Unspent fixed loan proceeds at June 30, 2014 from the loan borrowed 10/15/2012 from TMBF were \$19,819,597. The majority of the FY 14 expenditures were for road projects, recreation projects and heavy duty vehicles such as fire and solid waste vehicles.

During FY 14 the City closed on a new bond totaling \$29,355,000 for which a premium of \$1,918,664 was added, this includes the portion borrowed on behalf of and reported through the school funds. The loan proceeds were received in full and the unspent loan proceeds at June 30, 2014 were \$5,686,317. The largest areas of expenditures through June 30, 2014 include a new elementary school, a street project associated with the construction of the school and \$4,212,376 for police capital outlay including vehicles and communications equipment.

### Internal Service Funds

#### Insurance Fund

The Insurance Fund recognized an increase in revenue of \$762,272 and a decrease in expenditures of \$540,695 from FY 13. The net position increased \$293,354 from FY 13. In FY 13 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. Additionally, some plan design changes were initiated in FY 13 and FY 14 that have had a positive effect on available funds for claims. 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 and future enhancements are being evaluated. The City accepted a proposal from Cowan and Associates to replace Sherrill Morgan as our insurance consultant beginning January 1, 2014. Additionally, Blue Cross Blue Shield was chosen to be the plan administrator for claims beginning January 1, 2015, replacing HealthScope Benefits.

#### Risk Management Fund

The Risk Management Fund had a \$161,889 decrease in revenue from FY 13, largely due to a decrease in the overall worker compensation premiums. Claims and administrative expense were up by \$1,205,962 from FY 13. Workers compensation claims expense increased \$360,415, property claims expense increased \$330,422 and general liability claims increased \$447,559. Reserves were set for future worker's compensation and general liability claims totaling \$408,710 higher than the level reserved for FY 13. The net position decreased \$735,305 from FY 13.

#### Pension Trust Funds

The City's Pension Fund, a defined benefit plan, had an increase of \$18,173,965 in net position held in trust through June 30, 2014. This is a 17.5 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 rate contributed for qualifying wages in FY 14 was 12.1 percent and the rate for FY 15 is 12.18 percent.

The Pension Committee, an eight 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 actuary continues to review these assumptions each year to see if additional changes should be implemented. The committee receives a monthly update from the consultant and meets as needed for action items requiring discussion or a vote. The State of Tennessee passed legislation which will require the committee to work with the actuary during FY 15 to be sure the plan meets those new requirements, in addition to new GASB 68 requirements.

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 amount up to IRS limitations. The City matches 100 percent of employee contributions up to 8 percent.

Additional information regarding the pension plans can be found in Note I on pages 66 - 76, 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, 2014 was \$315,576,713, an increase of \$14,181,932. The Electric Department had a net position of \$149,725,496 at June 30, 2014, an increase of \$13,031,542. The net position for the other proprietary funds at June 30, 2014 was \$10,106,322, an increase of \$1,196,700. The Stormwater Fund is responsible for \$1,205,442 of this increase, while the Cemetery Fund recognized a \$8,742 loss in net position in FY 14.

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**

Several budget amendments were necessary for the General Fund during the fiscal year ended June 30, 2014.

Significant budget amendments to General Fund include the transfer of the Community Development and State Street Aid Funds into the General Fund. In addition, the roads project portion of the Capital Improvement Fund were transferred into the General Fund. Since the timing of the receipts for these funds do not always match the timing of expenditures, it is more appropriate for these activities to reside in the General Fund. The effect on the transfers of these items into the General Fund was a decrease to budgeted use of fund balance of \$1,566,200.

Overall, budget exceeded general fund revenues by \$58,932 and expenditures and other financing uses were less than budget by \$6,935,246. The amended budget anticipated a \$3,288,608 shortfall to be funded from available fund balance, but instead the actual amount was an increase to fund balance of \$3,587,706.

A portion of the \$6,876,314 savings in budgeted expenditures was realized when funds budgeted for an addition to the greenway system of approximately \$3 million was not expended in FY 2014. Savings in labor and related benefits and increased taxes make up almost \$1.4 million of the difference. In addition, the Transportation Department did not spend approximately \$415,000 of funds budgeted for fixed assets during the year, postponing them until FY 15. Property tax adjustments and unforeseen costs recognized more than \$1 million in savings, as well.

## **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, 2014 amounted to \$1,215,354,435 (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 5.1 percent (a 6.2 percent increase for governmental activities and a 3.5 percent increase for business-type activities).

Governmental activities:

Land additions totaled \$1,919,886 in FY 14, of which \$875,000, 45.6 percent, was land donated for a new school.

Construction in progress balance at June 30, 2014 totaled \$50,538,299. A new elementary school accounts for \$16,754,507 or 33.1 percent. Various other government buildings and improvements other than buildings account for \$11,248,058 or 22.3 percent, of which the new police headquarters project totals \$4,967,172. Road projects account for \$22,535,732 or 44.6 percent of which the Joe B. Jackson Parkway bridge and related road improvements to connect Interstate 24 to Highway 231 accounts for 34.3 percent of the road projects and the Veterans Parkway Phase 2B project from Barfield Road to St. Andrews Drive accounts for 21.5 percent of the road projects.

Government buildings additions were \$4,963,554 (before depreciation). The City school buildings increased \$4,712,521 or 95.0 percent of the increase. Retirements were \$728,518 due primarily to the demolition of the building at the construction site of the Indoor Tennis Facility.

Government improvements other than buildings additions totaled \$12,757,056. Of this increase \$11,909,515 is due to the donation of a wetland ecosystem restoration project from the federal government.

City school furniture and equipment additions totaled \$6,745,705 due to additions for the new school plus technology improvements for the entire district. Other government equipment additions totaled \$4,845,904. Included in this increase are mobile video systems totaling \$269,190 purchased for the Police Department, a MRAP vehicle donated from the federal government valued at \$309,000 for the Police Department, \$1,409,326 for rescue vehicles for the Fire and Rescue Department, \$1,284,876 in new solid waste trucks, and a new City-wide telephone system totaling \$249,099. Retirements included \$386,346 for the former telephone systems throughout the City, \$461,623 for the wireless radio network in the Police Department, and \$260,787 for Police Department vehicles.

Infrastructure had additions of \$7,372,484 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping. Included in the road projects completed was Veterans Parkway Phase 2A from the intersection of Kimbro Road and Barfield Road to near the entrance of Barfield Crescent Road on Barfield Crescent Road which accounts for 76.0 percent of these additions.

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 \$11.8 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. An additional electric substation along West/Veteran's Parkway, a meter-change out program and the construction of a new warehouse and operations center are anticipated to begin construction in the next 2-3 years.

The Water and Sewer Department employed consulting engineers to design an expansion to the Sinking Creek Wastewater Treatment Plant. The department expects to award the bid on the project in February 2015 at approximately \$31 million. Construction is expected to begin before the end of FY 15.

Capital Assets  
Net of Depreciation

|                                   | Governmental Activities |                       | Business-type Activities |                       | Total                   |                         |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
|                                   | 2014                    | 2013                  | 2014                     | 2013                  | 2014                    | 2013                    |
| Non-Depreciable Assets:           |                         |                       |                          |                       |                         |                         |
| Land                              | \$ 249,070,983          | \$ 247,151,097        | \$ 22,899,504            | \$ 22,175,379         | \$ 271,970,487          | \$ 269,326,476          |
| Construction in progress          | 50,538,299              | 27,708,558            | 30,494,766               | 16,347,231            | 81,033,065              | 44,055,789              |
| Other Capital Assets:             |                         |                       |                          |                       |                         |                         |
| Buildings                         | 90,629,646              | 89,121,076            | 79,910,082               | 82,301,057            | 170,539,728             | 171,422,133             |
| Improvements other than buildings | 45,943,910              | 36,317,332            |                          |                       | 45,943,910              | 36,317,332              |
| Transmission & distribution mains |                         |                       | 231,813,734              | 233,595,410           | 231,813,734             | 233,595,410             |
| Electric plants                   |                         |                       | 114,945,477              | 108,505,614           | 114,945,477             | 108,505,614             |
| Equipment                         | 32,185,486              | 26,215,919            | 24,744,277               | 25,027,009            | 56,929,763              | 51,242,928              |
| Computer Software                 | 1,297,424               | 1,342,115             |                          |                       | 1,297,424               | 1,342,115               |
| Infrastructure                    | 240,880,847             | 240,991,807           |                          |                       | 240,880,847             | 240,991,807             |
| Total                             | \$ <u>710,546,595</u>   | \$ <u>668,847,904</u> | \$ <u>504,807,840</u>    | \$ <u>487,951,700</u> | \$ <u>1,215,354,435</u> | \$ <u>1,156,799,604</u> |

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 60 - 62 of this report.

### **Long-term Debt**

Total long-term debt for the City of Murfreesboro increased \$9,982,377 during the year ended June 30, 2014. Debt from governmental activities increased \$17,812,947 (7.4 percent) and business-type activities debt has decreased \$8,140,570 (6.7 percent).

The City has variable rate debt totaling \$132,284,772, of which 31.8 percent is business-type activities and 68.2 percent is governmental activities. The variable interest rate varies by loan.

For the governmental activities, there is \$29,549,266 remaining to be spent from loans/bonds issued in prior years. Two new loans/bonds totaling \$39,785,000 were issued during FY 14, of which \$10,347,258 had not been spent. The majority of the new debt was for an elementary school, police vehicles and technology.

The Water and Sewer Department borrowed a total of \$5,714,363 from the State of Tennessee on three revolving loans for capital projects. Under the terms of the debt agreement the department will have a portion of the loans forgiven by the State of Tennessee. During FY 14, \$914,771 of the borrowing on the revolving loans had been forgiven. The total outstanding balance of the revolving loans at June 30, 2014 is \$4,799,592. The department's total long term debt decreased by \$2,145,951 during FY 14.

The Electric Department long term debt decreased \$3,018,000 during FY 14. The Electric Department anticipates additional borrowing of approximately \$15 million in the next 2-3 years for construction of a substation in the Veterans Parkway area. 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 62 - 65 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, 2014 is \$50,230,732, an increase of \$8,234,160 (19.6 percent) from the previous year. The business-type activities liability was \$9,935,310, an increase of \$1,985,204 or 24.8 percent. The governmental activities are made up of two groups, the school employees and the City governmental employees. The school liability was \$3,892,003 for a decrease of \$134,184 or 3.3 percent. The City liability is \$36,403,419, an increase of \$6,383,140 or 21.3 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, and in FY 14 and FY 15 continued the pay-as-you-go basis.

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 77 - 82 of this report.

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

**Long-term Debt Outstanding**  
June 30, 2014

|                                     | Governmental Activities |                       | Business-type Activities |                       | Total                 |                       |
|-------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                     | 2014                    | 2013                  | 2014                     | 2013                  | 2014                  | 2013                  |
| General obligation bonds            | \$ 51,020,000           | \$ 29,465,000         |                          |                       | \$ 51,020,000         | \$ 29,465,000         |
| Add: Premium on bonds               | 5,493,566               | 4,183,155             |                          |                       | 5,493,566             | 4,183,155             |
| Tennessee Municipal Bond Fund loans | 172,704,771             | 185,308,464           | \$ 42,085,000            | 43,716,543            | 214,789,771           | 229,025,007           |
| Bank Loan                           | 1,560,000               | 1,870,000             |                          |                       | 1,560,000             | 1,870,000             |
| Energy Efficient School Loan        | 1,575,563               | 1,772,711             |                          |                       | 1,575,563             | 1,772,711             |
| Revenue bonds                       |                         |                       | 56,600,000               | 64,920,000            | 56,600,000            | 64,920,000            |
| Add: Premium on refunding           |                         |                       | 2,099,011                | 2,279,012             | 2,099,011             | 2,279,012             |
| Matured bonds payable               |                         |                       | 36,000                   | 36,000                | 36,000                | 36,000                |
| Capital Lease Obligation            |                         | 134,631               |                          |                       | 0                     | 134,631               |
| State revolving loans               |                         |                       | 4,799,592                |                       | 4,799,592             | 0                     |
| Estimated landfill closure costs    | 1,242,000               | 1,335,000             |                          |                       | 1,242,000             | 1,335,000             |
| Compensated absences                | 9,432,338               | 8,490,820             | 3,123,097                | 3,117,327             | 12,555,435            | 11,608,147            |
| Net pension obligation              | 244,962                 | 99,928                |                          |                       | 244,962               | 99,928                |
| Post-employment benefit obligation  | 40,295,422              | 34,046,466            | 9,935,310                | 7,950,106             | 50,230,732            | 41,996,572            |
| Claims and judgements               | 7,114,500               | 6,164,000             |                          |                       | 7,114,500             | 6,164,000             |
|                                     | <u>\$ 290,683,122</u>   | <u>\$ 272,870,175</u> | <u>\$ 118,678,010</u>    | <u>\$ 122,018,988</u> | <u>\$ 409,361,132</u> | <u>\$ 394,889,163</u> |

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Murfreesboro continues to be one of the fastest growing areas in the State of Tennessee. Murfreesboro is the home of Middle Tennessee State University, 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.

In 2014, wallethub.com ranked Murfreesboro as the 11<sup>th</sup> Best Medium-Sized College City (population of 100,000 to 300,000). This ranking was based on a variety of factors and included cities with a university population of at least 10,000 students. Cost of living (tuition costs, housing, meals and entertainment), crime rate, number of students per capita, earning potential, unemployment rate and job growth rate were key factors in Murfreesboro obtaining such a distinguished ranking.

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 6.8 percent in tourist spending in 2013. Tourism dollars for the county totaled \$291.52 million for calendar year 2013.

Rutherford County ranked in the top three in the nation for employment growth during the first two quarters of FY 13. As a testament to these rankings, M-Tek manufacturers announced the company will build its North American headquarter operations in the Gateway district of Murfreesboro. The announcement represents the creation of 250 jobs and an estimated investment in Murfreesboro of \$13.4 million. The headquarter facility will support operations in Mexico, Michigan, Ohio, Mississippi and Alabama, as well as several Tennessee cities. M-Tek manufactures a wide range of automotive parts for several North American assembly plants that include door trip panels, rear shelf, trunk trim, dash insulators and plastic injection trim. They also export sales to Mexico and Asia. The facility is expected to open in August, 2016.

In April, 2014, Enovate Medical announced the relocation of its headquarters facility from Canton, Michigan to Murfreesboro. This move is expected to create 410 new jobs in Murfreesboro over the next five years. The move will combine the headquarters with the existing manufacturing plant already located in Murfreesboro. Enovate expects to invest about \$13 million as part of the expansion of the existing local facility which will also include increasing manufacturing capacity.

Enovate Medical is a provider of mobile and wall-mounted clinical workstations for health care organizations. The company has been named by Inc. as one of the fastest-growing companies in the U.S. for the past four years. Company officials noted Murfreesboro's talented workforce and quality of life as well as nearby Nashville's well-known health care environment as reasons for the relocation.

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. In FY 14, the City selected Tyler Technologies' Munis software at an approximate cost of \$1.9 million. The City anticipates implementing the financials phase of the software effective July 1, 2015. Human Resources and payroll and City Court will follow in the fall of 2015 and spring of 2016.

In FY 15, the City hired the consulting firm of Kendig Keast Collaborative (KKC) to aid the City in developing and implementing a comprehensive plan for the City, named Murfreesboro 2035. The plan will identify and plan for the City's goals and objectives. KKC estimates it will take 18 to 24 months to complete. In addition to citizen input, the plan will include the appointment of a task force from a broad cross-section of citizens. KKC has proposed both a high-tech and high-touch approach to engaging the community in the process, including a grassroots marketing campaign, community meetings, outreach efforts, workshops and the use of technology to gather citizen input. The plan elements include major functions of the City, including transportation, land use, housing and neighborhoods, parks and recreation, public facilities, historic preservation, and economic development with a focus on population growth and infrastructure. The plan also will provide guidance on formation of a unified development code, parks and recreation master plan, and a water resources integration plan.

Part of the Murfreesboro 2035 plan includes collecting input from the public about goals and objectives for the long-term plan. The meetings are held in a workshop setting, allowing participants to provide comments and recommendations needed to establish how the City will proceed with public policy decisions regarding Murfreesboro's quality of life, community character, and growth capacity. The goal of the plan is to engage citizens and gather ideas as well as utilize engineers and other professionals in developing a 20 year plan for the City.

In November, 2014, the City was designated as a Valley Sustainable Gold Level Community by the Tennessee Valley Authority (TVA) economic development program. This was a joint effort between the City, Rutherford County Chamber of Commerce and Middle Tennessee State University. The program, now in its second year, was initiated by TVA Economic Development as part of its community preparedness offerings to assist communities in evaluating existing sustainable programs, cataloging their sustainable assets, and increasing future commitments to sustainability. The goal of the program is to document a community's assets and increase the likelihood that they will be viewed as progressive and competitive by companies looking to invest in new or expanded locations. Sustainability has become a key issue for economic development organizations and communities as more corporations have demonstrated an increasing commitment to sustainability in an effort to reduce operating costs and increase profitability and employee satisfaction.

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 \$8,205,959 were completed and capitalized in FY 14. 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. December 2015 is the expected completion date.

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. Spring 2015 is the expected completion date.

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 improve safety and alleviate traffic congestion in the University area. Construction is expected to begin in FY 15 and to take 2.5 years to complete.

The City is working with the State of Tennessee to widen Bradyville Pike (State Route 99) from SE Broad Street (US 41) to Rutherford Boulevard and to extend Cherry Lane to connect US 41/70 (NW Broad Street) to US 231 (Memorial Boulevard) including construction of a new interchange with SR-840. The Cherry Lane project is in preliminary design/PE-NEPA and the Bradyville Pike Project is in the final design phase. Lytle Street Relocation from NW Broad Street to Barker Street will provide alternate access to the Central Business District. This project is in the final design phase and is expected to go to bid in early 2015.

The real and personal property tax base went through re-appraisal by the County assessor for the 2014 tax year (FY 15). This process generally happens every four years. The tax base was appraised at \$2,960,160,999 for tax year 2014 and \$2,762,134,012 for tax year 2013 (FY 14) an increase of \$198,026,987 or 7.2 percent. The tax rate for the 2014 tax year was certified as \$1.2066 per \$100 of assessed value. The tax year 2013 rate was 1.2703. The certified rate is verified by the State to keep the City from recognizing a wind-fall from the new values. The City adopted the certified rate for the FY 15 budget. The City has not had a property tax increase since 1999.

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. Water rates are projected to increase in FY 15 by \$0.50 for 5/8" residential customers and 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 rate increase and the reduction of the minimum bill allowance for FY 15 should result in an increase to sales revenues by \$907,382. 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 \$5,013,390 for FY 15, an increase of \$313,507 from FY 14. 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 per year.

The Water and Sewer department implemented a new robust customer information and utility billing system (CIS) and a Mobile Workforce Management (MWM) wireless service order system in June, 2014. As part of the implementation, the department has also been approved to interface a new state-of-the-art interactive voice response (IVR) system which is expected to be implemented in FY 15. These enterprise solutions are part of the department's seven year information technology (IT) master plan.

Additionally, as part of the IT master plan, staff anticipates installation of an Advanced Metering Infrastructure (AMI) system for the Water and Sewer department. The business case was presented and approved in February 2014 that demonstrates reinstating water meter accuracy; increasing revenue by five percent for 5/8" and 1" meter sizes (87 percent of system total) and increasing revenue by eight percent in meter sizes 1.5" and above (13 percent of system total). The enhanced revenue generated by more accurate meter readings will restore payment equity among all customers. The AMI project is projected to start generating enhanced revenue by FY 16 through regaining "apparent" water loss from inaccurate meters.

The electric department continues to experience growth in its customer base. As reported in several news media this past year, Murfreesboro has emerged as the 10<sup>th</sup> fastest growing municipality in the nation with a population greater than 100,000. Industry continues to grow and expand, as well as new industry locating in Murfreesboro. Both Schwan Cosmetics USA and Enovate Medical are in the midst of relocating their corporate headquarters and manufacturing facilities to Murfreesboro. The local automotive feeder plants to Nissan continue to follow its sustained, continual growth path. The department has seen increased load at MAHLE Filters, Johnson Controls and NHK Seating with each of these companies benefiting from economic incentives provided by TVA. MTSU continues to expand its campus to accommodate student growth, as well.

The electric department does not anticipate a local rate increase in FY 15. However, TVA has announced a 1.5 percent rate increase for FY 15 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. The greatest uncertainty with rates is the monthly fluctuation in total fuel cost. The wholesale and retail rate structures are designed such that the fuel cost component is passed through directly with no increase or decrease in margin. Monthly forecasts for FY 15 are projected from 1.896 cents per kilowatt hour to 2.638 cents per kilowatt hour.

#### **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, 2014**

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>            |
|--|------------------------------------|-------------------------------------|-------------------------|
| <b><u>ASSETS</u></b>                             |                                    |                                     |                         |
| Cash and cash equivalents                        | \$ 71,776,704                      | \$ 74,968,310                       | \$ 146,745,014          |
| Certificates of deposit                          | 351,918                            |                                     | 351,918                 |
| Receivables, net of allowance for uncollectibles | 72,346,863                         | 22,238,813                          | 94,585,676              |
| Internal balances                                | (4,029,052)                        | 4,029,052                           |                         |
| Inventories                                      | 562,027                            | 3,182,509                           | 3,744,536               |
| Prepaid pension costs                            |                                    | 928,727                             | 928,727                 |
| Prepaid items and other assets                   | 349,315                            | 659,830                             | 1,009,145               |
| Restricted assets -                              |                                    |                                     |                         |
| Cash and cash equivalents                        | 47,479,938                         | 24,780,490                          | 72,260,428              |
| Certificate of deposit                           | 500,000                            |                                     | 500,000                 |
| Investments, at fair value                       | 1,959,207                          |                                     | 1,959,207               |
| Capital assets -                                 |                                    |                                     |                         |
| Land and construction in progress                | 299,609,282                        | 53,394,270                          | 353,003,552             |
| Other capital assets, net of depreciation        | 410,937,313                        | 451,413,570                         | 862,350,883             |
| Total Assets                                     | <u>\$ 901,843,515</u>              | <u>\$ 635,595,571</u>               | <u>\$ 1,537,439,086</u> |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>     |                                    |                                     |                         |
| Deferred charge on refunding                     |                                    | \$ 50,209                           | \$ 50,209               |
| Total Deferred Outflows of Resources             |                                    | <u>\$ 50,209</u>                    | <u>\$ 50,209</u>        |
| <b><u>LIABILITIES</u></b>                        |                                    |                                     |                         |
| Accounts payable and accrued expenses            | \$ 12,041,948                      | \$ 26,475,661                       | \$ 38,517,609           |
| Unearned revenue                                 | 3,878,155                          |                                     | 3,878,155               |
| Deposits held                                    | 1,660,504                          | 7,685,428                           | 9,345,932               |
| Other deposits                                   | 41,457                             |                                     | 41,457                  |
| Matured bond interest payable                    | 806                                |                                     | 806                     |
| Other liabilities                                | 111,695                            | 2,310,651                           | 2,422,346               |
| Long-term liabilities -                          |                                    |                                     |                         |
| Due within one year                              | 29,301,443                         | 9,801,440                           | 39,102,883              |
| Due in more than one year                        | 261,381,679                        | 108,876,570                         | 370,258,249             |
| Total Liabilities                                | <u>\$ 308,417,687</u>              | <u>\$ 155,149,750</u>               | <u>\$ 463,567,437</u>   |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>      |                                    |                                     |                         |
| Deferred current property taxes                  | \$ 36,490,707                      |                                     | \$ 36,490,707           |
| Deferred other revenue                           | 13,426,385                         |                                     | 13,426,385              |
| Funds received in advance                        | 306,667                            |                                     | 306,667                 |
| Total Deferred Inflows of Resources              | <u>\$ 50,223,759</u>               |                                     | <u>\$ 50,223,759</u>    |
| <b><u>NET POSITION</u></b>                       |                                    |                                     |                         |
| Net investment in capital assets                 | \$ 522,950,590                     | \$ 395,306,872                      | \$ 918,257,462          |
| Restricted for -                                 |                                    |                                     |                         |
| Education  | 9,001,473                          |                                     | 9,001,473               |
| Capital activity and debt service                | 4,796,956                          | 24,780,490                          | 29,577,446              |
| Highways and streets                             | 1,765,622                          |                                     | 1,765,622               |
| Law enforcement                                  | 371,638                            |                                     | 371,638                 |
| Other purposes                                   | 172,717                            |                                     | 172,717                 |
| Perpetual care -                                 |                                    |                                     |                         |
| Expendable                                       | 423,560                            |                                     | 423,560                 |
| Nonexpendable                                    | 1,876,519                          |                                     | 1,876,519               |
| Unrestricted                                     | 1,842,994                          | 60,408,668                          | 62,251,662              |
| Total Net Position                               | <u>\$ 543,202,069</u>              | <u>\$ 480,496,030</u>               | <u>\$ 1,023,698,099</u> |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Activities**

**Year Ended June 30, 2014**

| Functions/Programs   | Expenses       | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                  |
|--|----------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------|
|  |                | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                  |
|  |                |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total            |
| <b>Governmental activities -</b>                             |                |                      |                                    |                                  |   |                          |                  |
| General government   | \$ 16,300,480  | \$ 103,614           |                                    | \$ 30,000                        | \$ (16,166,866)                                   |                          | \$ (16,166,866)  |
| Police   | 26,273,446     | 445,741              | \$ 139,146                         | 376,380                          | (25,312,179)                                      |                          | (25,312,179)     |
| Fire and rescue  | 16,890,210     | 866,846              |                                    |                                  | (16,023,364)                                      |                          | (16,023,364)     |
| Judicial   | 434,580        | 3,137,614            |                                    |                                  | 2,703,034   |                          | 2,703,034        |
| Engineering  | 15,040,258     | 20,849               | 262,430                            | 3,867,788                        | (10,889,191)                                      |                          | (10,889,191)     |
| State street aid   | 2,730,069      |                      | 2,820,858                          |                                  | 90,789  |                          | 90,789           |
| Planning   | 488,337        | 47,271               |                                    |                                  | (441,066)   |                          | (441,066)        |
| Building and codes   | 1,753,710      | 2,804,713            |                                    |                                  | 1,051,003   |                          | 1,051,003        |
| Solid waste  | 4,721,314      | 34,825               | 7,091                              |                                  | (4,679,398)                                       |                          | (4,679,398)      |
| Transportation   | 810,843        | 128,610              | 999,424                            | 341,544                          | 658,735   |                          | 658,735          |
| Urban environmental  | 1,012,736      | 30,016               |                                    |                                  | (982,720)   |                          | (982,720)        |
| Public health, education and welfare                         | 2,265,496      |                      |                                    |                                  | (2,265,496)                                       |                          | (2,265,496)      |
| Community services   | 7,300,219      | 4,452,125            | 1,715,220                          | 236,765                          | (896,109)   |                          | (896,109)        |
| Recreation   | 13,393,999     | 3,144,392            | 45,000                             | 12,411,356                       | 2,206,749   |                          | 2,206,749        |
| Community/economic development                               | 993,443        |                      | 893,287                            |                                  | (100,156)   |                          | (100,156)        |
| Education  | 63,386,759     | 14,915               | 55,206,260                         | 2,234,931                        | (5,930,653)                                       |                          | (5,930,653)      |
| Food service   | 4,746,679      | 966,356              | 3,602,800                          |                                  | (177,523)   |                          | (177,523)        |
| Interest on long-term debt                                   | 4,092,965      |                      |                                    |                                  | (4,092,965)                                       |                          | (4,092,965)      |
| Total governmental activities                                | \$ 182,635,543 | \$ 16,197,887        | \$ 65,691,516                      | \$ 19,498,764                    | \$ (81,247,376)                                   |                          | \$ (81,247,376)  |
| <b>Business-type activities -</b>                            |                |                      |                                    |                                  |   |                          |                  |
| Water, sewer, and stormwater                                 | \$ 34,237,096  | \$ 43,378,899        |                                    | \$ 7,136,091                     | \$ 16,277,894                                     |                          | \$ 16,277,894    |
| Electric   | 147,945,163    | 164,065,088          |                                    |                                  | 16,119,925  |                          | 16,119,925       |
| Cemetery   | 460,814        | 394,639              | \$ 173,516                         |                                  | 107,341   |                          | 107,341          |
| Total business-type activities                               | \$ 182,643,073 | \$ 207,838,626       | \$ 173,516                         | \$ 7,136,091                     | \$ 32,505,160                                     |                          | \$ 32,505,160    |
| Total primary government                                     | \$ 365,278,616 | \$ 224,036,513       | \$ 65,865,032                      | \$ 26,634,855                    | \$ (81,247,376)                                   | \$ 32,505,160            | \$ (48,742,216)  |
| <b>General revenues -</b>                                    |                |                      |                                    |                                  |   |                          |                  |
| <b>Taxes -</b>   |                |                      |                                    |                                  |   |                          |                  |
| Property taxes   |                |                      |                                    |                                  | \$ 36,827,383                                     |                          | \$ 36,827,383    |
| Sales taxes  |                |                      |                                    |                                  | 35,373,537  |                          | 35,373,537       |
| Beer and liquor taxes  |                |                      |                                    |                                  | 4,318,437   |                          | 4,318,437        |
| Gross receipts tax   |                |                      |                                    |                                  | 2,604,069   |                          | 2,604,069        |
| Hotel/motel tax  |                |                      |                                    |                                  | 1,126,118   |                          | 1,126,118        |
| Gas and cable franchise taxes                                |                |                      |                                    |                                  | 2,752,711   |                          | 2,752,711        |
| Grants and contributions not restricted to specific programs |                |                      |                                    |                                  | 12,192,744  |                          | 12,192,744       |
| Unrestricted investment earnings                             |                |                      |                                    |                                  | 163,775   | \$ 126,436               | 290,211          |
| Miscellaneous  |                |                      |                                    |                                  | 422,525   |                          | 422,525          |
| Contributions to permanent funds                             |                |                      |                                    |                                  |   | 63,225                   | 63,225           |
| Transfers  |                |                      |                                    |                                  | 3,227,809   | (3,227,809)              | -                |
| Total general revenues, contributions, and transfers         |                |                      |                                    |                                  | \$ 99,009,108                                     | \$ (3,038,148)           | \$ 95,970,960    |
| Change in net position                                       |                |                      |                                    |                                  | \$ 17,761,732                                     | \$ 29,467,012            | \$ 47,228,744    |
| Net position - beginning, as previously reported             |                |                      |                                    |                                  | \$ 525,835,143                                    | \$ 451,493,933           | \$ 977,329,076   |
| Prior period adjustment                                      |                |                      |                                    |                                  | (394,806)   | (464,915)                | (859,721)        |
| Net position - beginning, as restated                        |                |                      |                                    |                                  | \$ 525,440,337                                    | 451,029,018              | \$ 976,469,355   |
| Net position - ending  |                |                      |                                    |                                  | \$ 543,202,069                                    | \$ 480,496,030           | \$ 1,023,698,099 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|  | <u>General</u>        | <u>General<br/>Purpose<br/>School</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>TMBF / Bond<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-----------------------|---------------------------------------|----------------------------------|-----------------------------|---|---|
| <b><u>ASSETS</u></b>   |                       |                                       |                                  |                             |   |   |
| Cash and cash equivalents  | \$ 45,748,405         | \$ 6,411,426                          | \$ 3,861,516                     |                             | \$ 4,089,838                            | \$ 60,111,185                           |
| Certificates of deposit  |                       |                                       |                                  |                             | 351,918                                 | 351,918                                 |
| Receivables, net of allowance<br>for uncollectibles -                  |                       |                                       |                                  |                             |   |   |
| Taxes  | 36,486,391            |                                       |                                  |                             |   | 36,486,391                              |
| Accounts   |                       |                                       |                                  |                             | 118,494                                 | 118,494                                 |
| Other  | 2,473,187             | 82,545                                |                                  | \$ 2,337,082                | 13,385                                  | 4,906,199                               |
| Due from others  | 1,793,390             |                                       | 790                              |                             | 3,064                                   | 1,797,244                               |
| Due from other funds   | 1,571,149             | 7,229,627                             |                                  | 261,709                     | 778,950                                 | 9,841,435                               |
| Due from other governments   | 14,359,809            | 11,256,640                            |                                  |                             | 2,329,662                               | 27,946,111                              |
| Program receivables, net   | 744,679               |                                       |                                  |                             |   | 744,679                                 |
| Prepaid items and deposits   | 346,845               |                                       |                                  |                             | 2,470                                   | 349,315                                 |
| Inventories  | 243,883               |                                       |                                  |                             | 122,375                                 | 366,258                                 |
| Restricted assets -  |                       |                                       |                                  |                             |   |   |
| Cash and cash equivalents  | 942,053               |                                       |                                  | 46,244,952                  | 288,433                                 | 47,475,438                              |
| Investments, at fair value   |                       |                                       |                                  |                             | 1,959,207                               | 1,959,207                               |
| Total Assets   | \$ <u>104,709,791</u> | \$ <u>24,980,238</u>                  | \$ <u>3,862,306</u>              | \$ <u>48,843,743</u>        | \$ <u>10,057,796</u>                    | \$ <u>192,453,874</u>                   |
| <b><u>LIABILITIES</u></b>  |                       |                                       |                                  |                             |   |   |
| Accounts payable   | \$ 2,027,303          | \$ 1,446,766                          |                                  | \$ 2,004,776                | \$ 74,343                               | \$ 5,553,188                            |
| Accrued liabilities  | 421,612               | 3,792,900                             |                                  |                             | 467,714                                 | 4,682,226                               |
| Deposits held  | 1,660,504             |                                       |                                  |                             |   | 1,660,504                               |
| Matured bond interest payable  |                       |                                       | \$ 806                           |                             |   | 806                                     |
| Due to other funds   | 101,508               | 32,388                                |                                  | 5,912,087                   | 2,717,048                               | 8,763,031                               |
| Unearned revenue   | 3,727,946             |                                       |                                  |                             | 127,407                                 | 3,855,353                               |
| Other deposits   |                       |                                       |                                  |                             | 41,457                                  | 41,457                                  |
| Other liabilities  | 111,695               |                                       |                                  |                             |   | 111,695                                 |
| Total Liabilities  | \$ <u>8,050,568</u>   | \$ <u>5,272,054</u>                   | \$ <u>806</u>                    | \$ <u>7,916,863</u>         | \$ <u>3,427,969</u>                     | \$ <u>24,668,260</u>                    |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                            |                       |                                       |                                  |                             |   |   |
| Unavailable revenue - property taxes                                   | \$ 35,826,888         |                                       |                                  |                             |   | \$ 35,826,888                           |
| Unavailable revenue - in lieu of taxes                                 | 663,819               |                                       |                                  |                             |   | 663,819                                 |
| Unavailable revenue - court fines                                      | 2,064,214             |                                       |                                  |                             |   | 2,064,214                               |
| Unavailable revenue - other taxes                                      | 501,961               |                                       |                                  |                             |   | 501,961                                 |
| Unavailable revenue - intergovernmental                                | 301,802               | \$ 10,451,640                         |                                  |                             |   | 10,753,442                              |
| Unavailable revenue - developer assessments                            |                       |                                       |                                  | \$ 2,217,035                |   | 2,217,035                               |
| Unavailable revenue - program income                                   | 744,679               |                                       |                                  |                             |   | 744,679                                 |
| Unavailable revenue - other  |                       |                                       |                                  |                             | \$ 13,031                               | 13,031                                  |
| Funds received in advance of timing requirements                       | 306,667               |                                       |                                  |                             |   | 306,667                                 |
| Total Deferred Inflows of Resources                                    | \$ <u>40,410,030</u>  | \$ <u>10,451,640</u>                  |                                  | \$ <u>2,217,035</u>         | \$ <u>13,031</u>                        | \$ <u>53,091,736</u>                    |
| <b><u>FUND BALANCES</u></b>  |                       |                                       |                                  |                             |   |   |
| Nonspendable   | \$ 590,727            |                                       |                                  |                             | \$ 1,998,894                            | \$ 2,589,621                            |
| Restricted   | 1,971,000             |                                       |                                  | \$ 39,983,579               | 338,977                                 | 42,293,556                              |
| Committed  | 10,939                | \$ 9,256,544                          |                                  |                             | 4,568,123                               | 13,835,606                              |
| Assigned   | 5,755,682             |                                       | \$ 3,861,500                     |                             | 423,560                                 | 10,040,742                              |
| Unassigned   | 47,920,845            |                                       |                                  | (1,273,734)                 | (712,758)                               | 45,934,353                              |
| Total Fund Balances  | \$ <u>56,249,193</u>  | \$ <u>9,256,544</u>                   | \$ <u>3,861,500</u>              | \$ <u>38,709,845</u>        | \$ <u>6,616,796</u>                     | \$ <u>114,693,878</u>                   |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | \$ <u>104,709,791</u> | \$ <u>24,980,238</u>                  | \$ <u>3,862,306</u>              | \$ <u>48,843,743</u>        | \$ <u>10,057,796</u>                    | \$ <u>192,453,874</u>                   |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

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|  |                              |
|--|------------------------------|
| Total Governmental Fund Balances   | \$ 114,693,878               |
| 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.  | 710,546,595                  |
| 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. | 4,407,407                    |
| 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.  | (5,135,742)                  |
| Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.   | 2,867,966                    |
| 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.   | (284,178,035)                |
| Net Position of Governmental Activities  | \$ <u><u>543,202,069</u></u> |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|  | <u>General<br/>Fund</u> | <u>General<br/>Purpose<br/>School</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>TMBF/Bond<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---------------------------------------|----------------------------------|---------------------------|---|---|
| <b>Revenues-</b>                                   |                         |                                       |                                  |                           |   |   |
| Taxes  | \$ 80,374,346           |                                       |                                  |                           |   | \$ 80,374,346                           |
| Intergovernmental                                  | 21,197,215              | \$ 51,522,726                         |                                  |                           | \$ 8,757,179                            | 81,477,120                              |
| Charges for services                               | 4,491,113               | 14,915                                |                                  |                           | 5,261,588                               | 9,767,616                               |
| Donations  |                         |                                       |                                  |                           | 213,626                                 | 213,626                                 |
| Interest and investment earnings                   | 35,993                  |                                       | \$ 2,410                         | \$ 105,892                | 239,514                                 | 383,809                                 |
| Licenses and permits                               | 6,060,119               |                                       |                                  |                           |   | 6,060,119                               |
| Miscellaneous                                      | 5,583,548               | 790,444                               |                                  | 1,355,307                 | 431,222                                 | 8,160,521                               |
|  | <u>\$ 117,742,334</u>   | <u>\$ 52,328,085</u>                  | <u>\$ 2,410</u>                  | <u>\$ 1,461,199</u>       | <u>\$ 14,903,129</u>                    | <u>\$ 186,437,157</u>                   |
| <b>Expenditures-</b>                               |                         |                                       |                                  |                           |   |   |
| <b>Current -</b>                                   |                         |                                       |                                  |                           |   |   |
| General government                                 | \$ 8,363,816            |                                       |                                  |                           |   | \$ 8,363,816                            |
| Police   | 25,154,026              |                                       |                                  |                           | \$ 281,939                              | 25,435,965                              |
| Fire and rescue                                    | 15,598,308              |                                       |                                  |                           |   | 15,598,308                              |
| Judicial   | 436,176                 |                                       |                                  |                           |   | 436,176                                 |
| Engineering  | 6,702,549               |                                       |                                  |                           |   | 6,702,549                               |
| State street aid                                   | 2,767,337               |                                       |                                  |                           |   | 2,767,337                               |
| Planning   | 647,529                 |                                       |                                  |                           |   | 647,529                                 |
| Building and codes                                 | 1,747,137               |                                       |                                  |                           |   | 1,747,137                               |
| Solid waste  | 3,959,760               |                                       |                                  |                           |   | 3,959,760                               |
| Transportation                                     | 2,455,001               |                                       |                                  |                           |   | 2,455,001                               |
| Urban environmental                                | 1,025,071               |                                       |                                  |                           |   | 1,025,071                               |
| Public health, education and welfare               | 2,163,154               |                                       |                                  |                           |   | 2,163,154                               |
| Community services                                 | 1,462,445               |                                       |                                  |                           | 5,556,217                               | 7,018,662                               |
| Recreation   | 10,705,833              |                                       |                                  |                           |   | 10,705,833                              |
| Community/economic development                     | 991,968                 |                                       |                                  |                           |   | 991,968                                 |
| Education  |                         | \$ 55,864,318                         |                                  |                           | 3,576,738                               | 59,441,056                              |
| Food Service                                       |                         |                                       |                                  |                           | 4,746,679                               | 4,746,679                               |
| Capital outlay                                     |                         | 24,367,798                            |                                  | \$ 20,040,720             | 294,127                                 | 44,702,645                              |
| <b>Debt service -</b>                              |                         |                                       |                                  |                           |   |   |
| Principal  |                         |                                       | \$ 23,214,395                    |                           | 2,891,613                               | 26,106,008                              |
| Interest   |                         |                                       | 3,853,545                        |                           | 425,575                                 | 4,279,120                               |
| Debt issuance costs and fiscal agent fees          |                         |                                       | 81,966                           | 399,844                   |   | 481,810                                 |
|  | <u>\$ 84,180,110</u>    | <u>\$ 80,232,116</u>                  | <u>\$ 27,149,906</u>             | <u>\$ 20,440,564</u>      | <u>\$ 17,772,888</u>                    | <u>\$ 229,775,584</u>                   |
| Excess of Revenues Over<br>(Under) Expenditures    | <u>\$ 33,562,224</u>    | <u>\$ (27,904,031)</u>                | <u>\$ (27,147,496)</u>           | <u>\$ (18,979,365)</u>    | <u>\$ (2,869,759)</u>                   | <u>\$ (43,338,427)</u>                  |
| <b>Other Financing Sources (Uses)-</b>             |                         |                                       |                                  |                           |   |   |
| Issuance of debt                                   |                         | \$ 23,930,084                         |                                  | \$ 10,620,083             |   | \$ 34,550,167                           |
| Premium on bonds issued                            |                         | 1,097,191                             |                                  | 821,473                   |   | 1,918,664                               |
| Transfers in                                       | \$ 3,047,251            | 4,810,103                             | \$ 29,701,984                    |                           | \$ 3,457,589                            | 41,016,927                              |
| Transfers out                                      | (33,021,769)            | (197,148)                             | (3,120,040)                      | (1,385,357)               | (301,545)                               | (38,025,859)                            |
|  | <u>\$ (29,974,518)</u>  | <u>\$ 29,640,230</u>                  | <u>\$ 26,581,944</u>             | <u>\$ 10,056,199</u>      | <u>\$ 3,156,044</u>                     | <u>\$ 39,459,899</u>                    |
| Net change in fund balances                        | <u>\$ 3,587,706</u>     | <u>\$ 1,736,199</u>                   | <u>\$ (565,552)</u>              | <u>\$ (8,923,166)</u>     | <u>\$ 286,285</u>                       | <u>\$ (3,878,528)</u>                   |
| <b>Fund Balances at beginning of year,</b>         |                         |                                       |                                  |                           |   |   |
| as previously stated                               | \$ 52,348,327           | \$ 6,018,810                          | \$ 4,427,052                     | \$ 49,134,546             | \$ 5,563,006                            | \$ 117,491,741                          |
| Prior period adjustment                            | 313,160                 | 1,501,535                             |                                  | (1,501,535)               | 767,505                                 | 1,080,665                               |
| Fund Balances at beginning of year,<br>as restated | <u>\$ 52,661,487</u>    | <u>\$ 7,520,345</u>                   | <u>\$ 4,427,052</u>              | <u>\$ 47,633,011</u>      | <u>\$ 6,330,511</u>                     | <u>\$ 118,572,406</u>                   |
| Fund Balance at end of year                        | <u>\$ 56,249,193</u>    | <u>\$ 9,256,544</u>                   | <u>\$ 3,861,500</u>              | <u>\$ 38,709,845</u>      | <u>\$ 6,616,796</u>                     | <u>\$ 114,693,878</u>                   |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**For the Year Ended June 30, 2014**

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|   |                             |
|---|-----------------------------|
| Net Change in Fund Balances - Total Governmental Funds  | \$ (3,878,528)              |
| 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.  | 28,080,398                  |
| The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.   | 13,618,293                  |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | (1,760,640)                 |
| 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. | (15,920,929)                |
| 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.   | (881,807)                   |
| 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.   | (389,974)                   |
| Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.   | (1,105,081)                 |
| Change in Net Position of Governmental Activities   | \$ <u><u>17,761,732</u></u> |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Revenues -                             |                            |                         |                      |   |
| Taxes -                                |                            |                         |                      |   |
| Property                               | \$ 33,771,815              | \$ 33,771,815           | \$ 34,469,318        | \$ 697,503  |
| Property in lieu of taxes -            |                            |                         |                      |   |
| Public utilities                       | 843,606                    | 843,606                 | 836,941              | (6,665)   |
| Murfreesboro Housing Authority         | 90,000                     | 90,000                  | 103,520              | 13,520  |
| Other tax equivalents                  | 475,000                    | 475,000                 | 576,615              | 101,615   |
| Recovery of taxes deemed uncollectible | 698,400                    | 698,400                 | 714,724              | 16,324  |
| Penalty and interest on taxes          | 250,000                    | 250,000                 | 251,067              | 1,067   |
| Other local taxes -                    |                            |                         |                      |   |
| Sales tax                              | 34,485,000                 | 34,485,000              | 35,373,537           | 888,537   |
| Beer tax                               | 3,300,000                  | 3,300,000               | 3,281,336            | (18,664)  |
| Liquor tax                             | 917,000                    | 917,000                 | 947,463              | 30,463  |
| Gross receipts tax                     | 2,800,000                  | 2,800,000               | 2,604,069            | (195,931)   |
| Beer privilege tax                     | 28,500                     | 28,500                  | 27,810               | (690)   |
| Liquor privilege tax                   | 65,000                     | 65,000                  | 61,828               | (3,172)   |
| Hotel/motel tax                        | 1,035,000                  | 1,035,000               | 1,126,118            | 91,118  |
|  | <u>\$ 78,759,321</u>       | <u>\$ 78,759,321</u>    | <u>\$ 80,374,346</u> | <u>\$ 1,615,025</u>   |
| Licenses, Permits and Fines -          |                            |                         |                      |   |
| Electrical licenses                    | \$ 66,000                  | \$ 66,000               | \$ 66,305            | \$ 305  |
| Gas and mechanical licenses            | 7,000                      | 7,000                   | 14,053               | 7,053   |
| Building permits                       | 1,360,000                  | 1,360,000               | 1,732,499            | 372,499   |
| Plumbing permits                       | 90,000                     | 90,000                  | 173,345              | 83,345  |
| Electrical permits                     | 230,000                    | 230,000                 | 349,270              | 119,270   |
| Mechanical permits                     | 80,000                     | 80,000                  | 178,602              | 98,602  |
| Gas permits                            | 18,000                     | 18,000                  | 22,899               | 4,899   |
| Land disturbance permits               | 20,800                     | 20,800                  | 39,750               | 18,950  |
| Fireworks permits                      | 5,000                      | 5,000                   | 7,500                | 2,500   |
| Beer application fees                  | 12,000                     | 12,000                  | 11,800               | (200)   |
| Burglar alarm permits                  | 54,000                     | 54,000                  | 66,260               | 12,260  |
| Plat review fee                        | 72,000                     | 72,000                  | 190,190              | 118,190   |
| Other fees                             | 500                        | 500                     | 4,396                | 3,896   |
| Attorney tax fees                      | 25,000                     | 25,000                  | 25,972               | 972   |
| Court fines                            | 2,065,000                  | 2,101,829               | 2,049,293            | (52,536)  |
| Red light cameras                      | 1,045,000                  | 1,045,000               | 1,115,885            | 70,885  |
| Burglar false alarm fees               | 10,000                     | 10,000                  | 12,010               | 2,010   |
| Other fines and fees                   |                            |                         | 90                   | 90  |
|  | <u>\$ 5,160,300</u>        | <u>\$ 5,197,129</u>     | <u>\$ 6,060,119</u>  | <u>\$ 862,990</u>   |
| Intergovernmental Revenues -           |                            |                         |                      |   |
| Rutherford County                      | \$ 799,635                 | \$ 1,803,705            | \$ 1,753,523         | \$ (50,182)   |
| State sales tax allocation             | 7,748,400                  | 7,748,400               | 7,800,978            | 52,578  |
| State beer tax allocation              | 53,000                     | 53,000                  | 51,592               | (1,408)   |
| State gasoline tax allocation          | 224,000                    | 3,024,000               | 3,043,985            | 19,985  |
| State mixed drink tax                  | 816,100                    | 816,100                 | 828,162              | 12,062  |
| TVA gross receipts tax                 | 1,250,000                  | 1,250,000               | 1,207,209            | (42,791)  |
| State income tax allocation            | 674,000                    | 674,000                 | 1,013,007            | 339,007   |
| State excise tax                       | 37,000                     | 37,000                  | 58,647               | 21,647  |
| State maintenance of streets           | 277,288                    | 277,288                 | 262,430              | (14,858)  |
| State child safety funds               |                            |                         | 5,446                | 5,446   |
| State funds                            | 315,427                    | 1,327,227               | 1,120,748            | (206,479)   |
| Federal funds                          | 4,653,649                  | 7,789,675               | 4,051,488            | (3,738,187)   |
|  | <u>\$ 16,848,499</u>       | <u>\$ 24,800,395</u>    | <u>\$ 21,197,215</u> | <u>\$ (3,603,180)</u>   |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| <b>Charges for services -</b>                  |                            |                         |                       |   |
| Office   | \$ 500                     | \$ 500                  | \$ 1,558              | \$ 1,058  |
| Planning department                            | 25,000                     | 25,000                  | 47,271                | 22,271  |
| Police department                              | 16,000                     | 16,000                  | 21,056                | 5,056   |
| Fire department                                | 866,800                    | 866,800                 | 866,846               | 46  |
| Street department                              | 30,000                     | 30,000                  | 20,849                | (9,151)   |
| Building department                            | 28,600                     | 28,600                  | 37,800                | 9,200   |
| Urban Environmental department                 | 3,000                      | 3,000                   | 30,016                | 27,016  |
| G.I.S. maintenance                             | 33,000                     | 33,000                  | 33,000                |   |
| Sex offender fee                               |                            |                         | 1,578                 | 1,578   |
| Public Transit fares                           | 125,000                    | 125,000                 | 128,610               | 3,610   |
| Recreation - program income                    | 1,441,300                  | 1,441,300               | 1,496,846             | 55,546  |
| Public Golf - program income                   | 1,916,907                  | 1,916,907               | 1,647,546             | (269,361)   |
| Senior Citizens - program income               | 150,000                    | 150,000                 | 123,072               | (26,928)  |
| Solid Waste department                         | 20,500                     | 20,500                  | 34,825                | 14,325  |
| Television department                          | 100                        | 100                     | 240                   | 140   |
|  | <u>\$ 4,656,707</u>        | <u>\$ 4,656,707</u>     | <u>\$ 4,491,113</u>   | <u>\$ (165,594)</u>   |
| <b>Miscellaneous Revenues -</b>                |                            |                         |                       |   |
| Interest                                       | \$ 25,500                  | \$ 26,050               | \$ 35,993             | \$ 9,943  |
| Gas franchise revenue                          | 975,000                    | 975,000                 | 1,243,293             | 268,293   |
| Cable franchise revenue                        | 1,435,000                  | 1,435,000               | 1,509,418             | 74,418  |
| Contribution - active funds                    | 1,648,036                  | 1,648,036               | 1,788,763             | 140,727   |
| Miscellaneous revenue                          | 174,858                    | 277,858                 | 454,134               | 176,276   |
| Donations received                             | 25,770                     | 25,770                  | 587,940               | 562,170   |
|  | <u>\$ 4,284,164</u>        | <u>\$ 4,387,714</u>     | <u>\$ 5,619,541</u>   | <u>\$ 1,231,827</u>   |
| <b>TOTAL REVENUES</b>                          | <u>\$ 109,708,991</u>      | <u>\$ 117,801,266</u>   | <u>\$ 117,742,334</u> | <u>\$ (58,932)</u>  |
| <b>Expenditures -</b>                          |                            |                         |                       |   |
| <b>General Government -</b>                    |                            |                         |                       |   |
| <b>General and Administrative Department -</b> |                            |                         |                       |   |
| Labor  | \$ 1,412,574               | \$ 1,412,574            | \$ 1,327,358          | \$ 85,216   |
| Operation and maintenance                      | 62,741                     | 62,741                  | 47,793                | 14,948  |
| Supplies                                       | 94,975                     | 94,975                  | 74,953                | 20,022  |
| Insurance                                      | 260,478                    | 260,478                 | 253,183               | 7,295   |
| Social Security taxes                          | 108,061                    | 108,061                 | 95,928                | 12,133  |
| Group insurance                                | 1,039,829                  | 1,039,829               | 1,078,390             | (38,561)  |
| Retirement                                     | 547,848                    | 547,848                 | 501,521               | 46,327  |
| Unemployment insurance                         | 65,000                     | 65,000                  | 10,802                | 54,198  |
| Utilities                                      | 190,000                    | 190,000                 | 181,078               | 8,922   |
| Travel and subsistence                         | 24,200                     | 24,200                  | 26,458                | (2,258)   |
| Association dues                               | 77,250                     | 77,250                  | 72,133                | 5,117   |
| Professional fees                              | 174,900                    | 174,900                 | 165,150               | 9,750   |
| Training personnel                             | 50,000                     | 50,000                  | 35,229                | 14,771  |
| Capital outlay                                 | 27,175                     | 27,175                  | 17,604                | 9,571   |
| Mixed drink tax allocation                     | 408,050                    | 408,050                 | 409,123               | (1,073)   |
| Other miscellaneous                            | 214,300                    | 214,300                 | 197,461               | 16,839  |
| Total General and Administrative Department    | <u>\$ 4,757,381</u>        | <u>\$ 4,757,381</u>     | <u>\$ 4,494,164</u>   | <u>\$ 263,217</u>   |
| <b>Other General Government -</b>              |                            |                         |                       |   |
| Civic plaza                                    | \$ 68,896                  | \$ 68,896               | \$ 56,912             | \$ 11,984   |
| Parking garage                                 | 184,487                    | 184,487                 | 105,610               | 78,877  |
| Gateway  |                            |                         | 30,000                | 12,743  |
| Unforeseen miscellaneous and contingencies     | 535,000                    | 487,000                 | 45,593                | 441,407   |
| Property tax adjustments                       | 1,119,000                  | 1,119,000               | 499,050               | 619,950   |
| Total Other General Government                 | <u>\$ 1,907,383</u>        | <u>\$ 1,889,383</u>     | <u>\$ 724,422</u>     | <u>\$ 1,164,961</u>   |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Government (continued) -        |                            |                         |               |   |
| Legal Department -                      |                            |                         |               |   |
| Labor                                   | \$ 548,825                 | \$ 548,825              | \$ 548,299    | \$ 526  |
| Operation and maintenance               | 3,200                      | 3,200                   | 1,361         | 1,839   |
| Supplies                                | 29,200                     | 29,200                  | 27,809        | 1,391   |
| Insurance                               | 9,643                      | 9,643                   | 23,038        | (13,395)  |
| Social Security taxes                   | 41,985                     | 41,985                  | 38,059        | 3,926   |
| Group insurance                         | 76,127                     | 76,127                  | 76,035        | 92  |
| Retirement                              | 60,812                     | 60,812                  | 62,910        | (2,098)   |
| Utilities                               | 1,000                      | 1,000                   | 929           | 71  |
| Travel and subsistence                  | 200                        | 200                     |               | 200   |
| Association dues                        | 5,900                      | 5,900                   | 5,754         | 146   |
| Training personnel                      | 7,500                      | 7,500                   | 6,966         | 534   |
| Legal expense                           | 20,000                     | 20,000                  | 5,149         | 14,851  |
| Capital outlay                          | 2,400                      | 2,400                   | 2,612         | (212)   |
| Other miscellaneous                     | 3,500                      | 3,500                   | 597           | 2,903   |
| Total Legal Department                  | \$ 810,292                 | \$ 810,292              | \$ 799,518    | \$ 10,774   |
| Human Resources Department -            |                            |                         |               |   |
| Labor                                   | \$ 471,022                 | \$ 471,022              | \$ 469,442    | \$ 1,580  |
| Operation and maintenance               | 29,800                     | 29,800                  | 21,975        | 7,825   |
| Supplies                                | 11,490                     | 11,490                  | 14,279        | (2,789)   |
| Advertising                             | 5,000                      | 5,000                   | 3,021         | 1,979   |
| Insurance                               | 14,355                     | 14,355                  | 18,459        | (4,104)   |
| Social Security taxes                   | 36,033                     | 36,033                  | 33,634        | 2,399   |
| Group insurance                         | 93,368                     | 93,368                  | 94,272        | (904)   |
| Retirement                              | 55,892                     | 55,892                  | 55,956        | (64)  |
| Utilities                               | 2,550                      | 2,550                   | 2,579         | (29)  |
| Travel and subsistence                  | 500                        | 500                     | 32            | 468   |
| Testing                                 | 29,500                     | 29,500                  | 12,631        | 16,869  |
| Training personnel                      | 31,000                     | 31,000                  | 8,880         | 22,120  |
| Association dues                        | 1,000                      | 1,000                   | 883           | 117   |
| Drug programs                           | 47,500                     | 47,500                  | 44,584        | 2,916   |
| Capital outlay                          | 3,700                      | 3,700                   | 2,888         | 812   |
| Other miscellaneous                     | 81,500                     | 81,500                  | 25,151        | 56,349  |
| Total Human Resources Department        | \$ 914,210                 | \$ 914,210              | \$ 808,666    | \$ 105,544  |
| Information Technology Department -     |                            |                         |               |   |
| Labor                                   | \$ 595,122                 | \$ 595,122              | \$ 564,623    | \$ 30,499   |
| Operations and maintenance              | 153,750                    | 153,750                 | 160,926       | (7,176)   |
| Supplies                                | 15,400                     | 15,400                  | 5,849         | 9,551   |
| Insurance                               | 1,063                      | 1,063                   | 1,131         | (68)  |
| Social Security taxes                   | 45,527                     | 45,527                  | 40,858        | 4,669   |
| Group insurance                         | 112,608                    | 112,608                 | 120,025       | (7,417)   |
| Retirement                              | 61,095                     | 61,095                  | 63,963        | (2,868)   |
| Utilities                               | 29,000                     | 29,000                  | 14,322        | 14,678  |
| Travel and subsistence                  | 2,000                      | 2,000                   |               | 2,000   |
| Training personnel                      | 6,500                      | 6,500                   | 3,133         | 3,367   |
| Outside services                        | 98,400                     | 116,000                 | 116,000       |   |
| Capital outlay                          | 67,700                     | 67,700                  | 46,023        | 21,677  |
| Interlocal GIS agreement                | 7,500                      | 7,500                   | 90,514        | (83,014)  |
| Other miscellaneous expenses            | 325,000                    | 325,000                 | 309,679       | 15,321  |
| Total Information Technology Department | \$ 1,520,665               | \$ 1,538,265            | \$ 1,537,046  | \$ 1,219  |
| Total General Government                | \$ 9,909,931               | \$ 9,909,531            | \$ 8,363,816  | \$ 1,545,715  |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| <b>Police Department -</b>              |                            |                         |                      |   |
| Labor                                   | \$ 14,082,012              | \$ 14,082,012           | \$ 14,107,207        | \$ (25,195)   |
| Operation and maintenance               | 958,776                    | 958,776                 | 863,034              | 95,742  |
| Supplies                                | 876,161                    | 876,161                 | 870,679              | 5,482   |
| Uniforms and cleaning                   | 316,723                    | 316,723                 | 325,822              | (9,099)   |
| Insurance                               | 1,518,506                  | 1,518,506               | 1,544,068            | (25,562)  |
| Social Security taxes                   | 1,015,309                  | 1,015,309               | 1,036,772            | (21,463)  |
| Group insurance                         | 2,791,093                  | 2,791,093               | 2,688,584            | 102,509   |
| Retirement                              | 1,291,367                  | 1,291,367               | 1,216,519            | 74,848  |
| Utilities                               | 516,335                    | 516,335                 | 607,183              | (90,848)  |
| Training personnel                      | 212,000                    | 212,000                 | 198,978              | 13,022  |
| Jail fees and state cost                | 220,000                    | 220,000                 | 266,965              | (46,965)  |
| Drug programs                           | 3,000                      | 3,000                   | 2,035                | 965   |
| D.A.R.E. program                        | 10,000                     | 10,000                  | 10,669               | (669)   |
| Capital outlay                          | 103,455                    | 103,455                 | 126,648              | (23,193)  |
| Red light camera program                | 900,000                    | 900,000                 | 890,461              | 9,539   |
| Other miscellaneous                     | 296,500                    | 296,500                 | 398,402              | (101,902)   |
| <b>Total Police Department</b>          | <b>\$ 25,111,237</b>       | <b>\$ 25,111,237</b>    | <b>\$ 25,154,026</b> | <b>\$ (42,789)</b>  |
| <b>Fire and Rescue Department -</b>     |                            |                         |                      |   |
| Labor                                   | \$ 9,711,006               | \$ 9,711,006            | \$ 9,543,344         | \$ 167,662  |
| Operation and maintenance               | 376,356                    | 376,356                 | 400,388              | (24,032)  |
| Supplies                                | 259,390                    | 259,390                 | 255,393              | 3,997   |
| Uniforms and cleaning                   | 256,000                    | 256,000                 | 245,426              | 10,574  |
| Insurance                               | 508,782                    | 508,782                 | 659,944              | (151,162)   |
| Social Security taxes                   | 742,892                    | 742,892                 | 694,159              | 48,733  |
| Group insurance                         | 2,285,598                  | 2,285,598               | 2,228,706            | 56,892  |
| Retirement                              | 1,032,759                  | 1,032,759               | 1,032,880            | (121)   |
| Utilities                               | 262,875                    | 262,875                 | 295,326              | (32,451)  |
| Association dues                        | 2,200                      | 2,200                   | 1,760                | 440   |
| Training personnel                      | 108,250                    | 108,250                 | 83,231               | 25,019  |
| Respiratory program                     | 46,500                     | 46,500                  | 27,085               | 19,415  |
| Capital outlay                          | 75,393                     | 75,393                  | 108,630              | (33,237)  |
| Other miscellaneous                     | 18,800                     | 18,800                  | 21,636               | (2,836)   |
| <b>Total Fire and Rescue Department</b> | <b>\$ 15,686,801</b>       | <b>\$ 15,686,801</b>    | <b>\$ 15,598,308</b> | <b>\$ 88,493</b>  |
| <b>Judicial Department -</b>            |                            |                         |                      |   |
| Labor                                   | \$ 254,869                 | \$ 254,869              | \$ 254,869           |   |
| Operation and maintenance               | 5,000                      | 5,000                   | 1,925                | \$ 3,075  |
| Supplies                                | 19,000                     | 19,000                  | 11,274               | 7,726   |
| Insurance                               | 484                        | 484                     | 484                  |   |
| Social Security taxes                   | 19,497                     | 19,497                  | 18,275               | 1,222   |
| Group insurance                         | 74,723                     | 74,723                  | 70,896               | 3,827   |
| Retirement                              | 30,258                     | 30,258                  | 30,258               |   |
| Utilities                               | 2,350                      | 2,350                   | 1,334                | 1,016   |
| Association dues                        | 825                        | 825                     | 1,274                | (449)   |
| Training personnel                      | 2,500                      | 2,500                   | 300                  | 2,200   |
| Outside services                        | 38,000                     | 38,000                  | 36,869               | 1,131   |
| Capital outlay                          | 10,000                     | 10,000                  | 7,730                | 2,270   |
| Other miscellaneous                     | 500                        | 500                     | 688                  | (188)   |
| <b>Total Judicial Department</b>        | <b>\$ 458,006</b>          | <b>\$ 458,006</b>       | <b>\$ 436,176</b>    | <b>\$ 21,830</b>  |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|                                     | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|--------------------|-----------------|--------------|---|
| Engineering Department -            |                    |                 |              |   |
| Engineering Division -              |                    |                 |              |   |
| Labor                               | \$ 760,304         | \$ 760,304      | \$ 754,738   | \$ 5,566  |
| Operation and maintenance           | 1,000              | 1,000           | 2,396        | (1,396)   |
| Supplies                            | 13,800             | 13,800          | 9,269        | 4,531   |
| Insurance                           | 7,355              | 7,355           | 288          | 7,067   |
| Social Security taxes               | 58,164             | 58,164          | 54,157       | 4,007   |
| Group insurance                     | 140,978            | 140,978         | 150,258      | (9,280)   |
| Retirement                          | 86,237             | 86,237          | 74,227       | 12,010  |
| Utilities                           | 24,400             | 24,400          | 12,897       | 11,503  |
| Sampling and testing                | 45,000             | 45,000          | 40,305       | 4,695   |
| Landfill gas management             | 40,000             | 40,000          | 46,841       | (6,841)   |
| Travel and subsistence              | 40,800             | 40,800          | 37,538       | 3,262   |
| Association dues                    | 2,000              | 2,000           | 2,031        | (31)  |
| Surveys                             | 25,000             | 25,000          | 14,724       | 10,276  |
| Training personnel                  | 4,750              | 4,750           | 599          | 4,151   |
| Capital outlay                      | 5,700              | 1,505,700       | 1,500,538    | 5,162   |
| Other miscellaneous                 | 2,750              | 2,750           | 567          | 2,183   |
| Total Engineering Division          | \$ 1,258,238       | \$ 2,758,238    | \$ 2,701,373 | \$ 56,865   |
| Streets Division -                  |                    |                 |              |   |
| Labor                               | \$ 1,087,729       | \$ 1,087,729    | \$ 1,021,207 | \$ 66,522   |
| Operation and maintenance           | 305,877            | 305,877         | 273,376      | 32,501  |
| Materials and supplies              | 192,100            | 192,100         | 208,978      | (16,878)  |
| Traffic control devices             | 35,000             | 35,000          | 572          | 34,428  |
| Insurance                           | 55,242             | 55,242          | 36,511       | 18,731  |
| Social Security taxes               | 87,389             | 87,389          | 73,689       | 13,700  |
| Group insurance                     | 308,018            | 308,018         | 274,115      | 33,903  |
| Retirement                          | 118,541            | 118,541         | 115,121      | 3,420   |
| Utilities                           | 38,500             | 38,500          | 40,304       | (1,804)   |
| Utility service - street lighting   | 1,845,800          | 1,845,800       | 1,807,137    | 38,663  |
| Street improvements and maintenance | 130,000            | 130,000         | 127,470      | 2,530   |
| Travel and subsistence              | 1,000              | 1,000           | 1,124        | (124)   |
| Training personnel                  | 2,000              | 2,000           |              | 2,000   |
| Capital outlay                      | 26,000             | 26,000          | 20,795       | 5,205   |
| Other miscellaneous                 | 1,500              | 1,500           | 777          | 723   |
| Total Streets Division              | \$ 4,234,696       | \$ 4,234,696    | \$ 4,001,176 | \$ 233,520  |
| Total Engineering Department        | \$ 5,492,934       | \$ 6,992,934    | \$ 6,702,549 | \$ 290,385  |
| State Street Aid Department -       |                    |                 |              |   |
| Traffic signals                     |                    | \$ 85,000       | \$ 78,618    | \$ 6,382  |
| Curbs and gutters                   |                    | 125,000         | 103,014      | 21,986  |
| Sidewalks                           |                    | 50,000          | 44,686       | 5,314   |
| Rights-of-way                       |                    | 100,000         | 99,402       | 598   |
| Street paving                       |                    | 2,000,000       | 2,117,940    | (117,940)   |
| Street markings                     |                    | 185,000         | 154,569      | 30,431  |
| Intersections                       |                    | 50,000          |              | 50,000  |
| Traffic signal lighting             |                    | 75,000          | 76,418       | (1,418)   |
| Street construction                 |                    | 50,000          | 36,511       | 13,489  |
| Surveys and engineering             |                    | 80,000          | 55,780       | 24,220  |
| Other miscellaneous                 |                    | 550             | 399          | 151   |
| Total State Street Aid Department   | \$ -0-             | \$ 2,800,550    | \$ 2,767,337 | \$ 33,213   |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Planning Department -</b>               |                            |                         |                     |   |
| Labor                                      | \$ 444,928                 | \$ 444,928              | \$ 427,450          | \$ 17,478   |
| Operation and maintenance                  | 7,000                      | 7,000                   | 3,034               | 3,966   |
| Supplies                                   | 34,900                     | 34,900                  | 45,120              | (10,220)  |
| Insurance                                  | 5,937                      | 5,937                   | 2,016               | 3,921   |
| Social Security taxes                      | 34,037                     | 34,037                  | 31,924              | 2,113   |
| Group insurance                            | 74,021                     | 74,021                  | 56,840              | 17,181  |
| Retirement                                 | 50,277                     | 50,277                  | 46,091              | 4,186   |
| Utilities                                  | 6,400                      | 6,400                   | 4,083               | 2,317   |
| Travel and subsistence                     | 18,200                     | 18,200                  | 6,587               | 11,613  |
| Association dues                           | 4,000                      | 4,000                   | 1,629               | 2,371   |
| Surveys                                    | 210,000                    | 210,000                 | 120                 | 209,880   |
| Training personnel                         | 3,750                      | 3,750                   | 3,925               | (175)   |
| Capital outlay                             | 7,800                      | 7,800                   | 13,096              | (5,296)   |
| Other miscellaneous                        | 2,750                      | 2,750                   | 5,614               | (2,864)   |
| <b>Total Planning Department</b>           | <b>\$ 904,000</b>          | <b>\$ 904,000</b>       | <b>\$ 647,529</b>   | <b>\$ 256,471</b>   |
| <b>Building and Codes Department -</b>     |                            |                         |                     |   |
| Labor                                      | \$ 1,198,583               | \$ 1,198,583            | \$ 1,163,229        | \$ 35,354   |
| Operation and maintenance                  | 8,000                      | 8,000                   | 10,890              | (2,890)   |
| Supplies                                   | 26,000                     | 26,000                  | 21,388              | 4,612   |
| Insurance                                  | 6,906                      | 6,906                   | 234                 | 6,672   |
| Social Security taxes                      | 91,692                     | 91,692                  | 84,863              | 6,829   |
| Group insurance                            | 225,377                    | 225,377                 | 235,431             | (10,054)  |
| Retirement                                 | 129,748                    | 129,748                 | 126,641             | 3,107   |
| Utilities                                  | 15,000                     | 15,000                  | 12,597              | 2,403   |
| Travel and subsistence                     | 63,300                     | 63,300                  | 66,070              | (2,770)   |
| Association dues                           | 2,250                      | 2,250                   | 2,326               | (76)  |
| Training personnel                         | 8,500                      | 8,500                   | 6,301               | 2,199   |
| Capital outlay                             | 20,500                     | 20,500                  | 17,167              | 3,333   |
| Other miscellaneous                        | 12,700                     | 12,700                  |                     | 12,700  |
| <b>Total Building and Codes Department</b> | <b>\$ 1,808,556</b>        | <b>\$ 1,808,556</b>     | <b>\$ 1,747,137</b> | <b>\$ 61,419</b>  |
| <b>Solid Waste Department -</b>            |                            |                         |                     |   |
| Labor                                      | \$ 1,543,793               | \$ 1,543,793            | \$ 1,428,986        | \$ 114,807  |
| Operations and maintenance                 | 1,142,991                  | 1,142,991               | 985,297             | 157,694   |
| Supplies                                   | 578,900                    | 578,900                 | 519,552             | 59,348  |
| Insurance                                  | 298,485                    | 298,485                 | 228,226             | 70,259  |
| Social Security taxes                      | 118,100                    | 118,100                 | 101,590             | 16,510  |
| Group insurance                            | 455,129                    | 455,129                 | 416,500             | 38,629  |
| Retirement                                 | 169,304                    | 169,304                 | 148,307             | 20,997  |
| Utilities                                  | 66,000                     | 66,000                  | 54,490              | 11,510  |
| Travel and subsistence                     | 7,200                      | 7,200                   | 7,299               | (99)  |
| Training personnel                         | 13,000                     | 13,000                  | 150                 | 12,850  |
| License fees                               | 3,500                      | 3,500                   | 2,825               | 675   |
| Disposal carts                             | 165,000                    | 165,000                 | 64,256              | 100,744   |
| Capital outlay                             | 14,500                     | 14,500                  | 150                 | 14,350  |
| Other miscellaneous                        | 3,950                      | 3,950                   | 2,132               | 1,818   |
| <b>Total Solid Waste Department</b>        | <b>\$ 4,579,852</b>        | <b>\$ 4,579,852</b>     | <b>\$ 3,959,760</b> | <b>\$ 620,092</b>   |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|                                      | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|----------------------------|-------------------------|---------------------|---|
| Transportation Department -          |                            |                         |                     |   |
| Traffic Division -                   |                            |                         |                     |   |
| Labor                                | \$ 338,218                 | \$ 338,218              | \$ 347,139          | \$ (8,921)  |
| Operations and maintenance           | 273,624                    | 273,624                 | 164,859             | 108,765   |
| Traffic control devices              |                            |                         | 31,067              | (31,067)  |
| Supplies                             | 7,406                      | 7,406                   | 10,738              | (3,332)   |
| Insurance                            | 8,806                      | 8,806                   | 13,150              | (4,344)   |
| Social Security taxes                | 29,666                     | 29,666                  | 25,053              | 4,613   |
| Group insurance                      | 54,643                     | 54,643                  | 73,026              | (18,383)  |
| Retirement                           | 46,274                     | 46,274                  | 40,377              | 5,897   |
| Utilities                            | 6,225                      | 6,225                   | 5,941               | 284   |
| Travel and subsistence               | 3,900                      | 3,900                   | 2,640               | 1,260   |
| Association and regional dues        | 7,998                      | 7,998                   | 8,276               | (278)   |
| Training personnel                   | 9,000                      | 9,000                   | 3,867               | 5,133   |
| Capital outlay                       | 2,000                      | 2,000                   | 4,752               | (2,752)   |
| Other miscellaneous                  | 2,000                      | 2,000                   | 4,591               | (2,591)   |
| Total Traffic Division               | \$ <u>789,760</u>          | \$ <u>789,760</u>       | \$ <u>735,476</u>   | \$ <u>54,284</u>  |
| Public Transit Division -            |                            |                         |                     |   |
| Labor                                | \$ 600,151                 | \$ 600,151              | \$ 581,048          | \$ 19,103   |
| Operation and maintenance            | 81,597                     | 81,597                  | 65,255              | 16,342  |
| Supplies                             | 19,790                     | 19,790                  | 12,104              | 7,686   |
| Fuel                                 | 138,430                    | 138,430                 | 137,579             | 851   |
| Insurance                            | 25,923                     | 25,923                  | 48,574              | (22,651)  |
| Social Security taxes                | 42,119                     | 42,119                  | 43,004              | (885)   |
| Group insurance                      | 113,763                    | 113,763                 | 99,434              | 14,329  |
| Retirement                           | 37,969                     | 37,969                  | 40,348              | (2,379)   |
| Utilities                            | 6,625                      | 6,625                   | 7,677               | (1,052)   |
| Travel and subsistence               | 2,500                      | 2,500                   | 2,164               | 336   |
| Association and regional dues        | 21,673                     | 21,673                  | 21,700              | (27)  |
| Training and instruction             | 4,000                      | 4,000                   | 2,322               | 1,678   |
| Contract services                    | 89,275                     | 89,275                  | 98,999              | (9,724)   |
| Pass - thru grant expenditures       | 49,026                     | 49,026                  | 64,711              | (15,685)  |
| Capital outlay                       | 371,065                    | 371,065                 | 121,876             | 249,189   |
| ARRA grant expenditures              | 470,695                    | 470,695                 | 360,269             | 110,426   |
| Planning                             | 60,000                     | 60,000                  | 12,461              | 47,539  |
| Other miscellaneous                  | 1,000                      | 1,000                   |                     | 1,000   |
| Total Public Transit Division        | \$ <u>2,135,601</u>        | \$ <u>2,135,601</u>     | \$ <u>1,719,525</u> | \$ <u>416,076</u>   |
| Total Transportation Department      | \$ <u>2,925,361</u>        | \$ <u>2,925,361</u>     | \$ <u>2,455,001</u> | \$ <u>470,360</u>   |
| Urban Environmental Department -     |                            |                         |                     |   |
| Labor                                | \$ 546,168                 | \$ 546,168              | \$ 502,292          | \$ 43,876   |
| Operation and maintenance            | 68,794                     | 68,794                  | 58,504              | 10,290  |
| Agricultural materials               | 26,100                     | 26,100                  | 56,583              | (30,483)  |
| Supplies                             | 50,690                     | 50,690                  | 42,026              | 8,664   |
| Insurance                            | 19,095                     | 19,095                  | 27,097              | (8,002)   |
| Social Security taxes                | 41,782                     | 41,782                  | 35,301              | 6,481   |
| Group insurance                      | 201,017                    | 201,017                 | 174,291             | 26,726  |
| Retirement                           | 56,240                     | 56,240                  | 45,225              | 11,015  |
| Utilities                            | 47,300                     | 47,300                  | 33,134              | 14,166  |
| Travel and subsistence               | 1,400                      | 1,400                   | 99                  | 1,301   |
| Training personnel                   | 1,000                      | 1,000                   | 540                 | 460   |
| Capital outlay                       | 51,475                     | 51,475                  | 49,170              | 2,305   |
| Other miscellaneous                  | 1,150                      | 1,150                   | 809                 | 341   |
| Total Urban Environmental Department | \$ <u>1,112,211</u>        | \$ <u>1,112,211</u>     | \$ <u>1,025,071</u> | \$ <u>87,140</u>  |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Public Health, Education and Welfare -     |                            |                         |               |   |
| Linebaugh Public Library                   | \$ 846,466                 | \$ 846,466              | \$ 846,466    |   |
| Rutherford County Chamber of Commerce      | 575,250                    | 575,250                 | 606,165       | \$ (30,915)   |
| Middle Tennessee State University          | 333,333                    | 333,333                 | 333,333       |   |
| Rutherford County Paws                     | 68,500                     | 68,500                  | 68,500        |   |
| DHS - Rehabilitation Service               | 51,000                     | 51,000                  | 51,000        |   |
| Main Street Program                        | 37,500                     | 37,500                  | 37,500        |   |
| Center for the Arts                        | 25,000                     | 25,000                  | 25,000        |   |
| Discovery House                            | 20,000                     | 20,000                  | 20,000        |   |
| Child Advocacy Center                      | 19,890                     | 19,890                  | 16,001        | 3,889   |
| Oaklands Association                       | 15,000                     | 15,000                  | 15,000        |   |
| Rutherford County Health Department        | 11,000                     | 11,000                  | 11,000        |   |
| Domestic Violence Program                  | 10,000                     | 10,000                  | 10,000        |   |
| 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        |   |
| Uncle Dave Macon Days                      | 8,000                      | 8,000                   | 8,000         |   |
| Bradley Academy                            | 7,500                      | 7,500                   | 7,689         | (189)   |
| 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         |   |
| CASA of Rutherford County                  | 5,000                      | 5,000                   | 5,000         |   |
| Martin Luther King Scholarship             | 4,000                      | 4,000                   | 4,000         |   |
| 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         |   |
| Rutherford County Soil Conservation        | 2,500                      | 2,500                   | 2,500         |   |
| Sexual Assault Service Program             | 2,500                      | 2,500                   | 2,500         |   |
| 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 | \$ 2,135,939               | \$ 2,135,939            | \$ 2,163,154  | \$ (27,215)   |
| Community Services -                       |                            |                         |               |   |
| Senior Citizens Department -               |                            |                         |               |   |
| Labor                                      | \$ 432,897                 | \$ 432,897              | \$ 421,142    | \$ 11,755   |
| Operations and maintenance                 | 31,563                     | 31,563                  | 29,557        | 2,006   |
| Supplies                                   | 104,900                    | 104,900                 | 88,639        | 16,261  |
| Senior trip expense                        | 50,000                     | 50,000                  | 24,774        | 25,226  |
| Insurance                                  | 21,022                     | 21,022                  | 20,982        | 40  |
| Social Security taxes                      | 33,117                     | 33,117                  | 31,376        | 1,741   |
| Group insurance                            | 73,529                     | 73,529                  | 83,804        | (10,275)  |
| Retirement                                 | 37,164                     | 37,164                  | 34,534        | 2,630   |
| Utilities                                  | 65,600                     | 65,600                  | 55,835        | 9,765   |
| Contractual services                       | 2,500                      | 2,500                   | 2,500         |   |
| Travel and subsistence                     | 1,500                      | 1,500                   | 501           | 999   |
| Training and instruction                   | 38,500                     | 38,500                  | 37,675        | 825   |
| Designated contributions                   | 2,000                      | 2,000                   | 5,554         | (3,554)   |
| Capital outlay                             | 26,400                     | 26,400                  | 22,370        | 4,030   |
| Other miscellaneous                        | 8,200                      | 8,200                   | 2,808         | 5,392   |
| Total Senior Citizens Department           | \$ 928,892                 | \$ 928,892              | \$ 862,051    | \$ 66,841   |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|----------------------------|-------------------------|---------------|---|
| Community Services (continued) -      |                            |                         |               |   |
| Communications Department -           |                            |                         |               |   |
| Labor                                 | \$ 387,568                 | \$ 387,568              | \$ 341,992    | \$ 45,576   |
| Operation and maintenance             | 33,796                     | 33,796                  | 25,199        | 8,597   |
| Supplies                              | 3,800                      | 3,800                   | 2,165         | 1,635   |
| Advertising supplies                  | 750                        | 750                     | 184           | 566   |
| Audio/video supplies                  | 25,000                     | 25,000                  | 8,672         | 16,328  |
| Insurance                             | 3,402                      | 3,402                   | 3,139         | 263   |
| Social Security taxes                 | 29,649                     | 29,649                  | 25,030        | 4,619   |
| Group insurance                       | 75,254                     | 75,254                  | 75,433        | (179)   |
| Retirement                            | 38,382                     | 38,382                  | 35,170        | 3,212   |
| Utilities                             | 3,600                      | 3,600                   | 2,271         | 1,329   |
| Travel and subsistence                | 2,100                      | 2,100                   | 869           | 1,231   |
| Association dues                      | 2,800                      | 2,800                   | 2,925         | (125)   |
| Training personnel                    | 10,000                     | 10,000                  | 4,846         | 5,154   |
| Professional services                 | 4,000                      | 4,000                   |               | 4,000   |
| Capital outlay                        | 73,750                     | 73,750                  | 48,949        | 24,801  |
| Other miscellaneous                   | 35,000                     | 35,000                  | 23,550        | 11,450  |
| Total Communications Department       | \$ 728,851                 | \$ 728,851              | \$ 600,394    | \$ 128,457  |
| Total Community Services              | \$ 1,657,743               | \$ 1,657,743            | \$ 1,462,445  | \$ 195,298  |
| Recreation -                          |                            |                         |               |   |
| Parks and Recreation Department -     |                            |                         |               |   |
| Labor                                 | \$ 4,341,750               | \$ 4,341,750            | \$ 4,295,837  | \$ 45,913   |
| Operation and maintenance             | 701,725                    | 701,725                 | 680,264       | 21,461  |
| Supplies                              | 324,665                    | 324,665                 | 312,595       | 12,070  |
| Insurance                             | 324,978                    | 324,978                 | 323,560       | 1,418   |
| Social Security taxes                 | 332,306                    | 332,306                 | 316,841       | 15,465  |
| Group insurance                       | 605,743                    | 605,743                 | 600,465       | 5,278   |
| Retirement                            | 297,061                    | 297,061                 | 296,565       | 496   |
| Utilities                             | 1,026,325                  | 1,026,325               | 958,283       | 68,042  |
| Travel and subsistence                | 22,673                     | 22,673                  | 19,685        | 2,988   |
| Arts and humanities                   | 93,850                     | 93,850                  | 79,606        | 14,244  |
| Surveys and studies                   | 100,000                    | 100,000                 |               | 100,000   |
| Training personnel                    | 14,500                     | 14,500                  | 15,703        | (1,203)   |
| Purchases for resale                  | 91,800                     | 91,800                  | 79,508        | 12,292  |
| Sales tax                             | 26,000                     | 26,000                  | 26,263        | (263)   |
| Capital outlay                        | 3,379,598                  | 3,379,598               | 729,063       | 2,650,535   |
| Miscellaneous grant expenditures      | 5,050                      | 5,050                   | 3,540         | 1,510   |
| Other miscellaneous                   | 24,725                     | 24,725                  | 32,303        | (7,578)   |
| Total Parks and Recreation Department | \$ 11,712,749              | \$ 11,712,749           | \$ 8,770,081  | \$ 2,942,668  |
| Public Golf Department -              |                            |                         |               |   |
| Labor                                 | \$ 924,060                 | \$ 924,060              | \$ 832,297    | \$ 91,763   |
| Operations and maintenance            | 64,513                     | 64,513                  | 65,131        | (618)   |
| Material                              | 105,800                    | 105,800                 | 99,018        | 6,782   |
| Supplies                              | 66,550                     | 66,550                  | 69,355        | (2,805)   |
| Insurance                             | 35,132                     | 35,132                  | 34,368        | 764   |
| Social Security taxes                 | 70,691                     | 70,691                  | 62,089        | 8,602   |
| Group insurance                       | 163,973                    | 163,973                 | 162,720       | 1,253   |
| Retirement                            | 77,990                     | 77,990                  | 76,837        | 1,153   |
| Utilities                             | 74,100                     | 74,100                  | 68,697        | 5,403   |
| Travel and subsistence                | 2,500                      | 2,500                   | 1,461         | 1,039   |
| Training personnel                    | 1,200                      | 1,200                   | 1,032         | 168   |
| Items for resale                      | 306,407                    | 306,407                 | 301,157       | 5,250   |
| Capital outlay                        | 126,750                    | 126,750                 | 125,046       | 1,704   |
| Other miscellaneous expenses          | 41,770                     | 41,770                  | 36,544        | 5,226   |
| Total Public Golf Department          | \$ 2,061,436               | \$ 2,061,436            | \$ 1,935,752  | \$ 125,684  |
| Total Recreation                      | \$ 13,774,185              | \$ 13,774,185           | \$ 10,705,833 | \$ 3,068,352  |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Budget and Actual**

**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|-----------------|---|
| Community Development Department -                      |                            |                         |                 |   |
| Administration  |                            | \$ 154,567              | \$ 135,132      | \$ 19,435   |
| Housing rehabilitation                                  |                            | 399,220                 | 309,238         | 89,982  |
| Housing assistance                                      |                            | 286,573                 | 200,949         | 85,624  |
| Neighborhood Stabilization program                      |                            |                         | 2,151           | (2,151)   |
| Emergency Solutions grant                               |                            | 201,109                 | 193,912         | 7,197   |
| Homeless assistance                                     |                            | 10,833                  | 10,833          |   |
| THDA Home grant   |                            |                         | 16,027          | (16,027)  |
| Property acquisition                                    |                            | 26,000                  | 23,002          | 2,998   |
| Other   |                            | 100,724                 | 100,724         |   |
| Total Community Development Department                  | \$ -0-                     | \$ 1,179,026            | \$ 991,968      | \$ 187,058  |
| TOTAL EXPENDITURES                                      | \$ 85,556,756              | \$ 91,035,932           | \$ 84,180,110   | \$ 6,855,822  |
| Excess of Revenues Over (Under) Expenditures            | \$ 24,152,235              | \$ 26,765,334           | \$ 33,562,224   | \$ 6,796,890  |
| Other Financing Sources (Uses) -                        |                            |                         |                 |   |
| Transfers in (out) -                                    |                            |                         |                 |   |
| Murfreesboro Electric Department                        | \$ 2,944,323               | \$ 2,944,323            | \$ 3,047,251    | \$ 102,928  |
| Other fund  | 6,000                      |                         |                 |   |
| Debt service fund                                       | (27,067,263)               | (28,071,333)            | (28,071,265)    | 68  |
| Murfreesboro City School System                         | (4,810,103)                | (4,810,103)             | (4,810,103)     |   |
| Drug fund   | (80,000)                   | (116,829)               | (140,401)       | (23,572)  |
|   | \$ (29,007,043)            | \$ (30,053,942)         | \$ (29,974,518) | \$ 79,424   |
| Net change in fund balance                              | \$ (4,854,808)             | \$ (3,288,608)          | \$ 3,587,706    | \$ 6,876,314  |
| Fund Balance at beginning of year, as previously stated | 52,348,327                 | 52,348,327              | \$ 52,348,327   | \$ -0-  |
| Prior period adjustment                                 | 313,160                    | 313,160                 | 313,160         |   |
| Fund Balance at beginning of year, as restated          | \$ 52,661,487              | \$ 52,661,487           | \$ 52,661,487   | \$ -0-  |
| Fund Balance at end of year                             | \$ 47,806,679              | \$ 49,372,879           | \$ 56,249,193   | \$ 6,876,314  |

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**

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------------|-------------------------|------------------------|---|
| Revenues -   |                            |                         |                        |   |
| Local intergovernmental revenues                           | \$ 18,988,812              | \$ 19,458,812           | \$ 19,459,293          | \$ 481  |
| State program revenues                                     | 31,833,950                 | 31,833,950              | 31,993,408             | 159,458   |
| Federal program revenues                                   | 35,000                     | 35,000                  | 70,025                 | 35,025  |
| Charges for services                                       | 21,000                     | 21,000                  | 14,915                 | (6,085)   |
| Indigent children revenues                                 | 4,404                      | 4,404                   | 4,404                  |   |
| Other local revenues                                       | 332,750                    | 332,750                 | 786,040                | 453,290   |
|  | <u>\$ 51,215,916</u>       | <u>\$ 51,685,916</u>    | <u>\$ 52,328,085</u>   | <u>\$ 642,169</u>                                       |
| Expenditures -   |                            |                         |                        |   |
| Regular instruction program                                | \$ 33,887,321              | \$ 33,887,321           | \$ 32,729,411          | \$ 1,157,910  |
| Special education program                                  | 4,102,766                  | 4,533,929               | 4,544,782              | (10,853)  |
| Attendance   | 80,857                     | 80,857                  | 74,585                 | 6,272   |
| Health services  | 484,820                    | 525,580                 | 534,270                | (8,690)   |
| Other student support                                      | 1,187,695                  | 1,187,695               | 1,157,933              | 29,762  |
| Regular instruction program - support                      | 1,508,496                  | 1,508,496               | 1,456,382              | 52,114  |
| Special education program - support                        | 524,784                    | 591,609                 | 586,383                | 5,226   |
| Board of education   | 1,127,706                  | 1,127,706               | 901,367                | 226,339   |
| Office of superintendent                                   | 305,228                    | 305,228                 | 306,710                | (1,482)   |
| Office of principal  | 3,120,473                  | 3,120,473               | 3,088,823              | 31,650  |
| Fiscal services  | 531,538                    | 531,538                 | 480,622                | 50,916  |
| Operation of plant   | 4,418,919                  | 4,418,919               | 4,398,499              | 20,420  |
| Maintenance of plant                                       | 1,554,942                  | 1,554,942               | 1,598,565              | (43,623)  |
| Transportation   | 1,897,158                  | 2,130,955               | 1,731,122              | 399,833   |
| Information technology                                     | 725,646                    | 725,646                 | 782,272                | (56,626)  |
| Community services   | 482,040                    | 509,082                 | 518,115                | (9,033)   |
| Early childhood education                                  | 859,000                    | 859,000                 | 668,560                | 190,440   |
| Indigent children  | 13,563                     | 13,563                  | 13,563                 |   |
| Personnel services   | 270,634                    | 270,634                 | 292,354                | (21,720)  |
| Capital outlay   | 996,700                    | 996,700                 | 24,367,798             | (23,371,098)  |
|  | <u>\$ 58,080,286</u>       | <u>\$ 58,879,873</u>    | <u>\$ 80,232,116</u>   | <u>\$ (21,352,243)</u>                                  |
| Excess of Revenues Over (Under) Expenditures               | <u>\$ (6,864,370)</u>      | <u>\$ (7,193,957)</u>   | <u>\$ (27,904,031)</u> | <u>\$ (20,710,074)</u>                                  |
| Other Financing Sources and (Uses) -                       |                            |                         |                        |   |
| Debt proceeds  |                            |                         | \$ 23,930,084          | \$ 23,930,084   |
| Premium on bonds issued                                    |                            |                         | 1,097,191              | 1,097,191   |
| Transfers in   | \$ 4,810,103               | \$ 4,810,103            | 4,810,103              |   |
| Transfers out  |                            | (197,148)               | (197,148)              |   |
|  | <u>\$ 4,810,103</u>        | <u>\$ 4,612,955</u>     | <u>\$ 29,640,230</u>   | <u>\$ 25,027,275</u>                                    |
| Net change in fund balance                                 | <u>\$ (2,054,267)</u>      | <u>\$ (2,581,002)</u>   | <u>\$ 1,736,199</u>    | <u>\$ 4,317,201</u>                                     |
| Fund Balance at beginning of year,<br>as previously stated | \$ 6,018,810               | \$ 6,018,810            | \$ 6,018,810           | \$ -0-  |
| Prior period adjustment                                    | 1,501,535                  | 1,501,535               | 1,501,535              |   |
| Fund Balance at beginning of year,<br>as restated          | <u>\$ 7,520,345</u>        | <u>\$ 7,520,345</u>     | <u>\$ 7,520,345</u>    | <u>\$ -0-</u>   |
| Fund Balance at end of year                                | <u>\$ 5,466,078</u>        | <u>\$ 4,939,343</u>     | <u>\$ 9,256,544</u>    | <u>\$ 4,317,201</u>                                     |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet  
Proprietary Funds**

**June 30, 2014**

|   | Business-Type Activities           |  |                                 | Totals         | Governmental                 |
|---|------------------------------------|--|---------------------------------|----------------|------------------------------|
|   | Murfreesboro<br>Water and<br>Sewer | Murfreesboro<br>Electric<br>Department | Nonmajor<br>Enterprise<br>Funds |                | Internal<br>Service<br>Funds |
| <b>ASSETS</b>                                   |                                    |  |                                 |                |                              |
| Current Assets -                                |                                    |  |                                 |                |                              |
| Cash and cash equivalents                       | \$ 26,250,434                      | \$ 43,020,989                          | \$ 5,696,887                    | \$ 74,968,310  | \$ 11,665,519                |
| Accounts receivable                             | 2,724,531                          | 17,347,145                             | 144,153                         | 20,215,829     |                              |
| Grants receivable, net                          | 396,042                            |  |                                 | 396,042        |                              |
| Due from others                                 |                                    |  |                                 |                | 347,745                      |
| Due from other funds                            | 2,746,734                          |  | 2,755,660                       | 5,502,394      | 15,569                       |
| Inventories                                     | 711,013                            | 2,405,853                              | 65,643                          | 3,182,509      | 195,769                      |
| Prepaid items and other assets                  | 215,289                            | 1,186,076                              | 14,381                          | 1,415,746      |                              |
| Total Current Assets                            | \$ 33,044,043                      | \$ 63,960,063                          | \$ 8,676,724                    | \$ 105,680,830 | \$ 12,224,602                |
| Noncurrent Assets -                             |                                    |  |                                 |                |                              |
| Restricted assets -                             |                                    |  |                                 |                |                              |
| Cash and cash equivalents                       | \$ 24,780,490                      |  |                                 | \$ 24,780,490  | \$ 4,500                     |
| Certificates of deposit                         |                                    |  |                                 |                | 500,000                      |
| Conservation loans receivable                   |                                    | \$ 1,626,942                           |                                 | 1,626,942      |                              |
| Other non-current assets                        |                                    | 172,811                                |                                 | 172,811        |                              |
| Capital assets -                                |                                    |  |                                 |                |                              |
| Land and construction in progress               | 38,129,171                         | 13,691,652                             | \$ 1,573,447                    | 53,394,270     |                              |
| Other capital assets, net of depreciation       | 330,106,797                        | 118,128,118                            | 3,178,655                       | 451,413,570    |                              |
| Total Noncurrent Assets                         | \$ 393,016,458                     | \$ 133,619,523                         | \$ 4,752,102                    | \$ 531,388,083 | \$ 504,500                   |
| Total Assets                                    | \$ 426,060,501                     | \$ 197,579,586                         | \$ 13,428,826                   | \$ 637,068,913 | \$ 12,729,102                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                    |  |                                 |                |                              |
| Deferred charge on refunding                    |                                    | \$ 50,209                              |                                 | \$ 50,209      |                              |
| Total deferred outflows of resources            |                                    | \$ 50,209                              |                                 | \$ 50,209      |                              |
| Total assets and deferred outflows of resources | \$ 426,060,501                     | \$ 197,629,795                         | \$ 13,428,826                   | \$ 637,119,122 | \$ 12,729,102                |
| <b>LIABILITIES AND NET POSITION</b>             |                                    |  |                                 |                |                              |
| Current Liabilities -                           |                                    |  |                                 |                |                              |
| Accounts payable                                | \$ 2,061,395                       | \$ 23,500,378                          | \$ 30,382                       | \$ 25,592,155  | \$ 1,193,908                 |
| Accrued and withheld liabilities                | 218,295                            | 659,448                                | 5,763                           | 883,506        | 3,202                        |
| Due to other funds                              | 3,274,482                          |  | 3,286,359                       | 6,560,841      | 35,526                       |
| Unearned revenue                                |                                    |  |                                 |                | 22,802                       |
| Deposits held                                   | 522,103                            | 7,163,325                              |                                 | 7,685,428      |                              |
| Compensated absences                            | 1,049,440                          |  |                                 | 1,049,440      |                              |
| Claims and judgments payable                    |                                    |  |                                 |                | 3,036,710                    |
| Bonds and loans payable                         | 7,806,000                          | 946,000                                |                                 | 8,752,000      |                              |
| Total Current Liabilities                       | \$ 14,931,715                      | \$ 32,269,151                          | \$ 3,322,504                    | \$ 50,523,370  | \$ 4,292,148                 |
| Noncurrent Liabilities -                        |                                    |  |                                 |                |                              |
| Compensated absences                            | \$ 727,826                         | \$ 1,345,831                           |                                 | \$ 2,073,657   |                              |
| Claims and judgments payable                    |                                    |  |                                 |                | \$ 4,077,790                 |
| Post-employment benefit obligation              | 6,392,644                          | 3,542,666                              |                                 | 9,935,310      |                              |
| Bonds and loans payable                         | 88,431,603                         | 8,436,000                              |                                 | 96,867,603     |                              |
| Advances on conservation loans                  |                                    | 1,665,437                              |                                 | 1,665,437      |                              |
| Other liabilities                               |                                    | 645,214                                |                                 | 645,214        |                              |
| Total Noncurrent Liabilities                    | \$ 95,552,073                      | \$ 15,635,148                          |                                 | \$ 111,187,221 | \$ 4,077,790                 |
| Total Liabilities                               | \$ 110,483,788                     | \$ 47,904,299                          | \$ 3,322,504                    | \$ 161,710,591 | \$ 8,369,938                 |
| Net Position -                                  |                                    |  |                                 |                |                              |
| Net investment in capital assets                | \$ 271,998,365                     | \$ 121,842,765                         | \$ 1,465,742                    | \$ 395,306,872 |                              |
| Restricted for capital activity                 | 20,346,215                         |  |                                 | 20,346,215     |                              |
| Restricted for debt service                     | 4,434,275                          |  |                                 | 4,434,275      |                              |
| Unrestricted                                    | 18,797,858                         | 27,882,731                             | 8,640,580                       | 55,321,169     | \$ 4,359,164                 |
| Total Net Position                              | \$ 315,576,713                     | \$ 149,725,496                         | \$ 10,106,322                   | \$ 475,408,531 | \$ 4,359,164                 |
| Total Liabilities and Net Position              | \$ 426,060,501                     | \$ 197,629,795                         | \$ 13,428,826                   | \$ 637,119,122 | \$ 12,729,102                |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Reconciliation of Total Proprietary Funds Net Position  
to Net Position of Business-type Activities**

**June 30, 2014**

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|   |                       |
|---|-----------------------|
| Total Proprietary Fund Net Position   | \$ 475,408,531        |
| Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds | 5,077,236             |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds         | 10,263                |
| Net Position of Business-Type Activities  | <u>\$ 480,496,030</u> |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|   | Business-Type Activities           |  |                                 | Totals                | Governmental                 |
|---|------------------------------------|--|---------------------------------|-----------------------|------------------------------|
|   | Murfreesboro<br>Water and<br>Sewer | Murfreesboro<br>Electric<br>Department | Nonmajor<br>Enterprise<br>Funds |                       | Internal<br>Service<br>Funds |
| Operating Revenues -  |                                    |  |                                 |                       |                              |
| Charges for services  | \$ 40,658,219                      | \$ 164,065,088                         | \$ 3,115,319                    | \$ 207,838,626        | \$ 19,175,061                |
| Other revenues  |                                    |  |                                 |                       | 549,119                      |
|   | <u>\$ 40,658,219</u>               | <u>\$ 164,065,088</u>                  | <u>\$ 3,115,319</u>             | <u>\$ 207,838,626</u> | <u>\$ 19,724,180</u>         |
| Operating Expenses -  |                                    |  |                                 |                       |                              |
| Power purchases   |                                    | \$ 129,996,650                         |                                 | \$ 129,996,650        |                              |
| Other operating expenses  | \$ 18,663,872                      | 8,275,555                              | \$ 1,764,294                    | 28,703,721            | \$ 3,120,204                 |
| Claims and administrative   |                                    |  |                                 |                       | 17,058,900                   |
| Depreciation and amortization   | 11,378,338                         | 6,030,969                              | 229,224                         | 17,638,531            |                              |
| Maintenance and repairs   | 1,111,549                          | 2,178,399                              |                                 | 3,289,948             |                              |
| Taxes and tax equivalents   |                                    | 1,258,415                              |                                 | 1,258,415             |                              |
|   | <u>\$ 31,153,759</u>               | <u>\$ 147,739,988</u>                  | <u>\$ 1,993,518</u>             | <u>\$ 180,887,265</u> | <u>\$ 20,179,104</u>         |
| Operating Income (Loss)   | <u>\$ 9,504,460</u>                | <u>\$ 16,325,100</u>                   | <u>\$ 1,121,801</u>             | <u>\$ 26,951,361</u>  | <u>\$ (454,924)</u>          |
| Nonoperating Revenues -   |                                    |  |                                 |                       |                              |
| Grant revenue   | \$ 1,310,813                       |  |                                 | \$ 1,310,813          |                              |
| Interest  | 106,852                            | \$ 868                                 | \$ 18,716                       | 126,436               | \$ 16,707                    |
|   | <u>\$ 1,417,665</u>                | <u>\$ 868</u>                          | <u>\$ 18,716</u>                | <u>\$ 1,437,249</u>   | <u>\$ 16,707</u>             |
| Nonoperating Expenses -   |                                    |  |                                 |                       |                              |
| Interest  | \$ 1,857,548                       | \$ 247,175                             |                                 | \$ 2,104,723          |                              |
| Loss on disposal of assets  | 707,923                            |  |                                 | 707,923               |                              |
|   | <u>\$ 2,565,471</u>                | <u>\$ 247,175</u>                      |                                 | <u>\$ 2,812,646</u>   |                              |
| Income (Loss) Before Capital  |                                    |  |                                 |                       |                              |
| Contributions and Transfers   | <u>\$ 8,356,654</u>                | <u>\$ 16,078,793</u>                   | <u>\$ 1,140,517</u>             | <u>\$ 25,575,964</u>  | <u>\$ (438,217)</u>          |
| Capital contributions   | \$ 5,825,278                       |  |                                 | \$ 5,825,278          |                              |
| Transfers in  |                                    |  | \$ 56,183                       | 56,183                |                              |
| Transfers out   |                                    | \$ (3,047,251)                         |                                 | (3,047,251)           |                              |
|   | <u>\$ 5,825,278</u>                | <u>\$ (3,047,251)</u>                  | <u>\$ 56,183</u>                | <u>\$ 2,834,210</u>   |                              |
| Change in Net Position  | <u>\$ 14,181,932</u>               | <u>\$ 13,031,542</u>                   | <u>\$ 1,196,700</u>             | <u>\$ 28,410,174</u>  | <u>\$ (438,217)</u>          |
| Net Position at beginning of year   |                                    |  |                                 |                       |                              |
| as previously stated  | \$ 301,859,696                     | \$ 136,693,954                         | \$ 8,909,622                    | \$ 447,463,272        | \$ 4,797,381                 |
| Prior period adjustment   | (464,915)                          |  |                                 | (464,915)             |                              |
| Net Position at beginning of year,  |                                    |  |                                 |                       |                              |
| as restated   | <u>\$ 301,394,781</u>              | <u>\$ 136,693,954</u>                  | <u>\$ 8,909,622</u>             | <u>\$ 446,998,357</u> | <u>\$ 4,797,381</u>          |
| Net Position at end of year   | <u>\$ 315,576,713</u>              | <u>\$ 149,725,496</u>                  | <u>\$ 10,106,322</u>            | <u>\$ 475,408,531</u> | <u>\$ 4,359,164</u>          |
| Change in Net Position  |                                    |  |                                 | \$ 28,410,174         |                              |
| Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds |                                    |  |                                 | 1,105,081             |                              |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds         |                                    |  |                                 | (48,243)              |                              |
| Change in Net Position of Business-Type Activities  |                                    |  |                                 | <u>\$ 29,467,012</u>  |                              |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|  | <u>Business-Type Activities</u> |                             |                            |                             | <u>Governmental</u>         |
|--|---------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
|  | <u>Murfreesboro</u>             | <u>Murfreesboro</u>         | <u>Nonmajor</u>            | <u>Totals</u>               | <u>Internal</u>             |
|  | <u>Water and</u>                | <u>Electric</u>             | <u>Enterprise</u>          |                             | <u>Service</u>              |
|  | <u>Sewer</u>                    | <u>Department</u>           | <u>Funds</u>               |                             | <u>Funds</u>                |
| <b>Cash Flows from Operating Activities -</b>                        |                                 |                             |                            |                             |                             |
| Cash received from customers   | \$ 39,616,210                   | \$ 163,476,963              | \$ 374,210                 | \$ 203,467,383              |                             |
| Cash payments to suppliers   | (11,178,826)                    | (5,246,775)                 | (156,854)                  | (16,582,455)                | \$ (1,641,273)              |
| Cash payments to employees   | (7,078,260)                     | (6,743,727)                 | (279,144)                  | (14,101,131)                | (847,145)                   |
| Cash payments to TVA for power                                       |                                 | (128,268,871)               |                            | (128,268,871)               |                             |
| Cash payments of property taxes                                      |                                 | (884,686)                   |                            | (884,686)                   |                             |
| Cash received from interfund services provided                       |                                 |                             |                            |                             | 19,211,548                  |
| Cash payments of claims and administrative expenses                  |                                 |                             |                            |                             | (16,048,540)                |
| Other receipts (payments)  |                                 |                             | 859,974                    | 859,974                     | (2,535)                     |
| Net Cash Provided (Used) by Operating Activities                     | \$ <u>21,359,124</u>            | \$ <u>22,332,904</u>        | \$ <u>798,186</u>          | \$ <u>44,490,214</u>        | \$ <u>672,055</u>           |
| <b>Cash Flows from Noncapital Financing Activities -</b>             |                                 |                             |                            |                             |                             |
| (Repayments) advances on TVA conservation loans                      |                                 | \$ (66,095)                 |                            | \$ (66,095)                 |                             |
| Transfers in   |                                 |                             | \$ 56,183                  | 56,183                      |                             |
| Transfers out  |                                 | (3,047,251)                 |                            | (3,047,251)                 |                             |
| Net Cash Provided (Used) by Noncapital Financing Activities          |                                 | \$ <u>(3,113,346)</u>       | \$ <u>56,183</u>           | \$ <u>(3,057,163)</u>       |                             |
| <b>Cash Flows from Capital and Related Financing Activities -</b>    |                                 |                             |                            |                             |                             |
| Acquisition and construction of capital assets                       | \$ (8,720,799)                  | \$ (13,168,358)             | \$ (37,265)                | \$ (21,926,422)             |                             |
| Net removal costs of capital assets                                  |                                 | (210,804)                   |                            | (210,804)                   |                             |
| Proceeds from sale of assets   | 10,004                          |                             |                            | 10,004                      |                             |
| Proceeds from bonds and loans  | 1,094,457                       |                             |                            | 1,094,457                   |                             |
| Principal payment on bonds and loans                                 | (8,040,000)                     | (3,140,427)                 |                            | (11,180,427)                |                             |
| Amortization of bond premium   | (168,001)                       |                             |                            | (168,001)                   |                             |
| Interest paid on bonds and loans                                     | (1,857,548)                     | (252,206)                   |                            | (2,109,754)                 |                             |
| Net Cash Provided (Used) by Capital and Related Financing Activities | \$ <u>(17,681,887)</u>          | \$ <u>(16,771,795)</u>      | \$ <u>(37,265)</u>         | \$ <u>(34,490,947)</u>      |                             |
| <b>Cash Flows From Investing Activities -</b>                        |                                 |                             |                            |                             |                             |
| Interest received  | \$ <u>106,852</u>               | \$ <u>868</u>               | \$ <u>2,625</u>            | \$ <u>110,345</u>           | \$ <u>17,731</u>            |
| Net Cash Provided (Used) by Investing Activities                     | \$ <u>106,852</u>               | \$ <u>868</u>               | \$ <u>2,625</u>            | \$ <u>110,345</u>           | \$ <u>17,731</u>            |
| Net Increase (Decrease) in Cash and Cash Equivalents                 | \$ 3,784,089                    | \$ 2,448,631                | \$ 819,729                 | \$ 7,052,449                | \$ 689,786                  |
| Cash and Cash Equivalents at Beginning of Year                       | <u>47,246,835</u>               | <u>40,572,358</u>           | <u>4,877,158</u>           | <u>92,696,351</u>           | <u>10,980,233</u>           |
| Cash and Cash Equivalents at End of Year                             | \$ <u><u>51,030,924</u></u>     | \$ <u><u>43,020,989</u></u> | \$ <u><u>5,696,887</u></u> | \$ <u><u>99,748,800</u></u> | \$ <u><u>11,670,019</u></u> |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Cash Flows (continued)**

**Proprietary Funds**

**Year Ended June 30, 2014**

|   | <u>Business-Type Activities</u> |                      |                     |                      | <u>Governmental</u>  |
|---|---------------------------------|----------------------|---------------------|----------------------|----------------------|
|   | <u>Murfreesboro</u>             | <u>Murfreesboro</u>  | <u>Nonmajor</u>     | <u>Totals</u>        | <u>Internal</u>      |
|   | <u>Water and</u>                | <u>Electric</u>      | <u>Enterprise</u>   |                      | <u>Service</u>       |
|   | <u>Sewer</u>                    | <u>Department</u>    | <u>Funds</u>        |                      | <u>Funds</u>         |
| Reconciliation of Operating Income (Loss) to Net Cash     |                                 |                      |                     |                      |                      |
| Provided (Used) by Operating Activities:                  |                                 |                      |                     |                      |                      |
| Operating income (loss)                                   | \$ 9,504,460                    | \$ 16,325,100        | \$ 1,137,892        | \$ 26,967,452        | \$ (454,924)         |
| Adjustments to reconcile net earnings to net cash         |                                 |                      |                     |                      |                      |
| provided (used) by operating activities                   |                                 |                      |                     |                      |                      |
| Depreciation and amortization                             | 11,501,926                      | 6,182,634            | 229,224             | 17,913,784           |                      |
| Loss on disposal of utility plant assets                  |                                 |                      | 305                 | 305                  |                      |
| Provision for doubtful accounts                           | 194,875                         |                      |                     | 194,875              |                      |
| Changes in assets and liabilities -                       |                                 |                      |                     |                      |                      |
| Accounts receivable                                       | (1,042,012)                     | (1,298,559)          | (20,429)            | (2,361,000)          |                      |
| Due from other funds                                      | (1,356,111)                     |                      | (15,390)            | (1,371,501)          | 8,218                |
| Inventory   | (97,402)                        | (238,654)            | (2,977)             | (339,033)            | (14,851)             |
| Prepaid items and other current assets                    | (72,438)                        | (626,072)            | 922                 | (697,588)            | 20,162               |
| Conservation loans receivable                             |                                 | 45,469               |                     | 45,469               |                      |
| Other noncurrent assets                                   |                                 | 434,606              |                     | 434,606              |                      |
| Accounts payable  | 885,822                         | 191,691              | 2,180               | 1,079,693            | 128,640              |
| Claims and judgments payable                              |                                 |                      |                     |                      | 950,500              |
| Due to other funds  | 385,837                         |                      | (534,602)           | (148,765)            | 31,387               |
| Accrued and withheld liabilities                          | (17,720)                        | 98,295               | 1,061               | 81,636               | 2,923                |
| Post-employment benefit obligation                        | 1,368,363                       | 616,841              |                     | 1,985,204            |                      |
| Other liabilities   |                                 | (19,428)             |                     | (19,428)             |                      |
| Deposits  | 34,342                          | 684,393              |                     | 718,735              |                      |
| Accrued compensated absences                              | 69,182                          | (63,412)             |                     | 5,770                |                      |
| Net Cash Provided (Used) by Operating Activities          | \$ <u>21,359,124</u>            | \$ <u>22,332,904</u> | \$ <u>798,186</u>   | \$ <u>44,490,214</u> | \$ <u>672,055</u>    |
| Non-Cash Capital and Related Financing Activities -       |                                 |                      |                     |                      |                      |
| Utility acquisition debt incurred                         |                                 | \$ 95,315            |                     | \$ 95,315            |                      |
| Contributions in aid of construction                      | \$ 5,825,278                    |                      |                     | 5,825,278            |                      |
| Capital asset transfers and acquisitions from other funds |                                 |                      | \$ 1,718,974        | 1,718,974            |                      |
|   | \$ <u>5,825,278</u>             | \$ <u>95,315</u>     | \$ <u>1,718,974</u> | \$ <u>7,639,567</u>  |                      |
| Reconciliation to Cash and Cash Equivalents               |                                 |                      |                     |                      |                      |
| Presented in Statement of Net Position -                  |                                 |                      |                     |                      |                      |
| Cash and Cash Equivalents                                 | \$ 26,250,434                   | \$ 43,020,989        | \$ 5,696,887        | \$ 74,968,310        | \$ 11,665,519        |
| Cash and Cash Equivalents - Restricted                    | 24,780,490                      |                      |                     | 24,780,490           | 4,500                |
| Cash and Cash Equivalents at End of Year                  | \$ <u>51,030,924</u>            | \$ <u>43,020,989</u> | \$ <u>5,696,887</u> | \$ <u>99,748,800</u> | \$ <u>11,670,019</u> |
| 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        | \$ 11,378,338                   | \$ 6,030,969         | \$ 229,224          | \$ 17,638,531        |                      |
| Depreciation and amortization expense charged             |                                 |                      |                     |                      |                      |
| to operations and maintenance expense on                  |                                 |                      |                     |                      |                      |
| Statement of Revenues, Expenses, and Changes              |                                 |                      |                     |                      |                      |
| in Net Position   | 123,588                         | 151,665              |                     | 275,253              |                      |
| Depreciation and amortization expense per                 |                                 |                      |                     |                      |                      |
| Statement of Cash Flows                                   | \$ <u>11,501,926</u>            | \$ <u>6,182,634</u>  | \$ <u>229,224</u>   | \$ <u>17,913,784</u> |                      |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Position**  
**Fiduciary Funds**

**June 30, 2014**

|  | <u>Pension<br/>Trust<br/>Funds</u> | <u>Extended School<br/>Program Private<br/>Purpose<br/>Trust Fund</u> | <u>School<br/>Activity<br/>Agency Fund</u> |
|--|------------------------------------|---|--|
| <b><u>ASSETS</u></b>                                     |                                    |   |  |
| Cash and cash equivalents                                | \$ 2,402,270                       | \$ 3,006  | \$ 600,206                                 |
| Certificates of deposit                                  |                                    | 159,231   | 10,000                                     |
| Investments, at fair value                               |                                    |   |  |
| Certificates of deposit                                  | 474,856                            |   |  |
| Mutual funds   | 100,375,009                        |   |  |
| U.S. Government notes and bonds                          | 116,877                            |   |  |
| Municipal notes and bonds                                | 345,548                            |   |  |
| Corporate notes and bonds                                | 13,336,261                         |   |  |
| Common stock   | 25,015,160                         |   |  |
| Accrued interest receivable                              | 70,090                             |   |  |
| Contributions receivable                                 | 281,767                            |   |  |
| Other receivables  |                                    |   | 2,109                                      |
| Inventory  |                                    |   | 4,841                                      |
|  | <u>\$ 142,417,838</u>              | <u>\$ 162,237</u>   | <u>\$ 617,156</u>                          |
| <b><u>LIABILITIES</u></b>                                |                                    |   |  |
| Due to others  |                                    |   | <u>\$ 617,156</u>                          |
|  |                                    |   | <u>\$ 617,156</u>                          |
| <b><u>NET POSITION</u></b>                               |                                    |   |  |
| Net Position -   |                                    |   |  |
| Held in trust for pension benefits and<br>other purposes | <u>\$ 142,417,838</u>              | <u>\$ 162,237</u>   | <u>\$ - 0 -</u>                            |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|   | <u>Pension<br/>Trust<br/>Funds</u> | <u>Extended School<br/>Program Private<br/>Purpose<br/>Trust Fund</u> |
|---|------------------------------------|---|
| Additions -                                       |                                    |   |
| Contributions -                                   |                                    |   |
| Employer  | \$ <u>5,666,883</u>                |   |
| Investment income-                                |                                    |   |
| Net appreciation in fair value of investments     | \$ 16,898,253                      |   |
| Interest  | 586,927                            | \$ 2,131  |
| Dividends   | 2,708,831                          |   |
| Miscellaneous income                              | 1,647                              |   |
| Total investment income                           | \$ 20,195,658                      | \$ 2,131  |
| Less investment fees                              | <u>(84,030)</u>                    |   |
| Net investment income                             | \$ <u>20,111,628</u>               | \$ <u>2,131</u>   |
| Total additions                                   | \$ <u>25,778,511</u>               | \$ <u>2,131</u>   |
| Deductions -                                      |                                    |   |
| Benefits to participants                          | \$ <u>4,456,109</u>                | \$ <u>-0-</u>   |
| Total deductions                                  | \$ <u>4,456,109</u>                | \$ <u>-0-</u>   |
| Net Increase (Decrease)                           | \$ 21,322,402                      | \$ 2,131  |
| Net Position Held in Trust for Pension Benefits - |                                    |   |
| Beginning of year                                 | 121,095,436                        | 160,106   |
| End of year                                       | \$ <u><u>142,417,838</u></u>       | \$ <u><u>162,237</u></u>  |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements**

**June 30, 2014**

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**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

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City'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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**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.

The 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**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 – Airport Fund, Drug Enforcement Fund, General Purpose School Fund, Extended School Program Fund, School Cafeteria Fund and Federal and State Program Funds.

Capital Projects Funds – TMBF/Bond Fund and the Capital Improvement and Contingency Fund.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**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.

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.

**Implementation of Accounting Pronouncement – GASB No. 65**

During the fiscal year ended June 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 had the impact of reclassifying certain items previously reported as deferred revenues to deferred inflows of resources and changed the method of accounting for debt issuance costs.

**Assets, Liabilities, Deferred Outflows/Inflows 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows 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:

|                           | <u>Governmental Activities</u> |                       |                                 | <u>Business-Type Activities</u>     | <u>Total</u>         |
|---------------------------|--------------------------------|-----------------------|---------------------------------|-------------------------------------|----------------------|
|                           | <u>General Fund</u>            | <u>TMBF/Bond Fund</u> | <u>Other Governmental Funds</u> | <u>Murfreesboro Water and Sewer</u> |                      |
| Restricted assets -       |                                |                       |                                 |                                     |                      |
| Cash and cash equivalents | \$ 942,053                     | \$ 46,244,952         | \$ 288,433                      | \$ 24,780,490                       | \$ 72,255,928        |
| Investments               |                                |                       | 1,959,207                       |                                     | 1,959,207            |
|                           | <u>\$ 942,053</u>              | <u>\$ 46,244,952</u>  | <u>\$ 2,247,640</u>             | <u>\$ 24,780,490</u>                | <u>\$ 74,215,135</u> |

Restricted Assets – Governmental Activities -

Certain proceeds from outside sources have been classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by outside sources. The general fund maintains separate bank accounts for the following restricted funds: Equitable sharing, police, 125 plan contributions, and deposits in a local government investment pool for the City’s portion of the cost of the construction of a road. The amount of restricted funds in the general fund at June 30, 2014 is \$942,053.

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 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, 2014 is \$46,244,952.

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 \$288,433 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2014. 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, 2014, \$56,183 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, 2014 is \$1,959,207.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2014, Water and Sewer connection fees in the amount of \$17,018,651 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows 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 \$306,484. 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, 2014, \$2,621,080 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, 2014 is \$4,434,275. A repair and replacement fund in the amount of \$400,000 was established to be used specifically for approved capital improvements, both current and anticipated expansions, and major repairs and replacements of existing plant to include emergency contingencies for major catastrophes and acts of God (lightning, wind, etc.).

**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, 2014, 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 \$17,913,784 for the year ended June 30, 2014. 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:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Capital Assets and Depreciation (continued) -**

|  | <u>Total Proprietary Funds</u> |
|--|--------------------------------|
| Depreciation and amortization on statement of cash flows   | \$ 17,913,784                  |
| Depreciation and amortization on statement of revenues,<br>expenses, and changes in net position | <u>17,638,531</u>              |
| Difference (depreciation charged to other operating expense accounts)                            | \$ <u>275,253</u>              |

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

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, 2014 is as follows:

|                     | <u>General<br/>Fund</u> | <u>Water and<br/>Sewer</u> | <u>Evergreen<br/>Cemetery</u> |
|---------------------|-------------------------|----------------------------|-------------------------------|
| Allowance for -     |                         |                            |                               |
| Taxes Receivable    | \$ 2,092,837            |                            |                               |
| Other               | 2,791,065               |                            |                               |
| Accounts Receivable |                         | \$ 115,000                 | \$ 18,797                     |

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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is a deferred charge on bond refundings reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying amount of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. One arises only under a modified accrual basis of accounting and that qualifies for reporting in this category. Accordingly, these types of unavailable revenue are reported only in the governmental funds balance sheet. Property taxes; however, which are levied on January 1, 2014, will not be available for collection until fiscal year 2015, beginning October 2014, and also qualifies for reporting on the statement of net position. In addition, other amounts such as developer fees, program income and certain other amounts are not available until future periods and therefore are reported as deferred inflows in the statement of net position as well as on the governmental funds balance sheet. The third item arises due to amounts received in advance of meeting timing requirements, such as from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available (unavailable revenue) and when the timing requirements are met (amounts received in advance).

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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

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 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, 2014 are as follows:

|                                      | <u>General<br/>Fund</u> | <u>General<br/>Purpose<br/>School<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>TMBF /<br/>Bond<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|-------------------------|--|----------------------------------|---------------------------------|---|---|
| Summary for<br>Governmental<br>Funds |                         |  |                                  |                                 |   |   |
| Balance Sheet                        |                         |  |                                  |                                 |   |   |
| Nonspendable                         | \$ 590,727              |  |                                  |                                 | \$ 1,998,894                            | \$ 2,589,621                            |
| Restricted                           | 1,971,000               |  |                                  | \$ 39,983,579                   | 338,977                                 | 42,293,556                              |
| Committed                            | 10,939                  | \$ 9,256,544                                   |                                  |                                 | 4,568,123                               | 13,835,606                              |
| Assigned                             | 5,755,682               |  | \$ 3,861,500                     |                                 | 423,560                                 | 10,040,742                              |
| Unassigned                           | 47,920,845              |  |                                  | (1,273,734)                     | (712,758)                               | 45,934,353                              |
| Total fund balances                  | \$ <u>56,249,193</u>    | \$ <u>9,256,544</u>                            | \$ <u>3,861,500</u>              | \$ <u>38,709,845</u>            | \$ <u>6,616,796</u>                     | \$ <u>114,693,878</u>                   |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

|                            | General<br>Fund      | General<br>Purpose<br>School<br>Fund | Debt<br>Service<br>Fund | TMBF/Bond<br>Fund    | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|----------------------|--------------------------------------|-------------------------|----------------------|--------------------------------|--------------------------------|
| Fund balances:             |                      |                                      |                         |                      |                                |                                |
| Nonspendable               |                      |                                      |                         |                      |                                |                                |
| Fuel inventory             | \$ 160,686           |                                      |                         |                      |                                | \$ 160,686                     |
| Golf inventory             | 83,196               |                                      |                         |                      |                                | 83,196                         |
| Airport inventory          |                      |                                      |                         |                      | \$ 39,501                      | 39,501                         |
| Cafeteria inventory        |                      |                                      |                         |                      | 82,874                         | 82,874                         |
| Prepays                    | 346,845              |                                      |                         |                      |                                | 346,845                        |
| Permanent fund             |                      |                                      |                         |                      | 1,876,519                      | 1,876,519                      |
| Restricted                 |                      |                                      |                         |                      |                                |                                |
| State road projects        | 432,639              |                                      |                         |                      |                                | 432,639                        |
| Law enforcement            | 137,714              |                                      |                         |                      | 233,924                        | 371,638                        |
| Recreation projects        | 67,664               |                                      |                         |                      |                                | 67,664                         |
| State street aid           | 1,332,983            |                                      |                         |                      |                                | 1,332,983                      |
| Capital projects           |                      |                                      |                         | \$ 39,983,579        |                                | 39,983,579                     |
| School cafeteria           |                      |                                      |                         |                      | 89,445                         | 89,445                         |
| Extended school<br>program |                      |                                      |                         |                      | 15,608                         | 15,608                         |
| Committed                  |                      |                                      |                         |                      |                                |                                |
| State street aid           | 10,856               |                                      |                         |                      |                                | 10,856                         |
| Law enforcement            |                      |                                      |                         |                      | 419,463                        | 419,463                        |
| Airport                    |                      |                                      |                         |                      | 352,571                        | 352,571                        |
| Community<br>development   | 83                   |                                      |                         |                      |                                | 83                             |
| Education                  |                      | \$ 9,256,544                         |                         |                      |                                | 9,256,544                      |
| School cafeteria           |                      |                                      |                         |                      | 1,085,631                      | 1,085,631                      |
| Capital improvement        |                      |                                      |                         |                      | 1,060,436                      | 1,060,436                      |
| Extended school<br>program |                      |                                      |                         |                      | 1,650,022                      | 1,650,022                      |
| Assigned                   |                      |                                      |                         |                      |                                |                                |
| Recreation projects        | 9,692                |                                      |                         |                      |                                | 9,692                          |
| School debt                | 758,458              |                                      |                         |                      |                                | 758,458                        |
| Budgetary<br>assignment    | 4,987,532            |                                      |                         |                      |                                | 4,987,532                      |
| Debt service               |                      |                                      | \$ 3,861,500            |                      |                                | 3,861,500                      |
| Cemetery operations        |                      |                                      |                         |                      | 423,560                        | 423,560                        |
| Unassigned                 | 47,920,845           |                                      |                         | (1,273,734)          | (712,758)                      | 45,934,353                     |
|                            | <u>\$ 56,249,193</u> | <u>\$ 9,256,544</u>                  | <u>\$ 3,861,500</u>     | <u>\$ 38,709,845</u> | <u>\$ 6,616,796</u>            | <u>\$ 114,693,878</u>          |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

**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. A deferred inflow 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 \$284,178,035 difference are as follows:

|                                    |                       |
|------------------------------------|-----------------------|
| General Government -               |                       |
| General Obligation refunding bonds | \$ 51,020,000         |
| Add: Unamortized Premium           | 5,493,566             |
| Bank loan                          | 1,560,000             |
| TMBF loans payable                 | 172,704,771           |
| Accrued interest payable           | 609,413               |
| Energy Efficient School Loan       | 1,575,563             |
| Landfill post-closure costs        | 1,242,000             |
| Compensated absences               | 9,432,338             |
| Net pension obligation             | 244,962               |
| Post-employment benefit obligation | 40,295,422            |
| Net adjustment                     | <u>\$ 284,178,035</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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 \$28,080,398 difference are as follows:

|                |                      |
|----------------|----------------------|
| Capital outlay | \$ 46,936,936        |
| Depreciation   | <u>(18,856,538)</u>  |
| Net adjustment | <u>\$ 28,080,398</u> |

Another element of that reconciliation states that “The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.” The details of this \$13,618,293 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.

\$ (976,604)

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.

Net adjustment

14,594,897  
\$ 13,618,293

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 \$(15,920,929) difference are as follows:

|  |                        |
|--|------------------------|
| Debt issued or incurred                | \$ (34,550,167)        |
| Premium on debt issued                 | (1,918,664)            |
| Amortization of premium                | 608,253                |
| Principal repayments                   | 26,106,008             |
| Payments on capital lease obligations  | 134,631                |
| Decrease in landfill liability         | 93,000                 |
| Net increase in net pension obligation | (145,034)              |
| Increase in OPEB liability             | <u>(6,248,956)</u>     |
| Net adjustment                         | <u>\$ (15,920,929)</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Deficit Fund Equity - The School Federal and State Program fund had a deficit fund balance of \$712,758 due to not receiving grant funds within its period of availability (60 days after year end for school system funds).

Budgetary Compliance – The General Purpose School Fund expenditures exceeded budgeted expenditures by \$21,352,243 due to originally budgeting certain expenditures and proceeds from debt in the City’s TMBF/Bond which should have been budgeted as expenditures and proceeds in the General Purpose School Fund.

**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, 2014, the City had the following investments and maturities:

|                                    | <u>Fair<br/>Value</u> | <u>Investment Maturities in Years</u> |                     |                     |
|------------------------------------|-----------------------|---------------------------------------|---------------------|---------------------|
|                                    |                       | <u>&lt;1</u>                          | <u>1-5</u>          | <u>6-10</u>         |
| Employee Pension Plan -            |                       |                                       |                     |                     |
| Municipal Bonds                    | \$ 345,548            |                                       |                     | \$ 345,548          |
| Corporate Bonds & Notes            | 5,468,658             | \$ 433,215                            | \$ 2,561,957        | 2,473,486           |
| Total                              | <u>\$ 5,814,206</u>   | <u>\$ 433,215</u>                     | <u>\$ 2,561,957</u> | <u>\$ 2,819,034</u> |
| <br>                               |                       |                                       |                     |                     |
| Electric Department Pension Plan - |                       |                                       |                     |                     |
| Federal Home Loan Bank             | \$ 116,877            |                                       | \$ 116,877          |                     |
| Corporate Bonds & Notes            | 7,867,603             | \$ 570,241                            | 4,959,644           | \$ 2,337,718        |
| Total                              | <u>\$ 7,984,480</u>   | <u>\$ 570,241</u>                     | <u>\$ 5,076,521</u> | <u>\$ 2,337,718</u> |
| <br>                               |                       |                                       |                     |                     |
| Perpetual Care Cemetery Fund -     |                       |                                       |                     |                     |
| Corporate Bonds & Notes            | \$ 1,350,708          | \$ 309,744                            | \$ 742,030          | \$ 298,934          |
| Total                              | <u>\$ 1,350,708</u>   | <u>\$ 309,744</u>                     | <u>\$ 742,030</u>   | <u>\$ 298,934</u>   |

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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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, 2014, 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, 2014, the City had investments in corporate bonds rated by Moody’s as presented as follows:

|                           | <u>Fair Value: Corporate Bonds &amp; Notes</u> |   |  |
|---------------------------|--|---|--|
| <u>Moody's<br/>Rating</u> | <u>City's Pension<br/>Plan</u>                 | <u>Electric<br/>Department<br/>Pension Plan</u> | <u>Perpetual<br/>Care<br/>Cemetery</u> |
| A1                        | \$ 468,918                                     | \$ 539,135                                      | \$ 169,345                             |
| A2                        | 418,244  | 515,961   | 76,952                                 |
| A3                        | 162,192  | 982,330   | 121,829                                |
| BAA1                      | 1,820,849                                      | 1,767,890                                       | 459,528                                |
| BAA2                      | 1,726,150                                      | 2,769,906                                       | 285,440                                |
| BAA3                      | 649,780  | 1,193,481                                       | 237,614                                |
| NR                        | 222,525  | 98,900  |  |
|                           | <u>\$ 5,468,658</u>                            | <u>\$ 7,867,603</u>                             | <u>\$ 1,350,708</u>                    |

NR=not rated

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2014, 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, 2014.

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, \$5,468,658, \$7,867,603 and \$1,350,708 of the City’s Employee Pension Plan, Electric Department Pension Plan and Evergreen Cemetery fund, respectively, are uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent, but not in the City’s name.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note F – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

|   | <u>Balance</u>          |                        |                       | <u>Balance</u>          |
|---|-------------------------|------------------------|-----------------------|-------------------------|
| <u>Governmental activities</u>          | <u>July 1, 2013</u>     | <u>Increases</u>       | <u>Decreases</u>      | <u>June 30, 2014</u>    |
| Capital assets, not being depreciated - |                         |                        |                       |                         |
| Land                                    | \$ 247,151,097          | \$ 1,919,886           |                       | \$ 249,070,983          |
| Construction in progress                | <u>27,708,558</u>       | <u>71,751,352</u>      | <u>\$ 48,921,611</u>  | <u>50,538,299</u>       |
| Subtotal                                | <u>\$ 274,859,655</u>   | <u>\$ 73,671,238</u>   | <u>\$ 48,921,611</u>  | <u>\$ 299,609,282</u>   |
| <br>                                    |                         |                        |                       |                         |
| Capital assets, being depreciated -     |                         |                        |                       |                         |
| Buildings                               | \$ 127,082,661          | \$ 4,963,554           | \$ 728,518            | \$ 131,317,697          |
| Improvements other than<br>buildings    | 68,317,662              | 12,757,056             |                       | 81,074,718              |
| Equipment                               | 63,498,088              | 11,591,609             | 5,148,864             | 69,940,833              |
| Computer software                       | 2,102,912               | 97,503                 |                       | 2,200,415               |
| Infrastructure                          | <u>319,737,543</u>      | <u>7,372,484</u>       |                       | <u>327,110,027</u>      |
| Subtotal                                | <u>\$ 580,738,866</u>   | <u>\$ 36,782,206</u>   | <u>\$ 5,877,382</u>   | <u>\$ 611,643,690</u>   |
| <br>                                    |                         |                        |                       |                         |
| Less accumulated depreciation           |                         |                        |                       |                         |
| Buildings                               | \$ (37,961,585)         | \$ (2,803,254)         | \$ (76,788)           | \$ (40,688,051)         |
| Improvements other than<br>buildings    | (32,068,089)            | (3,062,719)            |                       | (35,130,808)            |
| Equipment                               | (37,214,410)            | (5,364,927)            | (4,823,990)           | (37,755,347)            |
| Computer software                       | (760,797)               | (142,194)              |                       | (902,991)               |
| Infrastructure                          | <u>(78,745,736)</u>     | <u>(7,483,444)</u>     |                       | <u>(86,229,180)</u>     |
| Subtotal                                | <u>\$ (186,750,617)</u> | <u>\$ (18,856,538)</u> | <u>\$ (4,900,778)</u> | <u>\$ (200,706,377)</u> |
| Capital assets, being depreciated, net  | <u>\$ 393,988,249</u>   | <u>\$ 17,925,668</u>   | <u>\$ 976,604</u>     | <u>\$ 410,937,313</u>   |
| Capital assets, net                     | <u>\$ 668,847,904</u>   | <u>\$ 91,596,906</u>   | <u>\$ 49,898,215</u>  | <u>\$ 710,546,595</u>   |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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

|                                      |  |                      |
|--------------------------------------|--|----------------------|
| Governmental activities -            |  |                      |
| General government                   |  | \$ 523,930           |
| Police                               |  | 996,057              |
| Fire protection                      |  | 775,402              |
| Judicial                             |  | 1,286                |
| Streets and signs                    |  | 7,605,628            |
| Engineering                          |  | 15,865               |
| Building and codes                   |  | 2,062                |
| Solid waste                          |  | 841,596              |
| Transportation                       |  | 209,475              |
| Urban environmental                  |  | 30,571               |
| Public health, education and welfare |  | 102,342              |
| Community services                   |  | 313,642              |
| Recreation                           |  | 3,168,170            |
| Education                            |  | <u>4,270,512</u>     |
| Total governmental activities        |  |                      |
| depreciation expense                 |  | \$ <u>18,856,538</u> |

|  | <u>Balance</u>          |                        |                       |  | <u>Balance</u>          |
|--|-------------------------|------------------------|-----------------------|--|-------------------------|
|  | <u>July 1, 2013</u>     | <u>Increases</u>       | <u>Decreases</u>      |  | <u>June 30, 2014</u>    |
| <u>Business-type activities</u>        |                         |                        |                       |  |                         |
| Capital assets, not being depreciated  |                         |                        |                       |  |                         |
| Land                                   | \$ 22,175,379           | \$ 724,125             |                       |  | \$ 22,899,504           |
| Construction in progress               | <u>16,347,230</u>       | <u>20,550,706</u>      | \$ 6,403,170          |  | <u>30,494,766</u>       |
| Subtotal                               | \$ <u>38,522,609</u>    | \$ <u>21,274,831</u>   | \$ 6,403,170          |  | \$ <u>53,394,270</u>    |
| Capital assets, being depreciated -    |                         |                        |                       |  |                         |
| Structures and improvements            | \$ 103,716,029          | \$ 410,312             | \$ 19,042             |  | \$ 104,107,299          |
| Transmission and distribution          |                         |                        |                       |  |                         |
| mains                                  | 309,742,438             | 4,800,786              | 712,913               |  | 313,830,311             |
| Electric plant                         | 152,472,754             | 11,972,334             | 1,240,143             |  | 163,204,945             |
| Equipment                              | <u>53,869,800</u>       | <u>3,243,042</u>       | <u>943,707</u>        |  | <u>56,169,135</u>       |
| Subtotal                               | \$ <u>619,801,021</u>   | \$ <u>20,426,474</u>   | \$ <u>2,915,805</u>   |  | \$ <u>637,311,690</u>   |
| Less: accumulated depreciation -       |                         |                        |                       |  |                         |
| Structures and improvements            | \$ (21,414,972)         | \$ (2,786,566)         | \$ (4,321)            |  | \$ (24,197,217)         |
| Transmission and distribution          |                         |                        |                       |  |                         |
| mains                                  | (76,147,028)            | (5,903,681)            | (34,132)              |  | (82,016,577)            |
| Electric plant                         | (43,967,138)            | (5,744,869)            | (1,452,539)           |  | (48,259,468)            |
| Equipment                              | <u>(28,842,790)</u>     | <u>(3,490,666)</u>     | <u>(908,598)</u>      |  | <u>(31,424,858)</u>     |
|  | \$ <u>(170,371,928)</u> | \$ <u>(17,925,782)</u> | \$ <u>(2,399,590)</u> |  | \$ <u>(185,898,120)</u> |
| Capital assets, being depreciated, net | \$ <u>449,429,093</u>   | \$ <u>2,500,692</u>    | \$ <u>516,215</u>     |  | \$ <u>451,413,570</u>   |
| Capital assets, net                    | \$ <u>487,951,702</u>   | \$ <u>23,775,523</u>   | \$ <u>6,919,385</u>   |  | \$ <u>504,807,840</u>   |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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, 2014 are \$471,098.

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

Business-type activities:

|   |                             |
|---|-----------------------------|
| Water and sewer                                     | \$ 11,501,926               |
| Electric  | 6,194,632                   |
| Cemetery  | 29,941                      |
| Stormwater fund                                     | 199,283                     |
| Total business-type activities depreciation expense | <u><u>\$ 17,925,782</u></u> |

**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, 2014, the City of Murfreesboro issued \$29,355,000 with a maturity of June 30, 2029 and bearing fixed rates ranging from 1.00% to 5.00%.

| Year Ending<br>June 30, | Governmental Activities     |                             |
|-------------------------|-----------------------------|-----------------------------|
|                         | Principal                   | Interest                    |
| 2015                    | \$ 5,080,000                | \$ 1,926,239                |
| 2016                    | 5,460,000                   | 1,842,588                   |
| 2017                    | 5,680,000                   | 1,601,687                   |
| 2018                    | 5,915,000                   | 1,350,688                   |
| 2019                    | 5,780,000                   | 1,105,937                   |
| 2020-2024               | 11,525,000                  | 3,135,238                   |
| 2025-2029               | 11,580,000                  | 1,147,787                   |
|                         | <u><u>\$ 51,020,000</u></u> | <u><u>\$ 12,110,164</u></u> |

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%.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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

| <u>Purpose</u>                           | <u>Interest Rates</u> | <u>Amount</u>        |
|--|-----------------------|----------------------|
| Electric Department – Series 2009        | 2.00-3.38%            | \$ 2,450,000         |
| Water and Sewer Department – Series 2009 | 2.00-5.00%            | 28,930,000           |
| Water and Sewer Department – Series 2013 | 1.31%                 | <u>25,220,000</u>    |
|  |                       | <u>\$ 56,600,000</u> |

Maturities of the revenue bonds are as follows:

| <u>Year Ending</u><br><u>June 30,</u> | <u>Business-type Activities</u> |                     |
|---------------------------------------|---------------------------------|---------------------|
|                                       | <u>Principal</u>                | <u>Interest</u>     |
| 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                                  | 6,485,000                       | 1,031,679           |
| 2020-2024                             | 22,255,000                      | 2,630,349           |
| 2025-2026                             | <u>3,450,000</u>                | <u>208,400</u>      |
|                                       | <u>\$ 56,600,000</u>            | <u>\$ 9,607,612</u> |

**Tennessee Municipal Bond Fund Loans**

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

| <u>Purpose</u>           | <u>Interest Rates</u> |                       |
|--------------------------|-----------------------|-----------------------|
| Governmental activities  | Variable              | \$ 90,199,772         |
| Governmental activities  | 2.89%                 | 39,624,000            |
| Governmental activities  | 2.17%                 | 38,459,000            |
| Governmental activities  | 1.25%                 | <u>4,422,000</u>      |
|                          |                       | \$ 172,704,772        |
| Business-type activities | Variable              | <u>42,085,000</u>     |
|                          |                       | <u>\$ 214,789,772</u> |

Annual debt service requirements to maturity are as follows:

**TMBF Loans**

| <u>Year Ending</u><br><u>June 30,</u> | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                     |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|
|                                       | <u>Principal</u>               | <u>Interest</u>      | <u>Principal</u>                | <u>Interest</u>     |
| 2015                                  | \$ 19,083,480                  | \$ 2,620,579         | \$ 2,847,000                    | \$ 1,436,948        |
| 2016                                  | 17,984,925                     | 2,379,187            | 2,973,000                       | 1,340,349           |
| 2017                                  | 16,464,420                     | 2,143,367            | 3,104,000                       | 1,239,540           |
| 2018                                  | 15,882,000                     | 1,916,538            | 3,241,000                       | 1,134,373           |
| 2019                                  | 16,427,000                     | 1,691,877            | 3,385,000                       | 1,024,636           |
| 2020-2024                             | 67,098,947                     | 5,085,185            | 17,777,000                      | 3,302,046           |
| 2025-2027                             | <u>19,764,000</u>              | <u>756,623</u>       | <u>8,758,000</u>                | <u>456,443</u>      |
|                                       | <u>\$ 172,704,772</u>          | <u>\$ 16,593,356</u> | <u>\$ 42,085,000</u>            | <u>\$ 9,934,335</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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<br>June 30, | Governmental<br>Activities<br>Principal |
|-------------------------|---|
| 2015                    | \$ 197,148                              |
| 2016                    | 197,148                                 |
| 2017                    | 197,148                                 |
| 2018                    | 197,148                                 |
| 2019                    | 197,148                                 |
| 2020-2023               | 589,823                                 |
|                         | <u>\$ 1,575,563</u>                     |

Bank Loan - During the fiscal year ended June 30, 2013, the City of Murfreesboro refinanced two of its capital outlay notes with a bank loan in the amount of \$1,870,000 in with a maturity date of June 30, 2020 and bearing a fixed interest rate of 1.60%.

Annual debt service requirements to maturity are as follows:

| Year Ending<br>June 30, | Governmental Activities |                  |
|-------------------------|-------------------------|------------------|
|                         | Principal               | Interest         |
| 2015                    | \$ 310,000              | \$ 22,480        |
| 2016                    | 315,000                 | 17,480           |
| 2017                    | 315,000                 | 12,440           |
| 2018                    | 320,000                 | 7,360            |
| 2019                    | 155,000                 | 3,560            |
| 2020                    | 145,000                 | 1,160            |
|                         | <u>\$ 1,560,000</u>     | <u>\$ 64,480</u> |

Loans Payable – Utility Plant Acquisition – The Electric Department has periodically purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC). During the year ended June 30, 2014, the Department made a purchase of \$152,009 representing \$18,230 in net plant allocated to specific plant accounts and \$133,780 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance of \$112,421 is payable annually in equal installments over a ten year period. Currently, the annual payments due on prior purchases total \$146,919 as of June 30, 2014.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Long-term liability activity for the year ended June 30, 2014, was as follows:

|                                     | <u>Balance</u>        |                      |                      | <u>Balance</u>        | <u>Due Within</u>    |
|-------------------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
|                                     | <u>July 1, 2013</u>   | <u>Additions</u>     | <u>Deductions</u>    | <u>June 30, 2014</u>  | <u>One Year</u>      |
| <i>Governmental Activities -</i>    |                       |                      |                      |                       |                      |
| General Obligation bonds            | \$ 29,465,000         | \$ 29,355,000        | \$ 7,800,000         | \$ 51,020,000         | \$ 5,080,000         |
| Add: Premium on bonds               | 4,183,155             | 1,918,664            | 608,253              | 5,493,566             |                      |
|                                     | <u>\$ 33,648,155</u>  | <u>\$ 31,273,664</u> | <u>\$ 8,408,253</u>  | <u>\$ 56,513,566</u>  | <u>\$ 5,080,000</u>  |
| Capital lease obligation            | 134,631               |                      | 134,631              |                       |                      |
| Tennessee Municipal Bond Fund Loans | 185,308,464           | 5,195,167            | 17,798,860           | 172,704,771           | 19,083,480           |
| Bank Loan                           | 1,870,000             |                      | 310,000              | 1,560,000             | 310,000              |
| Energy Efficient School Loan        | 1,772,711             |                      | 197,148              | 1,575,563             | 197,148              |
|                                     | <u>\$ 222,733,961</u> | <u>\$ 36,468,831</u> | <u>\$ 26,848,892</u> | <u>\$ 232,353,900</u> | <u>\$ 24,670,628</u> |
| Estimated landfill closure costs    | 1,335,000             |                      | 93,000               | 1,242,000             | 463,000              |
| Compensated absences                | 8,490,820             | 2,662,567            | 1,721,049            | 9,432,338             | 1,131,105            |
| Net pension obligation              | 99,928                | 4,613,997            | 4,468,963            | 244,962               |                      |
| Post-employment benefit obligation  | 34,046,466            | 7,567,309            | 1,318,353            | 40,295,422            |                      |
| Claims and judgments                | 6,164,000             | 3,385,086            | 2,434,586            | 7,114,500             | 3,036,710            |
| Governmental activity -             |                       |                      |                      |                       |                      |
| Long-term liabilities               | <u>\$ 272,870,175</u> | <u>\$ 54,697,790</u> | <u>\$ 36,884,843</u> | <u>\$ 290,683,122</u> | <u>\$ 29,301,443</u> |
| <i>Business-type Activities -</i>   |                       |                      |                      |                       |                      |
| Revenue Bonds                       | \$ 64,920,000         |                      | \$ 8,320,000         | \$ 56,600,000         | \$ 5,905,000         |
| Matured bonds payable               | 36,000                |                      |                      | 36,000                |                      |
| Add: premium on refunding           | 2,279,012             |                      | 180,001              | 2,099,011             |                      |
|                                     | <u>\$ 67,235,012</u>  |                      | <u>\$ 8,500,001</u>  | <u>\$ 58,735,011</u>  | <u>\$ 5,905,000</u>  |
| State revolving loans               |                       | \$ 5,714,363         | 914,771              | 4,799,592             |                      |
| Compensated absences                | 3,117,327             | 444,837              | 439,067              | 3,123,097             | 1,049,440            |
| Post-employment benefit obligation  | 7,950,106             | 1,985,204            |                      | 9,935,310             |                      |
| Tennessee Municipal Bond Fund Loans | 43,716,543            | 1,094,457            | 2,726,000            | 42,085,000            | 2,847,000            |
| Business-type activity -            |                       |                      |                      |                       |                      |
| Long-term liabilities               | <u>\$ 122,018,988</u> | <u>\$ 9,238,861</u>  | <u>\$ 12,579,839</u> | <u>\$ 118,678,010</u> | <u>\$ 9,801,440</u>  |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$7,114,500 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**Note H – CONSERVATION PROGRAMS**

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2014, outstanding funds advanced by TVA totaled \$1,665,437 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, 2014, the outstanding receivables for loans made from these funds amounted to \$1,626,942.

**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 two defined contribution plans (the City of Murfreesboro Employees' Pension Plan – Defined Contribution and the Murfreesboro Electric Department 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 Employees' Pension Plan – Defined Benefit**

**Plan Description** - 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.

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. The pension committee is an eight-member board appointed by City Council to oversee the city's pension plan. At least two of the board members must be participants in the plan. The current pension committee is comprised of three city employees, and one City Council member. The remaining board members have backgrounds in banking, investment advising and insurance.

**Basis of accounting** – The City of Murfreesboro Employees' Pension Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Method used to value investments** – the City of Murfreesboro Employees' Pension Plan's investments are reported at fair value. Securities traded on the national exchanges are valued at the last reported sales price.

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 represent 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.

As of June 30, 2014, and for the year ended, the City of Murfreesboro Employees' Pension Plan held no securities issued by the City or other related parties.

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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Each employee shall be classified as a general employee or as a firefighter or a police officer.

Employees hired after June 30, 2010 are not eligible to participate in this plan.

Employment shall be the period of a participant's continuous and uninterrupted employment since his late date of employment with the City; certain authorized leaves of absence do not interrupt continuous 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 normal retirement date for general employees is the participants 65<sup>th</sup> birthday or the participant's attainment of age 55 and completion of 30 years of service. The normal retirement date for firefighters and police officers is the participant's 55<sup>th</sup> birthday.

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 participant for the five consecutive years of employment which produce the highest average.

A participant other than a firefighter or police officer may retire early after attaining age 55 and completion of 25 years of credited service, or upon attaining age 62 and completion of 20 years of credited service. The early retirement benefit, to commence immediately, is computed in the same manner as the normal retirement above using compensation and credited service to the date of early retirement, but is reduced actuarially for each year the participant's date of early retirement precedes his normal retirement date.

A participant may postpone their retirement beyond their normal retirement date provided that participant is physically and mentally capable of performing the duties and responsibilities of the participant's job. The benefit is computed in the same manner as for normal retirement, with the compensation being made as the participant's actual retirement date.

In the event of the death of a married participant after becoming vested, a monthly survivorship benefit shall be paid to the participant's surviving spouse. In the event of the death of a single participant after becoming vested, a lump sum benefit shall be payable to the participant's beneficiary.

In the event of the death of a married vested former employee before age 65 with the spouse surviving, a monthly survivorship benefit shall be payable to the participant's surviving spouse.

If the employment of a participant is terminated after completing at least 5 years of participation, the participant is entitled to a deferred vested benefit. The deferred benefit, to commence at age 65, is computed in the same manner as in normal retirement using compensation and credited service to the date of termination. The participant shall be vested in his accrued benefit. A participant may elect to receive return of employee contributions accumulated with interest at a rate of 7.5% per annum in lieu of a deferred vested benefit.

The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the plan. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report, and must also be approved by City Council. The contribution rate for the fiscal year ended June 30, 2014 was 12.10%. The current funding policy is to contribute 12.18% of covered salary.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Investment Policy – The City currently does not have a formal investment policy in regard to the allocation of invested assets. It is the pension committee’s informal policy to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension committee has retained Chartwell Consulting to advise in this regard and to monitor the plan’s investments to insure that they are meeting the pension committee’s policy range for each type of investment. At June 30, 2014, the pension plan’s policy range was as follows:

| <u>Asset Class</u>  | <u>Target Allocation</u> |
|---------------------|--------------------------|
| Large Cap           | 21.7 %                   |
| Small/Mid Cap       | 6.0 %                    |
| Global Equity       | 7.0 %                    |
| Foreign Equity      | 10.5 %                   |
| Emerging Mkt Eq     | 6.0 %                    |
| Nat. Resources EQ   | 5.0 %                    |
| Global Real Estate  | 7.0 %                    |
| US Core Bonds       | 10.0 %                   |
| US High Yield Bonds | 10.0 %                   |
| Global Bonds        | 8.0 %                    |
| Emerging Mkt Bonds  | 8.0 %                    |
| Cash Equity         | 0.8 %                    |
|                     | 100.0 %                  |

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 16.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Rate of Return – the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of forward-looking rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table:

| <u>Asset Class</u>                      | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---|---|
| Domestic Equity - Small Cap             | 8.75 %  |
| Domestic Equity - Large Cap             | 7.00 %  |
| Domestic Equity - Mid Cap               | 8.00 %  |
| International Equity                    | 7.50 %  |
| International Equity - Emerging Markets | 10.50 %   |
| Fixed Income                            | 2.00 %  |
| Limited Partnerships                    | 1.25 %  |
| Cash                                    | 1.25 %  |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Discount rate – the discount rate used is 7.25% per annum, compounded annually.

Paragraph 43 of GASB Statement 67, *Financial Reporting for Pension Plans* provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The annual recommended contribution is based on the entry age normal funding method where the contribution is equal to the normal cost plus the 40-year closed amortization from July 1, 2001 of the unfunded liabilities. City of Murfreesboro will be formally adopting a funding policy by June 15, 2015, as required by recent State of Tennessee legislation. It is anticipated that the City of Murfreesboro will adopt a funding policy to contribute at least the actuarial determined contribution as described in the legislation. Based on actuarial theory if the actuarial experience is within reasonable expectations, and the City of Murfreesboro makes at least the recommended contribution, the plan's fiduciary net position will remain positive.

Determination of net pension liability – the components of the net pension liability at June 30, 2014 were as follows:

|                             |                      |
|-----------------------------|----------------------|
| Total pension liability     | \$ 126,944,306       |
| Plan fiduciary net position | <u>(121,908,637)</u> |
| Net pension liability       | <u>\$ 5,035,669</u>  |

|   |         |
|---|---------|
| Plan fiduciary net position as a percentage<br>of total pension liability | 96.03 % |
|---|---------|

Sensitivity of net pension liability to changes in the discount rate – the following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

|                               | 1% Decrease   | Current Rate | 1% Increase    |
|-------------------------------|---------------|--------------|----------------|
|                               | <u>6.25%</u>  | <u>7.25%</u> | <u>8.25%</u>   |
| Net pension (asset) liability | \$ 22,123,650 | \$ 5,035,669 | \$ (9,150,231) |

Contributions, Membership and Funding Requirements -

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

|  |              |
|--|--------------|
| Retirees and beneficiaries currently<br>receiving benefits | 210          |
| Terminated employees entitled<br>to deferred benefits      | 211          |
| Active participants  | <u>757</u>   |
|  | <u>1,178</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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

|  |                       |
|--|-----------------------|
| Annual required contribution               | \$ 4,615,807          |
| Interest on annual required contribution   | 7,245                 |
| Adjustment to annual required contribution | <u>(9,055)</u>        |
| Annual pension cost                        | \$ 4,613,997          |
| Contributions made                         | <u>(4,468,963)</u>    |
| Increase in net pension obligation         | \$ 145,034            |
| Net pension obligation beginning of year   | <u>99,928</u>         |
| Net pension obligation end of year         | <u><u>244,962</u></u> |

Actuarial assumptions – the total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

|                            |        |
|----------------------------|--------|
| Investment rate of return  | 7.25 % |
| Projected salary increases | 4.00 % |
| Inflation rate             | 2.25 % |

Mortality rates were based on the RP-2000 *Combined Mortality Table for Males or Females*, as appropriate.

The City selected the assumptions and funding methods described above based on the review of plan experience in conjunction with the July 1, 2011 actuarial valuation report. The actuary annually reviews the assumptions and methods for reasonableness.

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. 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, 2014 is \$405,279.

Murfreesboro Electric Department Employee Pension

Plan Description - 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 of the Murfreesboro Electric Department who have attained the age of twenty-five and completed at least one year of service; but must not have attained age sixty on the date of hire.

The Board of Directors of the Employer 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.

A participant's interest in the Plan is fully vested after five years of credited service.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Effective April 1, 2012 the plan was amended to close participation to new employees. The Department established a new defined contribution plan to provide retirement benefits to those new employees.

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. 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.

If a participant dies before termination of employment after becoming eligible for normal or early retirement but before any benefits have commenced, the surviving spouse will receive the benefit that would have been payable if the participant had elected to retire the day before their death. The benefit payable is the survivor's portion (50%) of qualified joint and survivor benefit. If a participant dies before termination of employment after becoming eligible for vested benefit, but prior to the participant attaining the earliest retirement age, the surviving spouse will receive a deferred benefit payable on the participant's otherwise early retirement date in an amount equal to the survivor's portion of the qualified joint and survivor benefit.

After retirement, no death benefit is payable unless an optional form of benefit had been elected that provides one.

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution.

The Plan's investments are reported at fair value and appreciation and depreciation of those investments is recognized in the statement of changes in net assets. Investment income is recognized as earned.

The Employer shall have the right to terminate the Plan. Upon such action, the Pension Committee shall allocate the trust fund, after payment of applicable taxes and administrative expenses, to participants or their beneficiaries in the order prescribed by Section 8.04 of the Plan. The Committee may arrange for the application of the Trust Fund to provide benefits in the form of annuities from a life insurance company policy or the distribution of cash directly to the participant, retired participant, or beneficiary.

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.

The Plan is non-contributory and cost is borne by actuarially determined contributions made by the Employer.

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

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

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

Investment Policy – The Plan has an agreement with Pinnacle Financial Partners whereby Pinnacle manages the investments subject to an investment policy established by the Pension Trust Committee. The investment policy is designed to reduce risk through a prudent diversification of the portfolio across a broad selection of asset classes. As of June 30, 2014, the Committee’s adopted assets allocation strategy was as follows:

|                              | <u>Target Allocation</u> |
|------------------------------|--------------------------|
| Corporate bonds              | Up to 25%                |
| Cash                         | At least 1%              |
| International bonds          | Up to 10%                |
| Stock or equity mutual funds | Up to 65%                |

The policy requires a maximum maturity of 12 years and at least a BBB rating for bonds. Up to 18% of the portfolio may be invested in international stocks or mutual funds. During the current year the policy statement was amended to increase the allowed allocation of equities to be increased to 65% from 60%.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 15.27%.

The components of the net pension (asset) liability of Murfreesboro Electric Department at June 30, 2014 was as follows:

|                             |                              |
|-----------------------------|------------------------------|
| Total pension liability     | \$ 19,493,709                |
| Plan fiduciary net position | <u>(20,509,201)</u>          |
| Net pension asset           | \$ <u><u>(1,015,492)</u></u> |

|   |          |
|---|----------|
| Plan fiduciary net position as a percentage<br>of total pension asset | 105.21 % |
|---|----------|

Contributions, Membership and Funding Requirements -

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

|  |                   |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits and<br>terminated employees entitled to benefits but not yet<br>receiving them | 46                |
| Current employees:   |                   |
| Fully vested   | 64                |
| Nonvested  | 5                 |
| Total  | <u><u>115</u></u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

The net pension benefit has been calculated for the Murfreesboro Electric Department’s Pension plan as follows:

|  |                     |
|--|---------------------|
| Annual required contribution                 | \$ 634,528          |
| Interest on net annual required contribution | (26,933)            |
| Adjustment to annual required contribution   | 122,424             |
| Annual pension cost                          | \$ 730,019          |
| Contributions made                           | (1,200,000)         |
| Increase in net pension benefit              | \$ (469,981)        |
| Net pension benefit beginning of year        | (458,746)           |
| Net pension benefit end of year              | \$ <u>(928,727)</u> |

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |       |
|----------------------------|-------|
| Investment rate of return  | 7.0%  |
| Projected salary increases | 4.5%  |
| Inflation rate             | 2.25% |

Mortality rates were based on the RP-2000 *Combined Mortality Table for Males or Females*, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2013- June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation rate. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

| <u>Asset Class</u>                      | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---|---|
| Domestic Equity- Small Cap              | 8.75 %  |
| Domestic Equity - Large Cap             | 7.00 %  |
| Domestic Equity - Mid Cap               | 8.00 %  |
| International Equity                    | 7.50 %  |
| International Equity - Emerging Markets | 10.50 %   |
| Fixed Income                            | 2.00 %  |
| Limited Partnerships                    | 1.25 %  |
| Cash                                    | 1.25 %  |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Discount rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed the plan contributions will be made at the current contribution rate and that the Department contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the plan rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of net pension liability to changes in the discount rate – The following represents the net pension (asset) liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

|                               | 1% Decrease  | Current Rate   | 1% Increase    |
|-------------------------------|--------------|----------------|----------------|
|                               | <u>6.00%</u> | <u>7.00%</u>   | <u>8.00%</u>   |
| Net pension (asset) liability | \$ 1,160,175 | \$ (1,015,492) | \$ (2,871,336) |

Murfreesboro Electric Department Pension Plan – Defined Contribution – Effective April 1, 2012, a defined contribution plan has been implemented by the Department. In accordance with the City code, subject to approval by the Board of Directors, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time department employees hired on or after April 1, 2012. The provisions of this plan require a four percent of pay mandatory employee contribution. The Department makes a fixed contribution of six percent of pay. 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, 2014 is \$13,161.

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

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Retirement System, 15<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

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, 2014 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, 2014, the Murfreesboro City Schools’ annual pension cost of \$1,110,112 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 rate of inflation (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.

| <u>Fiscal<br/>Year<br/>Ending</u> | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
|-----------------------------------|--|--|---------------------------------------|
| 06/30/12                          | \$ 965,871                               | 100.00%                                      | \$ -0-                                |
| 06/30/13                          | \$ 1,031,402                             | 100.00%                                      | \$ -0-                                |
| 06/30/14                          | \$ 1,110,112                             | 100.00%                                      | \$ -0-                                |

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.38% funded. The actuarial accrued liability for benefits was \$21.51 million, and the actuarial value of assets was \$20.73 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.78 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.15 million, and the ratio of the UAAL to the covered payroll was 10.90%.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>( a ) | Actuarial<br>Accrued<br>Liability (AAL)<br>( b ) | Unfunded<br>AAL<br>(UAAL)<br>( b ) - ( a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll<br>( c ) | UAAL as a<br>Percentage of<br>Covered Payroll<br>( b-a )/( c ) |
|--------------------------------|---|--|--|----------------------------|-----------------------------|--|
| 07/01/13                       | \$ 20,734,000                                 | \$ 21,513,000                                    | \$ 779,000                                 | 96.38%                     | \$ 7,150,000                | 10.90%   |
| 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%  |

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 15<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/schools](http://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, 2014 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, 2014, 2013, and 2012 were \$2,726,364, \$2,649,393 and \$2,603,317, 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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, 2014, there were 158 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, 25 retirees are receiving benefits.

The number of participants of the City Administered Plan as of July 1, 2013 and the Murfreesboro Electric Department plan as of July 1, 2014, the effective dates of the biannual OPEB valuations for each plan, respectively, follows.

|                        | <u>City Administered Plan</u> |              | <u>Murfreesboro<br/>Electric<br/>Department</u> |
|------------------------|-------------------------------|--------------|---|
|                        | <u>Water &amp;<br/>Sewer</u>  | <u>Other</u> |   |
| Actives                | 133                           | 678          | 76  |
| Retirees/Beneficiaries | 29                            | 115          | 26  |
| Total                  | <u>162</u>                    | <u>793</u>   | <u>102</u>                                      |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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:

|   | <u>City Administered Plan</u> |                     | Murfreesboro                   |
|---|-------------------------------|---------------------|--------------------------------|
|   | <u>Water &amp;<br/>Sewer</u>  | <u>City</u>         | <u>Electric<br/>Department</u> |
| Normal Cost                                   | \$ 749,986                    | \$ 4,117,022        | \$ 425,960                     |
| Amortization of Unfunded Accrued Liability    | 496,426                       | 2,668,895           | 346,867                        |
| Interest                                      | 27,736                        | 151,003             | 17,197                         |
| Annual Required Contribution                  | <u>\$ 1,274,148</u>           | <u>\$ 6,936,920</u> | <u>\$ 790,024</u>              |
| Contribution as a percentage of projected pay | 18.93%                        | 20.69%              | 16.14%                         |

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

|  | <u>City Administered Plan</u> |                     | Murfreesboro                   |
|--|-------------------------------|---------------------|--------------------------------|
|  | <u>Water<br/>&amp; Sewer</u>  | <u>City</u>         | <u>Electric<br/>Department</u> |
| Annual required contribution               | \$ 1,553,416                  | \$ 6,936,920        | \$ 790,024                     |
| Interest on net OPEB obligation            | 226,093                       | 1,350,913           | 131,662                        |
| Adjustment to annual required contribution | (183,375)                     | (1,095,672)         | (108,519)                      |
| Annual OPEB cost                           | \$ 1,596,134                  | \$ 7,192,161        | \$ 813,167                     |
| Contributions made                         | (227,771)                     | (809,021)           | (196,326)                      |
| Increase in net OPEB obligation            | \$ 1,368,363                  | \$ 6,383,140        | \$ 616,841                     |
| Net OPEB obligation at beginning of year   | 5,024,281                     | 3,020,279           | 2,925,825                      |
| Net OPEB obligation at end of year         | <u>\$ 6,392,644</u>           | <u>\$ 9,403,419</u> | <u>\$ 3,542,666</u>            |

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:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note K – POST-EMPLOYMENT BENEFITS (continued)**

| <u>Year End</u> | <u>Plan</u>         | <u>Annual OPEB Cost</u> | <u>OPEB Cost Contributed</u> | <u>Obligation at Year-end</u> |
|-----------------|---------------------|-------------------------|------------------------------|-------------------------------|
| 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                  |
| 06/30/14        | Water & Sewer       | \$ 1,596,134            | 14.3%                        | \$ 6,392,644                  |
| 06/30/12        | City                | \$ 5,899,099            | 13.6%                        | \$ 24,729,978                 |
| 06/30/13        | City                | \$ 6,047,502            | 12.5%                        | \$ 30,020,279                 |
| 06/30/14        | City                | \$ 7,192,161            | 11.3%                        | \$ 36,403,419                 |
| 06/30/12        | Electric Department | \$ 740,283              | 22.5%                        | \$ 2,243,227                  |
| 06/30/13        | Electric Department | \$ 862,830              | 20.9%                        | \$ 2,925,825                  |
| 06/30/14        | Electric Department | \$ 813,167              | 24.1%                        | \$ 3,542,666                  |

As of July 1, 2013 and July 1, 2014, 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, 2014, as well as actuarial methods and assumptions for both plans was as follows:

|   | <u>City Administered Plan</u>          |  | <u>Murfreesboro Electric Department</u> |
|---|--|--|---|
|   | <u>Water &amp; Sewer</u>               | <u>City</u>                            |   |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 13,904,243                          | \$ 74,752,223                          | \$ 8,103,724                            |
| Covered payroll                             | \$ 6,730,185                           | \$ 33,532,641                          | \$ 4,895,949                            |
| Ratio of UAAL to covered payroll            | 207%                                   | 223%                                   | 166%                                    |
| 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                  | 4.00%                                  | 4.00%                                  | 4.00%                                   |
| Inflation rate                              | 2.50%                                  | 2.50%                                  | 2.50%                                   |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**Note K – POST-EMPLOYMENT BENEFITS (continued)**

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

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

The OPEB was set at \$-0- at the transition to GASB 45 for both plans. The actuarial method used was the entry age normal actuarial cost method. The plans were assumed to be unfunded. Health care cost trend rates are assumed to increase 8% in the first year of valuation and future increases are assumed to grade uniformly to 5% over a six year period. No increase in costs for the HRA plan for Medicare eligible individuals is assumed in the future. 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. Administrative costs of the plan are allocated to plan participants. 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note K – POST-EMPLOYMENT BENEFITS (continued)**

| <u>Annual OPEB cost and Net OPEB Obligation</u> | <u>Teacher Group Plan</u>  |
|---|----------------------------|
| ARC   | \$ 371,000                 |
| Interest on the net OPEB obligation             | 161,047                    |
| Adjustment to the ARC                           | (156,899)                  |
| Annual OPEB cost                                | <u>\$ 375,148</u>          |
| Amount of contribution                          | (509,332)                  |
| Increase/(Decrease) in net OPEB obligation      | \$ (134,184)               |
| Net OPEB obligation - beginning of year         | 4,026,187                  |
| Net OPEB obligation - end of year               | <u><u>\$ 3,892,003</u></u> |

| <u>Year End</u> | <u>Plan</u>    | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation at Year-end</u> |
|-----------------|----------------|-------------------------|---|--|
| 06/30/12        | Teachers Group | \$ 2,201,939            | 16.8%   | \$ 2,262,614                           |
| 06/30/13        | Teachers Group | \$ 2,211,436            | 20.3%   | \$ 4,026,187                           |
| 06/30/14        | Teachers Group | \$ 375,148              | 135.8%  | \$ 3,892,003                           |

**Funded Status and Funding Progress**

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

|   | <u>Group Plan</u> |
|---|-------------------|
| Actuarial valuation date                    | July 1, 2013      |
| Actuarial accrued liability (AAL)           | \$3,243,000       |
| Actuarial value of plan assets              | -0-               |
| Unfunded actuarial accrued liability (UAAL) | \$3,243,000       |
| Actuarial Value of Assets as a % of the AAL | 0.00%             |
| Covered payroll (active plan members)       | \$39,377,000      |
| UAAL as a percentage of covered payroll     | 8.24%             |

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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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, 2013, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The rate decreases to 7.0 percent in fiscal year 2015, and then will be reduced by decrements to an ultimate rate of 4.7 percent in 2044. The annual healthcare cost trend rate for the Medicare Supplement plan was 2.0 percent for fiscal year 2014. The rate increases to 6 percent in fiscal year 2015 and decreases incrementally to 4.2 percent in fiscal year 2044. Both rates include a 2.5 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 July 1, 2007. Payroll is assumed to grow at a rate of 3.0 percent.

**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          | \$ 2,154,960          |
| Investments, at fair value         | 119,471,910           |
| Contributions receivable           | 281,767               |
|                                    | <u>\$ 121,908,637</u> |
| Net Position -                     |                       |
| Held in trust for pension benefits | <u>\$ 121,908,637</u> |

**STATEMENT OF CHANGES IN NET POSITION**

|   |                       |
|---|-----------------------|
| Additions -                                       |                       |
| Employer contributions                            | \$ 4,466,883          |
| Investment income                                 | 17,451,077            |
|   | <u>\$ 21,917,960</u>  |
| Deductions -                                      |                       |
| Benefits to participants                          | <u>\$ 3,743,995</u>   |
|   | <u>\$ 3,743,995</u>   |
| Net increase                                      | \$ 18,173,965         |
| Net Position Held in Trust for Pension Benefits - |                       |
| Beginning of year                                 | 103,734,672           |
| End of year                                       | <u>\$ 121,908,637</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**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 \$93,000. The City's engineer estimates that additional costs required will approximate \$1,242,000. 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<br>Authorization | Expended<br>To Date  | Remaining<br>Commitment |
|---|--------------------------|----------------------|-------------------------|
| Barfield Park Improvements                      | \$ 258,145               | \$ 241,773           | \$ 16,372               |
| City Hall Elevators                             | 240,000                  | 63,224               | 176,776                 |
| City Hall Finance and Tax Remodel               | 360,256                  | 35,411               | 324,845                 |
| ERP Software - Workforce Management             | 434,212                  | 204,216              | 229,996                 |
| ERP Software - Finance, HR, City Court          | 1,465,332                | 668,497              | 796,835                 |
| Joe B. Jackson Pkwy - I-24 to US 231            | 11,055,865               | 8,148,113            | 2,907,752               |
| McKnight & StarPlex Park Renovation             | 917,851                  | 882,095              | 35,756                  |
| New Police HQ at 1004 N. Highland Ave           | 215,640                  |                      | 215,640                 |
| Old Fort Indoor Tennis Complex                  | 5,444,991                |                      | 5,444,991               |
| One Fire Ladder Truck and Fire Tesequirt Trucks | 1,967,435                | 491,859              | 1,475,576               |
| Overall Creek Elementary School                 | 17,078,000               | 16,072,214           | 1,005,786               |
| Overall Creek Elementary School Road            | 2,119,397                | 1,885,139            | 234,258                 |
| Overlay of Airfield Pavements                   | 553,759                  |                      | 553,759                 |
| Two-way Radio Infrastructure Upgrades           | 1,699,000                | 169,900              | 1,529,100               |
| Veterans Parkway Phase 2B                       | 7,626,741                | 2,180,867            | 5,445,874               |
| West View Mini Park Renovation                  | 137,245                  |                      | 137,245                 |
|   | <u>\$ 51,573,869</u>     | <u>\$ 31,043,308</u> | <u>\$ 20,530,561</u>    |

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, 2014 approximate \$900,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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

Eminent Domain – The City has pending multiple lawsuits involving the acquisition of real property. Interests being acquired include temporary construction easements, permanent easements, fee simple title to portions of improved and unimproved land, and fee simple title to entire parcels of improved and unimproved land. Land is being acquired for current and future projects. In each case the City has tendered into Court the amount it reasonably believes the interest in land being acquired is worth and for which it can reasonably determine a value. Payments of additional material amounts may result from negotiated settlements or the award of additional amounts. While the City intends to vigorously litigate these cases, management believes there is a possibility that the City may pay an estimated additional amount of \$1,579,328.

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.

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 \$627,871 for the year ended June 30, 2014.

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 \$5,146,669, respectively. Accumulated depreciation at June 30, 2014 was \$743,278. 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.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note N – LEASES (continued)**

The future minimum lease receipts are as follows:

| Year Ending<br>June 30 | Total             |
|------------------------|-------------------|
| 2015                   | \$ 69,166         |
| 2016                   | 69,166            |
| 2017                   | 69,166            |
| 2018                   | 69,166            |
| 2019                   | 69,166            |
| 2020-2025              | 449,581           |
|                        | <u>\$ 795,411</u> |

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**

Interfund transfers during the year ended June 30, 2014 were as follows:

|                 |                    | Transfer From        |                        |                     |                     |                       |                     |                      |           |  |
|-----------------|--------------------|----------------------|------------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|-----------|--|
|                 |                    | General              | General                | TMBF/Bond           | Debt Service        | Nonmajor              | Electric            |                      |           |  |
|                 |                    | Fund                 | Purpose<br>School Fund | Fund                | Fund                | Governmental<br>Funds | Department<br>Fund  | Total                |           |  |
| Transfer To     | General Fund       |                      |                        |                     |                     |                       | \$ 3,047,251        | \$ 3,047,251         |           |  |
|                 | General Purpose    |                      |                        |                     |                     |                       |                     |                      |           |  |
|                 | School Fund        | \$ 4,810,103         |                        |                     |                     |                       |                     | 4,810,103            |           |  |
|                 | Debt Service Fund  | 28,071,265           |                        | \$ 1,385,357        |                     | \$ 245,362            |                     | 29,701,984           |           |  |
|                 | Nonmajor           |                      |                        |                     |                     |                       |                     |                      |           |  |
|                 | Governmental Funds | 140,401              | \$ 197,148             |                     | \$ 3,120,040        |                       |                     |                      | 3,457,589 |  |
| Nonmajor        |                    |                      |                        |                     |                     |                       |                     |                      |           |  |
| Enterprise Fund |                    |                      |                        |                     |                     | 56,183                |                     | 56,183               |           |  |
|                 |                    | <u>\$ 33,021,769</u> | <u>\$ 197,148</u>      | <u>\$ 1,385,357</u> | <u>\$ 3,120,040</u> | <u>\$ 301,545</u>     | <u>\$ 3,047,251</u> | <u>\$ 41,073,110</u> |           |  |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note O – INTERFUND TRANSACTIONS (continued)**

Interfund receivable and payable balances at June 30, 2014, arising from these transactions were as follows:

|                             | <u>Due From</u>      | <u>Due To</u>        |
|-----------------------------|----------------------|----------------------|
| General Fund                |                      |                      |
| Water and Sewer fund        | \$ 541,210           |                      |
| General purpose school fund | 5,974                |                      |
| TMBF/Bond Fund              | 704,652              |                      |
| Nonmajor governmental funds | 9,860                | \$ 69,096            |
| Nonmajor enterprise funds   | 277,916              | 32,412               |
| Internal service funds      | 31,537               |                      |
|                             | <u>\$ 1,571,149</u>  | <u>\$ 101,508</u>    |
| General Purpose School Fund |                      |                      |
| General fund                |                      | \$ 5,974             |
| TMBF/Bond Fund              | \$ 5,207,435         |                      |
| Nonmajor governmental funds | 2,022,192            | 26,414               |
|                             | <u>\$ 7,229,627</u>  | <u>\$ 32,388</u>     |
| TMBF/Bond Fund              |                      |                      |
| Nonmajor enterprise funds   | \$ 261,709           |                      |
| General fund                |                      | \$ 704,652           |
| General purpose school fund |                      | 5,207,435            |
|                             | <u>\$ 261,709</u>    | <u>\$ 5,912,087</u>  |
| Nonmajor Governmental Funds |                      |                      |
| General fund                | \$ 69,096            | \$ 9,860             |
| General purpose school fund | 26,414               | 2,022,192            |
| Nonmajor governmental funds | 683,440              | 683,440              |
| Internal service funds      |                      | 1,556                |
|                             | <u>\$ 778,950</u>    | <u>\$ 2,717,048</u>  |
| Water and Sewer Fund        |                      |                      |
| General fund                |                      | \$ 541,210           |
| Nonmajor enterprise funds   | \$ 2,746,734         | 2,723,248            |
| Internal service funds      |                      | 10,024               |
|                             | <u>\$ 2,746,734</u>  | <u>\$ 3,274,482</u>  |
| Nonmajor Enterprise Funds   |                      |                      |
| General fund                | \$ 32,412            | \$ 277,916           |
| TMBF/Bond Fund              |                      | 261,709              |
| Water and Sewer fund        | 2,723,248            | 2,746,734            |
|                             | <u>\$ 2,755,660</u>  | <u>\$ 3,286,359</u>  |
| Internal Service Funds      |                      |                      |
| General fund                |                      | \$ 31,537            |
| Water and Sewer fund        | \$ 10,024            |                      |
| Nonmajor governmental funds | 1,556                |                      |
| Internal service funds      | 3,989                | 3,989                |
|                             | <u>\$ 15,569</u>     | <u>\$ 35,526</u>     |
|                             | <u>\$ 15,359,398</u> | <u>\$ 15,359,398</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**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.

**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, 2014 were \$3,385,086. 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, 2014. 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, 2014 were \$13,234,344.

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, 2014 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.

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.

Claim liabilities do not include nonincremental claims adjustment expenses. Changes in the Funds' claims liability amounts during the year ended June 30, 2014 were as follows:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note P – RISK MANAGEMENT PROGRAM (continued)**

| <u>Fiscal Year</u>     | <u>Liability<br/>at<br/>Beginning</u> | <u>Year Claims<br/>and Change<br/>in Estimate</u> | <u>Claim<br/>Payments</u> | <u>Liability<br/>at End</u> |
|------------------------|---------------------------------------|---|---------------------------|-----------------------------|
| Risk Management Fund - |                                       |   |                           |                             |
| 2013                   | \$ 6,559,500                          | \$ 2,206,515                                      | \$ 2,602,015              | \$ 6,164,000                |
| 2014                   | \$ 6,164,000                          | \$ 3,385,086                                      | \$ 2,434,586              | \$ 7,114,500                |
| Insurance Fund -       |                                       |   |                           |                             |
| 2013                   | \$ 809,529                            | \$ 13,814,892                                     | \$ 13,679,080             | \$ 945,341                  |
| 2014                   | \$ 945,341                            | \$ 13,234,344                                     | \$ 13,171,179             | \$ 1,008,506                |

**Note Q - PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES**

During the year ended June 30, 2014, the following prior period adjustments were made to retroactively restate certain fund balance amounts.

The general fund beginning balance was increased by \$313,160 due an understatement of revenue in the prior fiscal year.

The general purpose school fund beginning balance was increased by \$1,501,535 related to debt proceeds that should have been reflected in the general purpose school fund in the prior year with the corresponding increase being due from the City's TMBF/Bond Fund. Accordingly, the beginning fund balance of the TMBF/Bond fund was decreased by \$1,501,535 with the corresponding increase being due to the general purpose school fund.

Also, the other governmental funds (specifically, the extended school program fund) beginning balance and the governmental activities beginning net position balance has been increased by \$767,505 related principally to deferred inflows that had not been reversed into revenue in the proper periods.

During the year ended June 30, 2014, the City implemented GASB statement 65 "*Items Previously Reported as Assets and Liabilities*". The objective of Statement 65 is to properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expense or expenditures) or inflows of resources (revenues).

The implementation of Statement 65 resulted in restatement of the beginning net position of the business-type and government-wide financial statements. The deferred charges for issuance costs were reclassified to expenses in prior periods.

A summary of the prior period adjustment is reflected in the table below:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

**Note Q – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES (continued)**

|                                | <u>Government-wide</u>             |                                     | <u>Governmental<br/>Funds</u> | <u>Proprietary<br/>Funds</u> |
|--------------------------------|------------------------------------|-------------------------------------|-------------------------------|------------------------------|
|                                | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |                               |                              |
| Accounting change - GASB 65    | \$ (1,162,311)                     | \$ (464,915)                        |                               | \$ (464,915)                 |
| Correction of an error         | 767,505                            |                                     | \$ 1,080,665                  |                              |
| Total prior period adjustments | <u>\$ (394,806)</u>                | <u>\$ (464,915)</u>                 | <u>\$ 1,080,665</u>           | <u>\$ (464,915)</u>          |

**Note R – GENERAL FUND DEPARTMENT CHANGES**

During the current fiscal year, the City moved two special revenue funds and a portion of a capital project fund to the General Fund as of June 30, 2013. The effect to the General Fund beginning fund balance is as follows:

|   |                     |
|---|---------------------|
| State Street Aid                                  | \$ 1,289,805        |
| Community Development                             | 83                  |
| Capital Improvement and Contingency               | (1,564,930)         |
| Net change to General Fund beginning fund balance | <u>\$ (275,042)</u> |

State Street Aid and Community Development expenses are now included as a separate department of the General Fund; while, expenditures related to the Capital Improvement and Contingency fund are included in the engineering department (primarily as capital outlay).

**Note S – FAIR VALUE MEASUREMENTS**

The fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

|                                  | <u>Quoted Prices<br/>in Active Markets<br/>for Identical Assets<br/>(Level 1 inputs)</u> |
|----------------------------------|--|
| Employee Pension Plan            |  |
| Mutual funds                     | \$ 88,418,836  |
| Municipal notes and bonds        | 345,548  |
| Corporate notes and bonds        | 5,468,658  |
| Common/preferred stock           | 25,015,160   |
|                                  | <u>\$ 119,248,202</u>  |
| Electric Department Pension Plan |  |
| Mutual funds                     | \$ 11,956,173  |
| U.S. Government notes and bonds  | 116,877  |
| Corporate notes and bonds        | 7,867,603  |
|                                  | <u>\$ 19,940,653</u>   |
| Perpetual Care Cemetery Fund     |  |
| Mutual funds                     | \$ 608,499   |
| Corporate notes and bonds        | 1,350,708  |
|                                  | <u>\$ 1,959,207</u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2014**

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**Note T – NEW GASB PRONOUNCEMENTS**

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from the comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for financial periods beginning after June 15, 2014, and the City will implement this standard for the fiscal year ending June 30, 2015.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years (1)**

(Dollars in millions)

| <b>City of Murfreesboro Employees' Pension Plan -</b>                             | <b>FYE<br/>2014</b> |
|---|---------------------|
| <b>Total pension liability</b>  |                     |
| Service cost  | \$ 3.2              |
| Interest  | 8.6                 |
| Changes in benefit terms  | 0.0                 |
| Differences between expected and actual experience                                | 0.0                 |
| Changes in assumptions  | 0.0                 |
| Benefit payments, including refunds of member contributions                       | (3.7)               |
| <b>Net change in total pension liability</b>                                      | <b>8.1</b>          |
| <b>Total pension liability - beginning</b>  | <b>118.8</b>        |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 126.9</b>     |
| <br>  |                     |
| <b>Plan fiduciary net position</b>  |                     |
| Contributions - employer  | \$ 4.5              |
| Contributions - member  | 0.0                 |
| Net investment income   | 17.4                |
| Benefit payments, including refunds of member contributions                       | (3.7)               |
| Administrative expense  | 0.0                 |
| Other   | 0.0                 |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ 18.2</b>      |
| <br>  |                     |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>103.7</b>        |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 121.9</b>     |
| <br>  |                     |
| <b>City's net pension liability ending (a) - (b)</b>                              | <b>\$ 5.0</b>       |
| <br>  |                     |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>95.9%</b>        |
| <br>  |                     |
| <b>Covered - employee payroll</b>   | <b>\$ 37.0</b>      |
| <br>  |                     |
| <b>City's net pension liability as a percentage of covered-employee payroll</b>   | <b>10.0%</b>        |

*(1) Information for additional years will be presented as available.*

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Changes in the City's Net Pension Liability and Related Ratios (continued)**  
**Last 10 Fiscal Years (1)**

(Dollars in millions)

| <b>Murfreesboro Electric Department Employees' Pension Plan -</b>                 | <b>FYE<br/>2014</b>    |
|---|------------------------|
| <b>Total pension liability</b>  |                        |
| Service cost  | \$ 0.0                 |
| Interest  | 1.3                    |
| Changes in benefit terms  | 0.0                    |
| Differences between expected and actual experience                                | 0.6                    |
| Changes in assumptions  | 0.0                    |
| Benefit payments, including refunds of member contributions                       | (0.7)                  |
| <b>Net change in total pension liability</b>                                      | <u>1.2</u>             |
| <b>Total pension liability - beginning</b>  | <u>18.3</u>            |
| <b>Total pension liability - ending (a)</b>                                       | <u><u>\$ 19.5</u></u>  |
| <br>  |                        |
| <b>Plan fiduciary net position</b>  |                        |
| Contributions - employer  | \$ 1.2                 |
| Contributions - member  | 0.0                    |
| Net investment income   | 2.7                    |
| Benefit payments, including refunds of member contributions                       | (0.7)                  |
| Administrative expense  | (0.1)                  |
| Other   | 0.0                    |
| <b>Net change in plan fiduciary net position</b>                                  | <u>\$ 3.1</u>          |
| <br>  |                        |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>17.4</u>            |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u><u>\$ 20.5</u></u>  |
| <br>  |                        |
| <b>City's net pension liability ending (a) - (b)</b>                              | <u><u>\$ (1.0)</u></u> |
| <br>  |                        |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 105.2%                 |
| <br>  |                        |
| <b>Covered - employee payroll</b>   | \$ 4.6                 |
| <br>  |                        |
| <b>City's net pension liability as a percentage of covered-employee payroll</b>   | 0.0%                   |

(1) Information for additional years will be presented as available.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Contributions**  
**Last 10 Fiscal Years (1)**

(Dollars in millions)

**City of Murfreesboro Employees' Pension Plan -**

|  | <b>FYE<br/>2014</b> |
|--|---------------------|
| Actuarially determined contribution                                  | \$ 4.6              |
| Contributions in relation to the actuarially determined contribution | 4.5                 |
| Contribution deficiency (excess)                                     | <u>\$ 0.1</u>       |
| Covered-employee payroll   | \$ 37.0             |
| Contributions as a percentage of covered-employee payroll            | 12.1%               |

**Notes to Schedule**

Valuation date: July 1, 2014

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

|                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial cost method         | Entry Age Normal                    |
| Amortization method           | Level dollar                        |
| Remaining amortization period | 27 years                            |
| Asset valuation method        | Fair Value                          |
| Inflation                     | 2.25%                               |
| Salary increases              | 4.00%                               |
| Investment rate of return     | 7.25%                               |
| Retirement age                | 65 or<br>55 with 30 yrs service     |
| Mortality                     | RP 2000 Combined<br>Mortality Table |

*(1) Information for additional years will be presented as available.*

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Contributions (continued)**  
**Last 10 Fiscal Years (1)**

(Dollars in millions)

|  | <b>FYE<br/>2014</b> |
|--|---------------------|
| <b>Murfreesboro Electric Department Employees' Pension Plan</b>      |                     |
| Actuarially determined contribution                                  | \$ 0.6              |
| Contributions in relation to the actuarially determined contribution | 1.2                 |
| Contribution deficiency (excess)                                     | \$ (0.6)            |
| Covered-employee payroll   | \$ 4.6              |
| Contributions as a percentage of covered-employee payroll            | 26.1%               |

**Notes to Schedule**

Valuation date: July 1, 2014

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

|                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial cost method         | Entry Age Normal                    |
| Amortization method           | Level dollar                        |
| Remaining amortization period | 11 years                            |
| Asset valuation method        | Fair Value                          |
| Inflation                     | 2.25%                               |
| Salary increases              | 4.50%                               |
| Investment rate of return     | 7.00%                               |
| Retirement age                | 60                                  |
| Mortality                     | RP 2000 Combined<br>Mortality Table |

*(1) Information for additional years will be presented as available.*

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Investment Returns**  
**Last 10 Fiscal Years (1)**

---

**City of Murfreesboro Employees' Pension Plan -**

**FYE**  
**2014**

Annual money-weighted rate of return,  
net of investment expense

16.75%

**Murfreesboro Electric Department Employees' Pension Plan -**

**FYE**  
**2014**

Annual money-weighted rate of return,  
net of investment expense

15.27%

*(1) Information for additional years will be presented as available.*

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**  
**Other Post-Employment Benefits**

**Schedule of Funding Progress**

**June 30, 2014**

| <u>Actuarial<br/>Valuation<br/>Date</u>                           | <u>Actuarial<br/>Value<br/>of Assets<br/>(a)</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(b)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)<br/>(b-a)</u> | <u>Funded<br/>Ratio<br/>(a/b)</u> | <u>Annual<br/>Covered<br/>Payroll<br/>(c)</u> | <u>UAAL as a<br/>Percentage of<br/>Covered Payroll<br/>(b-a)/c)</u> |
|---|--|--|--|-----------------------------------|---|---|
| <b>City of Murfreesboro (excluding Water and Sewer employees)</b> |  |  |  |                                   |   |   |
| 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   |
| 07/01/13  | -0-  | 74,752,223   | 74,752,223                                   | 0.0                               | 33,532,641                                    | 222.9   |
| <b>Murfreesboro Water and Sewer Department</b>                    |  |  |  |                                   |   |   |
| 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   |
| 07/01/13  | -0-  | 13,904,243   | 13,904,243                                   | 0.0                               | 6,730,185                                     | 206.6   |
| <b>Murfreesboro Electric Department</b>                           |  |  |  |                                   |   |   |
| 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   |
| 07/01/14  | -0-  | 8,103,724  | 8,103,724                                    | 0.0                               | 4,895,949                                     | 165.5   |
| <b>Murfreesboro City Schools</b>                                  |  |  |  |                                   |   |   |
| 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  |
| 07/01/13  | -0-  | 3,243,000  | 3,243,000                                    | 0.0                               | 38,871,000                                    | 32.8  |

## **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.

### **DEBT SERVICE FUNDS**

Debt Service Funds account for the accumulation of resources for and payment of, general long-term obligations.

### **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, 2014**

|   | Total<br>Special<br>Revenue<br>Funds | Capital<br>Improvement and<br>Contingency<br>Fund | Permanent<br>Fund<br>Perpetual Care<br>Cemetery Fund | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------------|---|--|---|
| <b><u>ASSETS</u></b>  |                                      |   |  |   |
| Cash and cash equivalents   | \$ 3,021,824                         | \$ 1,068,014                                      |  | \$ 4,089,838                            |
| Certificates of deposit   | 351,918                              |   |  | 351,918                                 |
| Due from other funds  | 778,950                              |   |  | 778,950                                 |
| Due from other governments  | 2,329,662                            |   |  | 2,329,662                               |
| Accounts receivable, net  | 79,440                               |   | \$ 39,054  | 118,494                                 |
| Due from others   | 3,064                                |   |  | 3,064                                   |
| Other receivables   |                                      |   | 13,385   | 13,385                                  |
| Prepaid items and deposits  | 2,470                                |   |  | 2,470                                   |
| Inventory   | 122,375                              |   |  | 122,375                                 |
| Restricted assets -   |                                      |   |  |   |
| Cash and cash equivalents   |                                      |   | 288,433  | 288,433                                 |
| Investments, at fair value  |                                      |   | 1,959,207  | 1,959,207                               |
|   | <u>\$ 6,689,703</u>                  | <u>\$ 1,068,014</u>                               | <u>\$ 2,300,079</u>                                  | <u>\$ 10,057,796</u>                    |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</u></b> |                                      |   |  |   |
| Liabilities-  |                                      |   |  |   |
| Accounts payable  | \$ 74,343                            |   |  | \$ 74,343                               |
| Accrued liabilities   | 467,714                              |   |  | 467,714                                 |
| Due to other funds  | 2,717,048                            |   |  | 2,717,048                               |
| Unearned revenue  | 119,829                              | \$ 7,578  |  | 127,407                                 |
| Other deposits  | 41,457                               |   |  | 41,457                                  |
|   | <u>\$ 3,420,391</u>                  | <u>\$ 7,578</u>                                   |  | <u>\$ 3,427,969</u>                     |
| Deferred Inflows of Resources-  |                                      |   |  |   |
| Unavailable revenue   | \$ 13,031                            |   |  | \$ 13,031                               |
|   | <u>\$ 13,031</u>                     |   |  | <u>\$ 13,031</u>                        |
| Fund Balances-  |                                      |   |  |   |
| Nonspendable  | \$ 122,375                           |   | \$ 1,876,519   | \$ 1,998,894                            |
| Restricted  | 338,977                              |   |  | 338,977                                 |
| Committed   | 3,507,687                            | \$ 1,060,436                                      |  | 4,568,123                               |
| Assigned  |                                      |   | 423,560  | 423,560                                 |
| Unassigned  | (712,758)                            |   |  | (712,758)                               |
|   | <u>\$ 3,256,281</u>                  | <u>\$ 1,060,436</u>                               | <u>\$ 2,300,079</u>                                  | <u>\$ 6,616,796</u>                     |
|   | <u>\$ 6,689,703</u>                  | <u>\$ 1,068,014</u>                               | <u>\$ 2,300,079</u>                                  | <u>\$ 10,057,796</u>                    |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|   | <u>Total<br/>Special<br/>Revenue<br/>Funds</u> | <u>Capital<br/>Improvement<br/>and Contingency<br/>Fund</u> | <u>School<br/>Debt Service<br/>Fund</u> | <u>Permanent<br/>Fund<br/>Perpetual Care<br/>Cemetery Fund</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|---|--|---|---|--|--|
| Revenues-   |  |   |   |  |  |
| Intergovernmental   | \$ 8,757,179                                   |   |   |  | \$ 8,757,179                                     |
| Charges for services  | 5,261,588                                      |   |   |  | 5,261,588  |
| Donations   |  | \$ 213,626  |   |  | 213,626  |
| Interest and investment earnings                            | 2,295  | 478   |   | \$ 236,741   | 239,514  |
| Miscellaneous   | 431,222  |   |   |  | 431,222  |
|   | <u>\$ 14,452,284</u>                           | <u>\$ 214,104</u>   |   | <u>\$ 236,741</u>  | <u>\$ 14,903,129</u>                             |
| Expenditures -  |  |   |   |  |  |
| Current-  |  |   |   |  |  |
| Police  | \$ 281,939                                     |   |   |  | \$ 281,939                                       |
| Community services  | 5,556,217                                      |   |   |  | 5,556,217  |
| Education   | 3,576,738                                      |   |   |  | 3,576,738  |
| Food service  | 4,746,679                                      |   |   |  | 4,746,679  |
| Capital outlay  | 294,067  | \$ 60   |   |  | 294,127  |
| Debt service -  |  |   |   |  |  |
| Principal   |  |   | \$ 2,891,613                            |  | 2,891,613  |
| Interest  |  |   | 425,575                                 |  | 425,575  |
|   | <u>\$ 14,455,640</u>                           | <u>\$ 60</u>  | <u>\$ 3,317,188</u>                     |  | <u>\$ 17,772,888</u>                             |
| Excess of Revenues Over (Under)                             |  |   |   |  |  |
| Expenditures  | <u>\$ (3,356)</u>                              | <u>\$ 214,044</u>   | <u>\$ (3,317,188)</u>                   | <u>\$ 236,741</u>  | <u>\$ (2,869,759)</u>                            |
| Other Sources (Uses) -                                      |  |   |   |  |  |
| Issuance of debt  |  |   |   |  |  |
| Transfers in  | \$ 140,401                                     |   | \$ 3,317,188                            |  | \$ 3,457,589                                     |
| Transfers out   | (245,362)                                      |   |   | \$ (56,183)  | (301,545)  |
|   | <u>\$ (104,961)</u>                            |   | <u>\$ 3,317,188</u>                     | <u>\$ (56,183)</u>   | <u>\$ 3,156,044</u>                              |
| Net change in fund balances                                 | <u>\$ (108,317)</u>                            | <u>\$ 214,044</u>   | <u>\$ -0-</u>                           | <u>\$ 180,558</u>  | <u>\$ 286,285</u>                                |
| Fund Balances at beginning of year,<br>as previously stated | \$ 2,597,093                                   | \$ 846,392  | \$ -0-                                  | \$ 2,119,521   | \$ 5,563,006                                     |
| Prior period adjustment                                     | 767,505  |   |   |  | 767,505  |
| Fund Balances at beginning of year,<br>as restated          | <u>\$ 3,364,598</u>                            | <u>\$ 846,392</u>   | <u>\$ -0-</u>                           | <u>\$ 2,119,521</u>  | <u>\$ 6,330,511</u>                              |
| Fund Balances at end of year                                | <u>\$ 3,256,281</u>                            | <u>\$ 1,060,436</u>   | <u>\$ -0-</u>                           | <u>\$ 2,300,079</u>  | <u>\$ 6,616,796</u>                              |

**NONMAJOR SPECIAL REVENUE FUNDS**

*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.

*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.

The revenues and expenditures of the *State Street Aid Fund* and the *Community Development Fund* were moved into the *General Fund* as of June 30, 2013.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|   | <u>Airport</u>    | <u>Drug<br/>Enforcement</u> | <u>Extended<br/>School<br/>Program</u> | <u>School<br/>Cafeteria</u> | <u>School<br/>Federal<br/>and State<br/>Programs</u> | <u>Total Nonmajor<br/>Special Revenue<br/>Funds</u> |
|---|-------------------|-----------------------------|--|-----------------------------|--|---|
| <b><u>ASSETS</u></b>  |                   |                             |  |                             |  |   |
| Cash and cash equivalents   | \$ 273,610        | \$ 760,488                  | \$ 863,251                             | \$ 1,103,997                | \$ 20,478  | \$ 3,021,824  |
| Certificates of deposit   |                   |                             | 351,918                                |                             |  | 351,918   |
| Due from others   |                   | 3,064                       |  |                             |  | 3,064   |
| Due from other funds  | 67,167            | 1,929                       | 597,677                                | 35,008                      | 77,169   | 778,950   |
| Due from other governments  | 43,424            | 31,372                      | 15,608                                 | 89,445                      | 2,149,813  | 2,329,662   |
| Accounts receivable, net  | 71,461            |                             | 7,979                                  |                             |  | 79,440  |
| Prepaid items and deposits  | 2,470             |                             |  |                             |  | 2,470   |
| Inventory   | 39,501            |                             |  | 82,874                      |  | 122,375   |
|   | <u>\$ 497,633</u> | <u>\$ 796,853</u>           | <u>\$ 1,836,433</u>                    | <u>\$ 1,311,324</u>         | <u>\$ 2,247,460</u>                                  | <u>\$ 6,689,703</u>                                 |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</u></b> |                   |                             |  |                             |  |   |
| Liabilities-  |                   |                             |  |                             |  |   |
| Accounts payable  | \$ 61,037         | \$ 12,221                   | \$ 315                                 | \$ 695                      | \$ 75  | \$ 74,343   |
| Accrued liabilities   | 3,067             |                             | 120,351                                | 51,861                      | 292,435  | 467,714   |
| Due to other funds  |                   | 11,416                      | 37,106                                 | 818                         | 2,667,708  | 2,717,048   |
| Unearned revenue  |                   | 119,829                     |  |                             |  | 119,829   |
| Deposits  | 41,457            |                             |  |                             |  | 41,457  |
|   | <u>\$ 105,561</u> | <u>\$ 143,466</u>           | <u>\$ 157,772</u>                      | <u>\$ 53,374</u>            | <u>\$ 2,960,218</u>                                  | <u>\$ 3,420,391</u>                                 |
| Deferred Inflows of Resources-  |                   |                             |  |                             |  |   |
| Unavailable revenue - other   |                   |                             | \$ 13,031                              |                             |  | \$ 13,031   |
|   |                   |                             | <u>\$ 13,031</u>                       |                             |  | <u>\$ 13,031</u>                                    |
| Fund Balances-  |                   |                             |  |                             |  |   |
| Nonspendable  | \$ 39,501         |                             |  | \$ 82,874                   |  | \$ 122,375  |
| Restricted  |                   | \$ 233,924                  | \$ 15,608                              | 89,445                      |  | 338,977   |
| Committed   | 352,571           | 419,463                     | 1,650,022                              | 1,085,631                   |  | 3,507,687   |
| Unassigned  |                   |                             |  |                             | \$ (712,758)   | (712,758)   |
|   | <u>\$ 392,072</u> | <u>\$ 653,387</u>           | <u>\$ 1,665,630</u>                    | <u>\$ 1,257,950</u>         | <u>\$ (712,758)</u>                                  | <u>\$ 3,256,281</u>                                 |
|   | <u>\$ 497,633</u> | <u>\$ 796,853</u>           | <u>\$ 1,836,433</u>                    | <u>\$ 1,311,324</u>         | <u>\$ 2,247,460</u>                                  | <u>\$ 6,689,703</u>                                 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|   | <u>Airport</u>      | <u>Drug<br/>Enforcement</u> | <u>Extended<br/>School<br/>Program</u> | <u>School<br/>Cafeteria</u> | <u>School<br/>Federal<br/>and State<br/>Programs</u> | <u>Total Nonmajor<br/>Special Revenue<br/>Funds</u> |
|---|---------------------|-----------------------------|--|-----------------------------|--|---|
| Revenues-   |                     |                             |  |                             |  |   |
| Intergovernmental   | \$ 284,955          |                             | \$ 65,280                              | \$ 3,602,800                | \$ 4,804,144   | \$ 8,757,179  |
| Charges for services  | 1,552,615           |                             | 2,742,617                              | 966,356                     |  | 5,261,588   |
| Interest  | 1,099               | \$ 1,196                    |  |                             |  | 2,295   |
| Miscellaneous   | 581                 | 423,107                     | 7,534                                  |                             |  | 431,222   |
|   | <u>\$ 1,839,250</u> | <u>\$ 424,303</u>           | <u>\$ 2,815,431</u>                    | <u>\$ 4,569,156</u>         | <u>\$ 4,804,144</u>                                  | <u>\$ 14,452,284</u>                                |
| Expenditures-   |                     |                             |  |                             |  |   |
| Education   |                     |                             |  |                             | \$ 3,576,738   | \$ 3,576,738  |
| Police  |                     | \$ 281,939                  |  |                             |  | 281,939   |
| Community services  | \$ 1,345,320        |                             | \$ 2,657,995                           |                             | 1,552,902  | 5,556,217   |
| Food service  |                     |                             |  | \$ 4,746,679                |  | 4,746,679   |
| Capital outlay  | 257,354             | 36,713                      |  |                             |  | 294,067   |
|   | <u>\$ 1,602,674</u> | <u>\$ 318,652</u>           | <u>\$ 2,657,995</u>                    | <u>\$ 4,746,679</u>         | <u>\$ 5,129,640</u>                                  | <u>\$ 14,455,640</u>                                |
| Excess of Revenues Over<br>(Under) Expenditures             | <u>\$ 236,576</u>   | <u>\$ 105,651</u>           | <u>\$ 157,436</u>                      | <u>\$ (177,523)</u>         | <u>\$ (325,496)</u>                                  | <u>\$ (3,356)</u>                                   |
| Other Sources (Uses)-                                       |                     |                             |  |                             |  |   |
| Transfers in  |                     | \$ 140,401                  |  |                             |  | \$ 140,401  |
| Transfers out   | \$ (245,362)        |                             |  |                             |  | (245,362)   |
|   | <u>\$ (245,362)</u> | <u>\$ 140,401</u>           |  |                             |  | <u>\$ (104,961)</u>                                 |
| Net change in fund balances                                 | <u>\$ (8,786)</u>   | <u>\$ 246,052</u>           | <u>\$ 157,436</u>                      | <u>\$ (177,523)</u>         | <u>\$ (325,496)</u>                                  | <u>\$ (108,317)</u>                                 |
| Fund Balances at beginning of year,<br>as previously stated | \$ 400,858          | \$ 407,335                  | \$ 740,689                             | \$ 1,435,473                | \$ (387,262)   | \$ 2,597,093  |
| Prior period adjustment                                     |                     |                             | 767,505                                |                             |  | 767,505   |
| Fund Balances at beginning of year,<br>as restated          | <u>\$ 400,858</u>   | <u>\$ 407,335</u>           | <u>\$ 1,508,194</u>                    | <u>\$ 1,435,473</u>         | <u>\$ (387,262)</u>                                  | <u>\$ 3,364,598</u>                                 |
| Fund Balances at end of year                                | <u>\$ 392,072</u>   | <u>\$ 653,387</u>           | <u>\$ 1,665,630</u>                    | <u>\$ 1,257,950</u>         | <u>\$ (712,758)</u>                                  | <u>\$ 3,256,281</u>                                 |

**CITY OF MURFREESBORO, TENNESSEE**

**Airport Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues -                                   |                            |                         |                     |   |
| Federal funds                                |                            |                         | \$ 162,178          | \$ 162,178  |
| State funds                                  | \$ 4,701,550               | \$ 4,701,550            | 122,777             | (4,578,773)   |
| Interest                                     | 1,250                      | 1,250                   | 1,099               | (151)   |
| Rental income                                | 464,001                    | 464,001                 | 458,090             | (5,911)   |
| Fuel sales                                   | 921,500                    | 921,500                 | 1,094,525           | 173,025   |
| Miscellaneous                                | 1,000                      | 1,000                   | 581                 | (419)   |
|  | <u>\$ 6,089,301</u>        | <u>\$ 6,089,301</u>     | <u>\$ 1,839,250</u> | <u>\$ (4,250,051)</u>   |
| Expenditures -                               |                            |                         |                     |   |
| Labor  | \$ 157,731                 | \$ 157,731              | \$ 147,110          | \$ 10,621   |
| Operations and maintenance                   | 81,600                     | 81,600                  | 105,500             | (23,900)  |
| Supplies                                     | 15,800                     | 15,800                  | 13,158              | 2,642   |
| Insurance                                    | 16,148                     | 16,148                  | 15,809              | 339   |
| Social Security taxes                        | 12,066                     | 12,066                  | 11,113              | 953   |
| Group insurance                              | 15,895                     | 15,895                  | 15,911              | (16)  |
| Retirement                                   | 9,357                      | 9,357                   | 9,357               |   |
| Utilities                                    | 41,875                     | 41,875                  | 38,735              | 3,140   |
| Travel and subsistence                       | 4,250                      | 4,250                   | 1,519               | 2,731   |
| Purchases for resale                         | 780,000                    | 780,000                 | 932,919             | (152,919)   |
| Fuel rebates                                 | 30,000                     | 30,000                  | 38,202              | (8,202)   |
| Surveys and studies                          | 8,000                      | 8,000                   | 600                 | 7,400   |
| Other miscellaneous                          | 15,000                     | 15,000                  | 15,387              | (387)   |
| Capital outlay                               | 4,687,200                  | 4,687,200               | 257,354             | 4,429,846   |
|  | <u>\$ 5,874,922</u>        | <u>\$ 5,874,922</u>     | <u>\$ 1,602,674</u> | <u>\$ 4,272,248</u>   |
| Excess of Revenues Over (Under) Expenditures | \$ 214,379                 | \$ 214,379              | \$ 236,576          | \$ 22,197   |
| Other Financing Sources and (Uses) -         |                            |                         |                     |   |
| Transfers out                                | <u>(245,362)</u>           | <u>(245,362)</u>        | <u>(245,362)</u>    | <u>-0-</u>  |
| Net change in fund balance                   | \$ (30,983)                | \$ (30,983)             | \$ (8,786)          | \$ 22,197   |
| Fund Balance at beginning of year            | <u>400,858</u>             | <u>400,858</u>          | <u>400,858</u>      | <u>-0-</u>  |
| Fund Balance at end of year                  | <u>\$ 369,875</u>          | <u>\$ 369,875</u>       | <u>\$ 392,072</u>   | <u>\$ 22,197</u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**Drug Enforcement Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Revenues -                                   |                            |                         |                   |   |
| Court fines                                  | \$ 80,000                  | \$ 116,829              | \$ 140,401        | \$ 23,572   |
| Seizure awards                               | 80,000                     | 80,000                  | 264,574           | 184,574   |
| Interest                                     | 1,000                      | 1,000                   | 1,196             | 196   |
| Miscellaneous                                | <u>10,600</u>              | <u>10,600</u>           | <u>18,132</u>     | <u>7,532</u>  |
|  | <u>\$ 171,600</u>          | <u>\$ 208,429</u>       | <u>\$ 424,303</u> | <u>\$ 215,874</u>   |
| Expenditures -                               |                            |                         |                   |   |
| Labor  | \$ 150,000                 | \$ 150,000              | \$ 126,765        | \$ 23,235   |
| Operations and maintenance                   | 21,700                     | 21,700                  | 42,161            | (20,461)  |
| Supplies                                     | 5,150                      | 5,150                   | 15,607            | (10,457)  |
| Utilities                                    | 18,700                     | 18,700                  | 19,712            | (1,012)   |
| Undercover operations                        | 70,000                     | 70,000                  | 49,556            | 20,444  |
| Other miscellaneous                          | 18,100                     | 18,100                  | 28,138            | (10,038)  |
| Capital outlay                               | <u>10,000</u>              | <u>36,350</u>           | <u>36,713</u>     | <u>(363)</u>  |
|  | <u>\$ 293,650</u>          | <u>\$ 320,000</u>       | <u>\$ 318,652</u> | <u>\$ 1,348</u>   |
| Excess of Revenues Over (Under) Expenditures | \$ (122,050)               | \$ (111,571)            | \$ 105,651        | \$ 217,222  |
| Other Financing Sources -                    |                            |                         |                   |   |
| Transfers in                                 | <u>80,000</u>              | <u>80,000</u>           | <u>140,401</u>    | <u>60,401</u>   |
| Net change in fund balance                   | \$ (42,050)                | \$ (31,571)             | \$ 246,052        | \$ 277,623  |
| Fund Balance at beginning of year            | <u>407,335</u>             | <u>407,335</u>          | <u>407,335</u>    | <u>-0-</u>  |
| Fund Balance at end of year                  | <u>\$ 365,285</u>          | <u>\$ 375,764</u>       | <u>\$ 653,387</u> | <u>\$ 277,623</u>   |

**CITY OF MURFREESBORO, TENNESSEE**

**Extended School Program Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues -   |                            |                         |                     |   |
| State funds  |                            |                         | \$ 65,280           | \$ 65,280   |
| Charges for services                                       | \$ 2,627,762               | \$ 2,627,762            | 2,742,617           | 114,855   |
| Other local revenues                                       | 11,329                     | 11,329                  | 7,534               | (3,795)   |
|  | <u>\$ 2,639,091</u>        | <u>\$ 2,639,091</u>     | <u>\$ 2,815,431</u> | <u>\$ 176,340</u>   |
| Expenditures -   |                            |                         |                     |   |
| Community services   | \$ 2,529,193               | \$ 2,529,193            | \$ 2,657,995        | \$ (128,802)  |
| Excess of Revenues Over (Under)                            |                            |                         |                     |   |
| Expenditures   | <u>\$ 109,898</u>          | <u>\$ 109,898</u>       | <u>\$ 157,436</u>   | <u>\$ 47,538</u>  |
| Fund Balance at beginning of year,<br>as previously stated | \$ 740,689                 | \$ 740,689              | \$ 740,689          | \$ -0-  |
| Prior period adjustment                                    | 767,505                    | 767,505                 | 767,505             |   |
| Fund Balance at beginning of year,<br>as restated          | <u>\$ 1,508,194</u>        | <u>\$ 1,508,194</u>     | <u>\$ 1,508,194</u> | <u>\$ -0-</u>   |
| Fund Balance at end of year                                | <u>\$ 1,618,092</u>        | <u>\$ 1,618,092</u>     | <u>\$ 1,665,630</u> | <u>\$ 47,538</u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**School Cafeteria Fund**

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

**Year Ended June 30, 2014**

|                                   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|----------------------------|-------------------------|---------------------|---|
| Revenues -                        |                            |                         |                     |   |
| Federal program revenues          | \$ 2,453,597               | \$ 2,453,597            | \$ 3,198,389        | \$ 744,792  |
| State program revenues            | 48,000                     | 48,000                  | 130,016             | 82,016  |
| USDA Commodities                  |                            | 274,395                 | 274,395             |   |
| Charges for services              | <u>2,173,275</u>           | <u>2,173,275</u>        | <u>966,356</u>      | <u>(1,206,919)</u>  |
|                                   | <u>\$ 4,674,872</u>        | <u>\$ 4,949,267</u>     | <u>\$ 4,569,156</u> | <u>\$ (380,111)</u>   |
| Expenditures -                    |                            |                         |                     |   |
| Food service                      | \$ 4,800,268               | \$ 4,800,268            | \$ 4,472,284        | \$ 327,984  |
| USDA commodities                  |                            | <u>274,395</u>          | <u>274,395</u>      |   |
|                                   | <u>\$ 4,800,268</u>        | <u>\$ 5,074,663</u>     | <u>\$ 4,746,679</u> | <u>\$ 327,984</u>   |
| Excess of Revenues Over (Under)   |                            |                         |                     |   |
| Expenditures                      | \$ (125,396)               | \$ (125,396)            | \$ (177,523)        | \$ (52,127)   |
| Fund Balance at beginning of year | <u>1,435,473</u>           | <u>1,435,473</u>        | <u>1,435,473</u>    | <u>-0-</u>  |
| Fund Balance at end of year       | <u>\$ 1,310,077</u>        | <u>\$ 1,310,077</u>     | <u>\$ 1,257,950</u> | <u>\$ (52,127)</u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**School Federal and State Program Funds**

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

**Year Ended June 30, 2014**

|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u>    | <u>Actual</u>              | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|-------------------------------------|----------------------------|----------------------------|----------------------------|---|
| Revenues -                          |                            |                            |                            |   |
| Federal program revenues            | \$ 5,578,502               | \$ 5,578,502               | \$ 3,786,283               | \$ (1,792,219)  |
| State program revenues              | <u>1,224,915</u>           | <u>1,224,915</u>           | <u>1,017,861</u>           | <u>(207,054)</u>  |
|                                     | \$ <u>6,803,417</u>        | \$ <u>6,803,417</u>        | \$ <u>4,804,144</u>        | \$ <u>(1,999,273)</u>   |
| Expenditures -                      |                            |                            |                            |   |
| Regular instruction program         | \$ 2,813,546               | \$ 2,813,546               | \$ 1,991,905               | \$ 821,641  |
| Special education program           | 1,727,742                  | 1,727,742                  | 1,047,630                  | 680,112   |
| Health services                     | 100,000                    | 100,000                    | 99,999                     | 1   |
| Special education program - support | 598,814                    | 598,814                    | 419,738                    | 179,076   |
| Early intervening services          | 21,950                     | 21,950                     | 17,466                     | 4,484   |
| Community services                  | <u>1,541,365</u>           | <u>1,541,365</u>           | <u>1,552,902</u>           | <u>(11,537)</u>   |
|                                     | \$ <u>6,803,417</u>        | \$ <u>6,803,417</u>        | \$ <u>5,129,640</u>        | \$ <u>1,673,777</u>   |
| Excess of Revenues Over (Under)     |                            |                            |                            |   |
| Expenditures                        | \$ -0-                     | \$ -0-                     | \$ (325,496)               | \$ (325,496)  |
| Fund Balance at beginning of year   | <u>(387,262)</u>           | <u>(387,262)</u>           | <u>(387,262)</u>           | <u>-0-</u>  |
| Fund Balance at end of year         | \$ <u><u>(387,262)</u></u> | \$ <u><u>(387,262)</u></u> | \$ <u><u>(712,758)</u></u> | \$ <u><u>(325,496)</u></u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**State Street Aid Fund**

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

**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Revenues-                                     |                            |                         |               |   |
| Tennessee state gasoline tax<br>apportionment | \$ 2,800,000               |                         |               |   |
| Interest                                      | 350                        |                         |               |   |
|   | <u>\$ 2,800,350</u>        | <u>\$ -0-</u>           | <u>\$ -0-</u> | <u>\$ -0-</u>   |
| Expenditures-                                 |                            |                         |               |   |
| Traffic signals                               | \$ 85,000                  |                         |               |   |
| Curbs and gutters                             | 125,000                    |                         |               |   |
| Sidewalks                                     | 50,000                     |                         |               |   |
| Rights-of-way                                 | 100,000                    |                         |               |   |
| Street paving                                 | 2,000,000                  |                         |               |   |
| Street markings                               | 185,000                    |                         |               |   |
| Intersections                                 | 50,000                     |                         |               |   |
| Traffic signal lighting                       | 75,000                     |                         |               |   |
| Street construction                           | 50,000                     |                         |               |   |
| Surveys and engineering                       | 80,000                     |                         |               |   |
| Miscellaneous                                 | 350                        |                         |               |   |
|   | <u>\$ 2,800,350</u>        | <u>\$ -0-</u>           | <u>\$ -0-</u> | <u>\$ -0-</u>   |
| Excess of Revenues Over (Under) Expenditures  | \$ -0-                     | \$ -0-                  | \$ -0-        | \$ -0-  |
| Fund Balance at beginning of year             | <u>1,289,805</u>           |                         |               |   |
| Fund Balance at end of year                   | <u>\$ 1,289,805</u>        | <u>\$ -0-</u>           | <u>\$ -0-</u> | <u>\$ -0-</u>   |

**CITY OF MURFREESBORO, TENNESSEE**

**Community Development Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Revenues-                                    |                            |                         |                      |   |
| Revenue from federal government              | \$ 1,049,028               |                         |                      |   |
| Program income                               | 15,000                     |                         |                      |   |
|  | <u>\$ 1,064,028</u>        | <u>\$ -0-</u>           | <u>\$ -0-</u>        | <u>\$ -0-</u>   |
| Expenditures-                                |                            |                         |                      |   |
| Administration                               | \$ 130,179                 |                         |                      |   |
| Housing rehabilitation                       | 425,038                    |                         |                      |   |
| Housing assistance                           | 201,573                    |                         |                      |   |
| Emergency shelter grant                      | 163,681                    |                         |                      |   |
| Property acquisition                         | 26,000                     |                         |                      |   |
| Other  | 111,557                    |                         |                      |   |
|  | <u>\$ 1,058,028</u>        | <u>\$ -0-</u>           | <u>\$ -0-</u>        | <u>\$ -0-</u>   |
| Excess of Revenues Over (Under) Expenditures | \$ 6,000                   | \$ -0-                  | \$ -0-               | \$ -0-  |
| Other Financing Uses -                       |                            |                         |                      |   |
| Transfer out                                 | <u>(6,000)</u>             |                         |                      |   |
| Net change in fund balance                   | \$ -0-                     | \$ -0-                  | \$ -0-               | \$ -0-  |
| Fund Balance at beginning of year            | 83                         |                         |                      |   |
| Fund Balance at end of year                  | <u><u>\$ 83</u></u>        | <u><u>\$ -0-</u></u>    | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u>  |

**NONMAJOR CAPITAL PROJECTS FUNDS**

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

The revenues and expenditures of the *Gateway Fund* were moved into the *General Fund* during the year ended June 30, 2013.

**CITY OF MURFREESBORO, TENNESSEE**

**Capital Improvement and Contingency Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues-                                    |                            |                         |                     |   |
| Interest income                              | \$ 700                     | \$ 700                  | \$ 478              | \$ (222)  |
| Revenue from state                           | 600,000                    |                         |                     |   |
| Revenue from federal government              | 3,868,000                  |                         |                     |   |
| Miscellaneous revenue                        | <u>1,087,166</u>           |                         | <u>213,626</u>      | <u>213,626</u>  |
|  | <u>\$ 5,555,866</u>        | <u>\$ 700</u>           | <u>\$ 214,104</u>   | <u>\$ 213,404</u>   |
| Expenditures-                                |                            |                         |                     |   |
| Capital outlay and other projects            | <u>\$ 5,555,866</u>        | <u>\$ 500</u>           | <u>\$ 60</u>        | <u>440</u>  |
|  | <u>\$ 5,555,866</u>        | <u>\$ 500</u>           | <u>\$ 60</u>        | <u>\$ 440</u>   |
| Excess of Revenues Over (Under) Expenditures | \$ -0-                     | \$ 200                  | \$ 214,044          | \$ 213,844  |
| Fund Balance at beginning of year            | <u>846,392</u>             | <u>846,392</u>          | <u>846,392</u>      | <u>-0-</u>  |
| Fund Balance at end of year                  | <u>\$ 846,392</u>          | <u>\$ 846,592</u>       | <u>\$ 1,060,436</u> | <u>\$ 213,844</u>   |

**CITY OF MURFREESBORO, TENNESSEE**

**Gateway Project**

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

**Year Ended June 30, 2014**

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|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Revenues-                                    |                            |                         |                   |   |
| Interest income                              | \$ -0-                     | \$ -0-                  | \$ -0-            | \$ -0-  |
| Expenditures-                                |                            |                         |                   |   |
| Capital outlay and other projects            | <u>30,000</u>              | <u>          </u>       | <u>          </u> | <u>          </u>   |
| Excess of Revenues Over (Under) Expenditures | \$ (30,000)                | \$ -0-                  | \$ -0-            | \$ -0-  |
| Fund Balance at beginning of year            |                            |                         |                   |   |
| Fund Balance at end of year                  | <u>\$ (30,000)</u>         | <u>\$ -0-</u>           | <u>\$ -0-</u>     | <u>\$ -0-</u>   |

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**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 and Actual**

**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>          | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|------------------------|---|
| Revenues-   |                            |                         |                        |   |
| Interest income   | \$ 50,000                  | \$ 50,000               | \$ 105,892             | \$ 55,892   |
| Miscellaneous income                                      | 762,048                    | 762,048                 | 1,355,307              | 593,259   |
|   | <u>\$ 812,048</u>          | <u>\$ 812,048</u>       | <u>\$ 1,461,199</u>    | <u>\$ 649,151</u>   |
| Expenditures-   |                            |                         |                        |   |
| Capital outlay and other projects                         | \$ 47,882,000              | \$ 47,882,000           | \$ 20,040,720          | \$ 27,841,280   |
| Debt issuance costs                                       |                            |                         | 399,844                | (399,844)   |
|   | <u>\$ 47,882,000</u>       | <u>\$ 47,882,000</u>    | <u>\$ 20,440,564</u>   | <u>\$ 27,441,436</u>  |
| Excess of Revenues Over (Under) Expenditures              | <u>\$ (47,069,952)</u>     | <u>\$ (47,069,952)</u>  | <u>\$ (18,979,365)</u> | <u>\$ 28,090,587</u>  |
| Other Financing Sources (Uses)-                           |                            |                         |                        |   |
| Issuance of debt  | \$ 27,097,707              | \$ 27,097,707           | \$ 10,620,083          | \$ (16,477,624)   |
| Premium on bond issuance                                  |                            |                         | 821,473                | 821,473   |
| Transfers out   | (1,379,162)                | (1,379,162)             | (1,385,357)            | (6,195)   |
|   | <u>\$ 25,718,545</u>       | <u>\$ 25,718,545</u>    | <u>\$ 10,056,199</u>   | <u>\$ (15,662,346)</u>  |
| Net change in fund balance                                | <u>\$ (21,351,407)</u>     | <u>\$ (21,351,407)</u>  | <u>\$ (8,923,166)</u>  | <u>\$ 12,428,241</u>  |
| Fund Balance at beginning of year<br>as previously stated | \$ 49,134,546              | \$ 49,134,546           | \$ 49,134,546          | \$ -0-  |
| Prior period adjustment                                   | (1,501,535)                | (1,501,535)             | (1,501,535)            |   |
| Fund Balance at beginning of year<br>as restated          | <u>\$ 47,633,011</u>       | <u>\$ 47,633,011</u>    | <u>\$ 47,633,011</u>   | <u>\$ -0-</u>   |
| Fund Balance at end of year                               | <u>\$ 26,281,604</u>       | <u>\$ 26,281,604</u>    | <u>\$ 38,709,845</u>   | <u>\$ 12,428,241</u>  |

**MAJOR DEBT SERVICE FUND**

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

**CITY OF MURFREESBORO, TENNESSEE**

**Debt Service Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u>    | <u>Actual</u>              | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|----------------------------|----------------------------|---|
| Revenues -                                   |                            |                            |                            |   |
| Interest earned                              | \$ <u>-0-</u>              | \$ <u>-0-</u>              | \$ <u>2,410</u>            | \$ <u>2,410</u>   |
| Expenditures -                               |                            |                            |                            |   |
| Principal retirement                         | \$ 23,197,417              | \$ 23,133,663              | \$ 23,214,395              | \$ (80,732)   |
| Interest                                     | 4,509,183                  | 3,860,905                  | 3,853,545                  | 7,360   |
| Fiscal agent fees                            | <u>105,000</u>             | <u>84,000</u>              | <u>81,966</u>              | <u>2,034</u>  |
|  | \$ <u>27,811,600</u>       | \$ <u>27,078,568</u>       | \$ <u>27,149,906</u>       | \$ <u>(71,338)</u>  |
| Excess of Revenues Over (Under) Expenditures | \$ <u>(27,811,600)</u>     | \$ <u>(27,078,568)</u>     | \$ <u>(27,147,496)</u>     | \$ <u>(68,928)</u>  |
| Other Financing Sources (Uses) -             |                            |                            |                            |   |
| Transfers in                                 | \$ 28,271,821              | \$ 29,899,513              | \$ 29,701,984              | \$ (197,529)  |
| Transfers out                                | <u>(3,460,221)</u>         | <u>(3,495,775)</u>         | <u>(3,120,040)</u>         | <u>375,735</u>  |
|  | \$ <u>24,811,600</u>       | \$ <u>26,403,738</u>       | \$ <u>26,581,944</u>       | \$ <u>178,206</u>   |
| Net change in fund balance                   | \$ (3,000,000)             | \$ (674,830)               | \$ (565,552)               | \$ 109,278  |
| Fund Balance at beginning of year            | <u>4,427,052</u>           | <u>4,427,052</u>           | <u>4,427,052</u>           | <u>-0-</u>  |
| Fund Balance at end of year                  | \$ <u><u>1,427,052</u></u> | \$ <u><u>3,752,222</u></u> | \$ <u><u>3,861,500</u></u> | \$ <u><u>109,278</u></u>  |

**NONMAJOR DEBT SERVICE FUND**

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

**CITY OF MURFREESBORO, TENNESSEE**

**School Debt Service Fund**

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

**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| Revenues -                                   |                            |                         |                       |   |
| Interest earned                              | \$ <u>-0-</u>              | \$ <u>-0-</u>           | \$ <u>-0-</u>         | \$ <u>-0-</u>   |
| Expenditures -                               |                            |                         |                       |   |
| Principal retirement                         | \$ 2,908,591               | \$ 2,972,388            | \$ 2,891,613          | \$ 80,775   |
| Interest                                     | 551,630                    | 523,387                 | 425,575               | 97,812  |
|  | \$ <u>3,460,221</u>        | \$ <u>3,495,775</u>     | \$ <u>3,317,188</u>   | \$ <u>178,587</u>   |
| Excess of Revenues Over (Under) Expenditures | \$ <u>(3,460,221)</u>      | \$ <u>(3,495,775)</u>   | \$ <u>(3,317,188)</u> | \$ <u>(178,587)</u>   |
| Other Financing Sources (Uses) -             |                            |                         |                       |   |
| Transfers in                                 | \$ <u>3,460,221</u>        | \$ <u>3,495,775</u>     | \$ <u>3,317,188</u>   | \$ <u>(178,587)</u>   |
|  | \$ <u>3,460,221</u>        | \$ <u>3,495,775</u>     | \$ <u>3,317,188</u>   | \$ <u>(178,587)</u>   |
| Net change in fund balance                   | \$ -0-                     | \$ -0-                  | \$ -0-                | \$ -0-  |
| Fund Balance at beginning of year            | \$ <u>-0-</u>              | \$ <u>-0-</u>           | \$ <u>-0-</u>         | \$ <u>-0-</u>   |
| Fund Balance at end of year                  | \$ <u><u>-0-</u></u>       | \$ <u><u>-0-</u></u>    | \$ <u><u>-0-</u></u>  | \$ <u><u>-0-</u></u>  |

### **NONMAJOR ENTERPRISE FUNDS**

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

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

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

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

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|  | <u>Murfreesboro<br/>Stormwater<br/>Fund</u> | <u>Foremost<br/>Dairies, Inc.<br/>Plant</u> | <u>Alton Box<br/>Board Co.<br/>Plant</u> | <u>Evergreen<br/>Cemetery</u> | <u>Totals</u>        |
|--|---|---|--|-------------------------------|----------------------|
| <b><u>ASSETS</u></b>                       |   |   |  |                               |                      |
| Current Assets -                           |   |   |  |                               |                      |
| Cash and cash equivalents                  | \$ 5,660,118                                |   |  | \$ 36,769                     | \$ 5,696,887         |
| Accounts receivable                        |   |   |  | 144,153                       | 144,153              |
| Due from other funds                       | 2,723,248                                   | \$ 21,910                                   | \$ 10,502                                |                               | 2,755,660            |
| Inventories                                |   |   |  | 65,643                        | 65,643               |
| Prepaid items                              | 11,854                                      |   |  | 2,527                         | 14,381               |
| Total Current Assets                       | <u>\$ 8,395,220</u>                         | <u>\$ 21,910</u>                            | <u>\$ 10,502</u>                         | <u>\$ 249,092</u>             | <u>\$ 8,676,724</u>  |
| Noncurrent Assets -                        |   |   |  |                               |                      |
| Land and construction in progress          | \$ 1,549,020                                | \$ 12,492                                   | \$ 11,000                                | \$ 935                        | \$ 1,573,447         |
| Other capital assets, net of depreciation  | 2,997,875                                   |   |  | 180,780                       | 3,178,655            |
| Total Noncurrent Assets                    | <u>\$ 4,546,895</u>                         | <u>\$ 12,492</u>                            | <u>\$ 11,000</u>                         | <u>\$ 181,715</u>             | <u>\$ 4,752,102</u>  |
| Total Assets                               | <u>\$ 12,942,115</u>                        | <u>\$ 34,402</u>                            | <u>\$ 21,502</u>                         | <u>\$ 430,807</u>             | <u>\$ 13,428,826</u> |
| <b><u>LIABILITIES AND NET POSITION</u></b> |   |   |  |                               |                      |
| Current Liabilities -                      |   |   |  |                               |                      |
| Accounts payable                           | \$ 23,319                                   |   |  | \$ 7,063                      | \$ 30,382            |
| Accrued and withheld liabilities           | 4,322                                       |   |  | 1,441                         | 5,763                |
| Due to other funds                         | 3,286,359                                   |   |  |                               | 3,286,359            |
| Total Current Liabilities                  | <u>\$ 3,314,000</u>                         |   |  | <u>\$ 8,504</u>               | <u>\$ 3,322,504</u>  |
| Net Position -                             |   |   |  |                               |                      |
| Net investment in capital assets           | \$ 1,260,535                                | \$ 12,492                                   | \$ 11,000                                | \$ 181,715                    | \$ 1,465,742         |
| Unrestricted                               | 8,367,580                                   | 21,910                                      | 10,502                                   | 240,588                       | 8,640,580            |
| Total Net Position                         | <u>\$ 9,628,115</u>                         | <u>\$ 34,402</u>                            | <u>\$ 21,502</u>                         | <u>\$ 422,303</u>             | <u>\$ 10,106,322</u> |
| Total Liabilities and Net Position         | <u>\$ 12,942,115</u>                        | <u>\$ 34,402</u>                            | <u>\$ 21,502</u>                         | <u>\$ 430,807</u>             | <u>\$ 13,428,826</u> |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|  | <u>Murfreesboro<br/>Stormwater<br/>Fund</u> | <u>Foremost<br/>Dairies, Inc.<br/>Plant</u> | <u>Alton Box<br/>Board Co.<br/>Plant</u> | <u>Evergreen<br/>Cemetery</u> | <u>Totals</u>               |
|--|---|---|--|-------------------------------|-----------------------------|
| Operating Revenues -<br>Charges for services | \$ <u>2,720,680</u>                         |   |  | \$ <u>394,639</u>             | \$ <u>3,115,319</u>         |
| Operating Expenses -<br>Operating expenses   | \$ <u>1,332,046</u>                         |   |  | \$ <u>432,248</u>             | \$ <u>1,764,294</u>         |
| Depreciation and amortization expense        | <u>199,283</u>                              |   |  | <u>29,941</u>                 | <u>229,224</u>              |
|  | \$ <u>1,531,329</u>                         |   |  | \$ <u>462,189</u>             | \$ <u>1,993,518</u>         |
| Operating Income (Loss)                      | \$ <u>1,189,351</u>                         |   |  | \$ <u>(67,550)</u>            | \$ <u>1,121,801</u>         |
| Nonoperating Revenues -<br>Interest          | <u>16,091</u>                               |   |  | <u>2,625</u>                  | <u>18,716</u>               |
| Income (Loss) Before Transfers               | \$ <u>1,205,442</u>                         |   |  | \$ <u>(64,925)</u>            | \$ <u>1,140,517</u>         |
| Transfers in                                 |   |   |  | <u>56,183</u>                 | <u>56,183</u>               |
| Change in Net Position                       | \$ <u>1,205,442</u>                         |   |  | \$ <u>(8,742)</u>             | \$ <u>1,196,700</u>         |
| Net Position at beginning of year            | <u>8,422,673</u>                            | \$ <u>34,402</u>                            | \$ <u>21,502</u>                         | <u>431,045</u>                | <u>8,909,622</u>            |
| Net Position at end of year                  | \$ <u><u>9,628,115</u></u>                  | \$ <u><u>34,402</u></u>                     | \$ <u><u>21,502</u></u>                  | \$ <u><u>422,303</u></u>      | \$ <u><u>10,106,322</u></u> |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|  | <u>Murfreesboro<br/>Stormwater<br/>Fund</u> | <u>Foremost<br/>Dairies, Inc.<br/>Plant</u> | <u>Alton Box<br/>Board Co.<br/>Plant</u> | <u>Evergreen<br/>Cemetery</u> | <u>Totals</u> |
|--|---|---|--|-------------------------------|---------------|
| Cash Flows from Operating Activities -   |   |   |  |                               |               |
| Cash received from customers   |   |   |  | \$ 374,210                    | \$ 374,210    |
| Cash payments to suppliers   |   |   |  | (156,854)                     | (156,854)     |
| Cash payments to employees   |   |   |  | (279,144)                     | (279,144)     |
| Other receipts   | \$ 859,974                                  |   |  |                               | 859,974       |
| Net Cash Provided (Used) by Operating Activities   | \$ 859,974                                  |   |  | \$ (61,788)                   | \$ 798,186    |
| Cash Flows from Noncapital Financing Activities -  |   |   |  |                               |               |
| Transfers in   |   |   |  | \$ 56,183                     | \$ 56,183     |
| Net Cash Provided by Noncapital Financing Activities   |   |   |  | \$ 56,183                     | \$ 56,183     |
| Cash Flows From Capital and Related Financing Activities -   |   |   |  |                               |               |
| Acquisition and construction of capital assets   |   |   |  | \$ (37,265)                   | \$ (37,265)   |
| Net Cash Used by Capital and Related Financing Activities  |   |   |  | \$ (37,265)                   | \$ (37,265)   |
| Cash Flows From Investing Activities -   |   |   |  |                               |               |
| Interest received  |   |   |  | \$ 2,625                      | \$ 2,625      |
| Net Cash Provided by Investing Activities  |   |   |  | \$ 2,625                      | \$ 2,625      |
| Net Increase in Cash and Cash Equivalents  | \$ 859,974                                  | \$ -0-                                      | \$ -0-                                   | \$ (40,245)                   | \$ 819,729    |
| Cash and Cash Equivalents at Beginning of Year   | 4,800,144                                   |   |  | 77,014                        | 4,877,158     |
| Cash and Cash Equivalents at End of Year   | \$ 5,660,118                                | \$ -0-                                      | \$ -0-                                   | \$ 36,769                     | \$ 5,696,887  |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:                |   |   |  |                               |               |
| Operating Income (Loss)  | \$ 1,205,442                                |   |  | \$ (67,550)                   | \$ 1,137,892  |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - |   |   |  |                               |               |
| Depreciation   | 199,283                                     |   |  | 29,941                        | 229,224       |
| Loss on disposal of utility plant assets   | 305   |   |  |                               | 305           |
| Changes in assets and liabilities -  |   |   |  |                               |               |
| Accounts receivable  |   |   |  | (20,429)                      | (20,429)      |
| Inventory  |   |   |  | (2,977)                       | (2,977)       |
| Prepaid expenses   | 922   |   |  |                               | 922           |
| Due from other funds   | (15,390)                                    |   |  |                               | (15,390)      |
| Accounts payable   | 2,359                                       |   |  | (179)                         | 2,180         |
| Accrued and withheld liabilities   | 1,655                                       |   |  | (594)                         | 1,061         |
| Due to other funds   | (534,602)                                   |   |  |                               | (534,602)     |
| Net Cash Provided (Used) by Operating Activities   | \$ 859,974                                  |   |  | \$ (61,788)                   | \$ 798,186    |
| Non-Cash Capital and Related Financing Activities -  |   |   |  |                               |               |
| Capital assets acquired with due to other fund   | \$ 1,718,974                                |   |  |                               | \$ 1,718,974  |
|  | \$ 1,718,974                                |   |  |                               | \$ 1,718,974  |

### **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, 2014**

|  | <u>Insurance</u>    | <u>Risk Management</u> | <u>Fleet Services</u> | <u>Totals</u>        |
|--|---------------------|------------------------|-----------------------|----------------------|
| <b><u>ASSETS</u></b>                       |                     |                        |                       |                      |
| Current Assets -                           |                     |                        |                       |                      |
| Cash and cash equivalents                  | \$ 3,103,535        | \$ 8,561,984           |                       | \$ 11,665,519        |
| Accrued interest receivable                |                     | 2,623                  |                       | 2,623                |
| Due from other funds                       |                     |                        | \$ 15,569             | 15,569               |
| Due from others                            | 210,957             | 134,165                |                       | 345,122              |
| Inventory                                  |                     |                        | 195,769               | 195,769              |
| Total Current Assets                       | <u>\$ 3,314,492</u> | <u>\$ 8,698,772</u>    | <u>\$ 211,338</u>     | <u>\$ 12,224,602</u> |
| Noncurrent Assets -                        |                     |                        |                       |                      |
| Restricted assets -                        |                     |                        |                       |                      |
| Cash and cash equivalents                  | \$ 4,500            |                        |                       | \$ 4,500             |
| Certificates of deposit                    |                     | \$ 500,000             |                       | 500,000              |
| Total Noncurrent Assets                    | <u>\$ 4,500</u>     | <u>\$ 500,000</u>      |                       | <u>\$ 504,500</u>    |
| Total Assets                               | <u>\$ 3,318,992</u> | <u>\$ 9,198,772</u>    | <u>\$ 211,338</u>     | <u>\$ 12,729,102</u> |
| <b><u>LIABILITIES AND NET POSITION</u></b> |                     |                        |                       |                      |
| Current Liabilities -                      |                     |                        |                       |                      |
| Accounts payable                           | \$ 1,008,505        | \$ 185,403             |                       | \$ 1,193,908         |
| Accrued and withheld liabilities           |                     |                        | \$ 3,202              | 3,202                |
| Due to other funds                         | 30,000              | 5,526                  |                       | 35,526               |
| Unearned revenue                           |                     | 22,802                 |                       | 22,802               |
| Claims and judgments payable               |                     | 3,036,710              |                       | 3,036,710            |
| Total Current Liabilities                  | <u>\$ 1,038,505</u> | <u>\$ 3,250,441</u>    | <u>\$ 3,202</u>       | <u>\$ 4,292,148</u>  |
| Noncurrent Liabilities -                   |                     |                        |                       |                      |
| Claims and judgments payable               |                     | 4,077,790              |                       | 4,077,790            |
| Total Liabilities                          | <u>\$ 1,038,505</u> | <u>\$ 7,328,231</u>    | <u>\$ 3,202</u>       | <u>\$ 8,369,938</u>  |
| Net Position -                             |                     |                        |                       |                      |
| Unrestricted                               | <u>\$ 2,280,487</u> | <u>\$ 1,870,541</u>    | <u>\$ 208,136</u>     | <u>\$ 4,359,164</u>  |
| Total Net Position                         | <u>\$ 2,280,487</u> | <u>\$ 1,870,541</u>    | <u>\$ 208,136</u>     | <u>\$ 4,359,164</u>  |
| Total Liabilities and Net Position         | <u>\$ 3,318,992</u> | <u>\$ 9,198,772</u>    | <u>\$ 211,338</u>     | <u>\$ 12,729,102</u> |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|                                   | <u>Insurance</u>     | <u>Risk<br/>Management</u> | <u>Fleet<br/>Services</u> | <u>Totals</u>        |
|-----------------------------------|----------------------|----------------------------|---------------------------|----------------------|
| Operating Revenues -              |                      |                            |                           |                      |
| Premiums from City departments    | \$ 10,874,313        | \$ 3,859,519               |                           | \$ 14,733,832        |
| Premiums from others              | 2,189,414            | 1,731                      |                           | 2,191,145            |
| Charges for services              |                      |                            | \$ 2,250,084              | 2,250,084            |
| Miscellaneous                     | 540,810              |                            | 8,309                     | 549,119              |
|                                   | <u>\$ 13,604,537</u> | <u>\$ 3,861,250</u>        | <u>\$ 2,258,393</u>       | <u>\$ 19,724,180</u> |
| Operating Expenses -              |                      |                            |                           |                      |
| Claims and administrative expense | \$ 13,312,043        | \$ 3,746,857               |                           | \$ 17,058,900        |
| Administrative support            |                      | 553,292                    |                           | 553,292              |
| Labor expense                     |                      | 221,831                    | \$ 628,237                | 850,068              |
| Parts and lubricants              |                      |                            | 1,200,630                 | 1,200,630            |
| Operation and maintenance         |                      | 458                        | 24,867                    | 25,325               |
| Supplies                          |                      | 6,751                      | 28,447                    | 35,198               |
| Insurance                         |                      |                            | 5,855                     | 5,855                |
| Social Security taxes             |                      | 16,646                     | 45,289                    | 61,935               |
| Group insurance                   |                      | 22,270                     | 154,937                   | 177,207              |
| Retirement                        |                      | 26,602                     | 69,256                    | 95,858               |
| Utilities                         |                      | 1,202                      | 70,656                    | 71,858               |
| Travel                            |                      | 552                        |                           | 552                  |
| Professional fees                 |                      | 12,667                     |                           | 12,667               |
| Miscellaneous                     |                      | 2,370                      | 11,932                    | 14,302               |
| Capital outlay                    |                      | 904                        | 14,553                    | 15,457               |
|                                   | <u>\$ 13,312,043</u> | <u>\$ 4,612,402</u>        | <u>\$ 2,254,659</u>       | <u>\$ 20,179,104</u> |
| Operating Income (Loss)           | \$ 292,494           | \$ (751,152)               | \$ 3,734                  | \$ (454,924)         |
| Nonoperating Revenue -            |                      |                            |                           |                      |
| Interest earned                   | 860                  | 15,847                     | -0-                       | 16,707               |
| Change in Net Position            | <u>\$ 293,354</u>    | <u>\$ (735,305)</u>        | <u>\$ 3,734</u>           | <u>\$ (438,217)</u>  |
| Net Position at beginning of year | \$ 1,987,133         | \$ 2,605,846               | \$ 204,402                | \$ 4,797,381         |
| Net Position at end of year       | <u>\$ 2,280,487</u>  | <u>\$ 1,870,541</u>        | <u>\$ 208,136</u>         | <u>\$ 4,359,164</u>  |

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows**

**Internal Service Funds**

**Year Ended June 30, 2014**

|   | <u>Insurance</u>    | <u>Risk<br/>Management</u> | <u>Fleet<br/>Services</u> | <u>Totals</u>        |
|---|---------------------|----------------------------|---------------------------|----------------------|
| <b>Cash Flows From Operating Activities-</b>  |                     |                            |                           |                      |
| Cash received from interfund services provided  | \$ 13,093,751       | \$ 3,859,519               | \$ 2,258,278              | \$ 19,211,548        |
| Cash payments to suppliers  |                     |                            | (1,641,273)               | (1,641,273)          |
| Cash payments to employees  |                     | (221,831)                  | (625,314)                 | (847,145)            |
| Cash payments of claims and administrative expenses   | (13,195,926)        | (2,852,614)                |                           | (16,048,540)         |
| Other receipts  | 629,752             | 1,731                      | 8,309                     | 639,792              |
| Other payments  |                     | (642,327)                  |                           | (642,327)            |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 527,577</u>   | <u>\$ 144,478</u>          | <u>\$ -0-</u>             | <u>\$ 672,055</u>    |
| <b>Cash Flows From Investing Activities-</b>  |                     |                            |                           |                      |
| Interest received   | \$ 860              | \$ 16,871                  |                           | \$ 17,731            |
| Net Cash Provided by Investing Activities   | <u>\$ 860</u>       | <u>\$ 16,871</u>           |                           | <u>\$ 17,731</u>     |
| Net Increase (Decrease) in Cash and Cash Equivalents  | \$ 528,437          | \$ 161,349                 | \$ -0-                    | \$ 689,786           |
| Cash and Cash Equivalents at Beginning of Year  | 2,579,598           | 8,400,635                  |                           | 10,980,233           |
| Cash and Cash Equivalents at End of Year  | <u>\$ 3,108,035</u> | <u>\$ 8,561,984</u>        | <u>\$ -0-</u>             | <u>\$ 11,670,019</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided</b>                                       |                     |                            |                           |                      |
| <b>(Used) by Operating Activities:</b>  |                     |                            |                           |                      |
| Operating income (loss)   | \$ 292,494          | \$ (751,152)               | \$ 3,734                  | \$ (454,924)         |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b> |                     |                            |                           |                      |
| <b>Changes in assets and liabilities -</b>  |                     |                            |                           |                      |
| Due from other funds  | 24                  |                            | 8,194                     | 8,218                |
| Due from others   | 88,942              | (121,733)                  |                           | (32,791)             |
| Prepaid items   | 52,953              |                            |                           | 52,953               |
| Inventory   |                     |                            | (14,851)                  | (14,851)             |
| Accounts payable  | 63,164              | 65,476                     |                           | 128,640              |
| Claims and judgments payable  |                     | 950,500                    |                           | 950,500              |
| Accrued wages   |                     |                            | 2,923                     | 2,923                |
| Due to other funds  | 30,000              | 1,387                      |                           | 31,387               |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 527,577</u>   | <u>\$ 144,478</u>          | <u>\$ -0-</u>             | <u>\$ 672,055</u>    |
| <b>Reconciliation to Cash and Cash Equivalents</b>  |                     |                            |                           |                      |
| <b>Presented in Statement of Net Position -</b>   |                     |                            |                           |                      |
| Cash and Cash Equivalents   | \$ 3,103,535        | \$ 8,561,984               |                           | \$ 11,665,519        |
| Cash and Cash Equivalents - Restricted  | 4,500               |                            |                           | 4,500                |
| Cash and Cash Equivalents at End of Year  | <u>\$ 3,108,035</u> | <u>\$ 8,561,984</u>        | <u>\$ -0-</u>             | <u>\$ 11,670,019</u> |

### **PENSION TRUST FUNDS**

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

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

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

### **AGENCY FUND**

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

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**

**June 30, 2014**

|                                    | <u>Employees'</u><br><u>Pension</u> | <u>Electric</u><br><u>Department</u><br><u>Pension</u> | <u>Totals</u>         |
|------------------------------------|-------------------------------------|--|-----------------------|
| <b><u>ASSETS</u></b>               |                                     |  |                       |
| Cash and cash equivalents          | \$ 2,154,960                        | \$ 247,310   | \$ 2,402,270          |
| Investments, at fair value         |                                     |  |                       |
| Certificates of deposit            | 223,708                             | 251,148  | 474,856               |
| Mutual funds                       | 88,418,836                          | 11,956,173   | 100,375,009           |
| U.S. Government notes and bonds    |                                     | 116,877  | 116,877               |
| Municipal notes and bonds          | 345,548                             |  | 345,548               |
| Corporate notes and bonds          | 5,468,658                           | 7,867,603  | 13,336,261            |
| Common/preferred stock             | 25,015,160                          |  | 25,015,160            |
| Accrued interest receivable        |                                     | 70,090   | 70,090                |
| Contributions receivable           | 281,767                             |  | 281,767               |
|                                    | <u>\$ 121,908,637</u>               | <u>\$ 20,509,201</u>                                   | <u>\$ 142,417,838</u> |
| <b><u>NET POSITION</u></b>         |                                     |  |                       |
| Net Position -                     |                                     |  |                       |
| Held in trust for pension benefits | <u>\$ 121,908,637</u>               | <u>\$ 20,509,201</u>                                   | <u>\$ 142,417,838</u> |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

|   | <u>Employees'</u><br><u>Pension</u> | <u>Electric</u><br><u>Department</u><br><u>Pension</u> | <u>Totals</u>                |
|---|-------------------------------------|--|------------------------------|
| Additions -                                       |                                     |  |                              |
| Contributions -                                   |                                     |  |                              |
| Employer  | \$ <u>4,466,883</u>                 | \$ <u>1,200,000</u>                                    | \$ <u>5,666,883</u>          |
| Investment income-                                |                                     |  |                              |
| Net appreciation in fair value of investments     | \$ 14,729,083                       | \$ 2,169,170   | \$ 16,898,253                |
| Interest  | 309,236                             | 277,691  | 586,927                      |
| Dividends   | 2,411,111                           | 297,720  | 2,708,831                    |
| Miscellaneous income                              | 1,647                               |  | 1,647                        |
| Total investment income                           | \$ <u>17,451,077</u>                | \$ <u>2,744,581</u>                                    | \$ <u>20,195,658</u>         |
| Less investment fees                              |                                     | (84,030)   | (84,030)                     |
| Net investment income                             | \$ <u>17,451,077</u>                | \$ <u>2,660,551</u>                                    | \$ <u>20,111,628</u>         |
| Total additions                                   | \$ <u>21,917,960</u>                | \$ <u>3,860,551</u>                                    | \$ <u>25,778,511</u>         |
| Deductions -                                      |                                     |  |                              |
| Benefits to participants                          | \$ <u>3,743,995</u>                 | \$ <u>712,114</u>                                      | \$ <u>4,456,109</u>          |
| Total deductions                                  | \$ <u>3,743,995</u>                 | \$ <u>712,114</u>                                      | \$ <u>4,456,109</u>          |
| Net Increase (Decrease)                           | \$ 18,173,965                       | \$ 3,148,437   | \$ 21,322,402                |
| Net Position Held in Trust for Pension Benefits - |                                     |  |                              |
| Beginning of year                                 | <u>103,734,672</u>                  | <u>17,360,764</u>                                      | <u>121,095,436</u>           |
| End of year                                       | \$ <u><u>121,908,637</u></u>        | \$ <u><u>20,509,201</u></u>                            | \$ <u><u>142,417,838</u></u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Changes in Assets and Liabilities**  
**School Activity Agency Fund**

**June 30, 2014**

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|                           | Balance<br><u>July 1, 2013</u> | <u>Additions</u>    | <u>Deductions</u>   | Balance<br><u>June 30, 2014</u> |
|---------------------------|--------------------------------|---------------------|---------------------|---------------------------------|
| <b><u>ASSETS</u></b>      |                                |                     |                     |                                 |
| Cash and cash equivalents | \$ 655,293                     | \$ 1,358,581        | \$ 1,413,668        | \$ 600,206                      |
| Certificates of deposit   | 10,000                         |                     |                     | 10,000                          |
| Other receivables         | 4,660                          | 2,109               | 4,660               | 2,109                           |
| Inventory                 | 7,595                          |                     | 2,754               | 4,841                           |
| Total Assets              | <u>\$ 677,548</u>              | <u>\$ 1,360,690</u> | <u>\$ 1,421,082</u> | <u>\$ 617,156</u>               |
| <b><u>LIABILITIES</u></b> |                                |                     |                     |                                 |
| Due to others             | <u>\$ 677,548</u>              | <u>\$ 1,360,690</u> | <u>\$ 1,421,082</u> | <u>\$ 617,156</u>               |
| Total Liabilities         | <u>\$ 677,548</u>              | <u>\$ 1,360,690</u> | <u>\$ 1,421,082</u> | <u>\$ 617,156</u>               |

## **FINANCIAL SCHEDULES**

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

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Certificates of Deposit by Fund**

**June 30, 2014**

|  | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> | <u>Amount</u>       |
|--|--------------------------|--------------------------|---------------------|
| Governmental Funds -                               |                          |                          |                     |
| Extended School Program Fund                       |                          |                          |                     |
| Pinnacle Financial Partners                        | 0.30 %                   | 03/05/2015               | \$ 100,000          |
| Pinnacle Financial Partners                        | 0.25                     | 09/20/2014               | 125,959             |
| Pinnacle Financial Partners                        | 0.25                     | 09/20/2014               | 125,959             |
|  |                          |                          | <u>\$ 351,918</u>   |
| Permanent Fund                                     |                          |                          |                     |
| Ally Bank CD                                       | 2.00 %                   | 09/30/2016               | \$ 66,029           |
| BMW Bank of North America                          | 2.05 %                   | 09/13/2018               | 25,198              |
| Comenity Capital Bank                              | 1.60 %                   | 09/25/2017               | 25,206              |
| GE Retail Bank FDIC Insured CD                     | 2.00 %                   | 05/09/2019               | 24,898              |
| Wells Fargo CD                                     | 1.50 %                   | 09/26/2018               | 50,574              |
|  |                          |                          | <u>\$ 191,905</u>   |
| Internal Service Funds -                           |                          |                          |                     |
| Risk Management Fund                               |                          |                          |                     |
| Midsouth Bank, Murfreesboro                        | 0.65 %                   | 09/23/2015               | \$ 500,000          |
| Fiduciary Funds -                                  |                          |                          |                     |
| Employees' Pension Trust Fund -                    |                          |                          |                     |
| Goldman Sachs FDIC Insured CD                      | 2.00 %                   | 05/28/2019               | \$ 223,709          |
| Electric Department Employee Pension Fund          |                          |                          |                     |
| Goldman Sachs FDIC Insured CD                      | 2.00 %                   | 05/28/2019               | \$ 99,426           |
| Wells Fargo FDIC Insured CD                        | 1.50 %                   | 09/26/2018               | 151,722             |
|  |                          |                          | <u>\$ 251,148</u>   |
| Extended School Program Private Purpose Trust Fund |                          |                          |                     |
| Pinnacle Financial Partners                        | 0.30 %                   | 03/05/2015               | \$ 159,231          |
| School Activity Agency Fund                        |                          |                          |                     |
| Pinnacle Financial Partners                        | 0.30 %                   | 03/22/2015               | \$ 10,000           |
| Total Certificates of Deposit                      |                          |                          | <u>\$ 1,687,911</u> |

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund**

**June 30, 2014**

|   | <u>Interest</u> |   | <u>Maturity</u> | <u>Fair</u>  |
|---|-----------------|---|-----------------|--------------|
|   | <u>Rate</u>     |   | <u>Date</u>     | <u>Value</u> |
| Employees' Pension Trust Fund -                     |                 |   |                 |              |
| Jackson TN Energy Rev Taxable                       | 2.650           | % | 04/01/2021      | \$ 345,548   |
| Amgen Inc. Senior Bond                              | 3.875           |   | 11/15/2021      | 105,531      |
| Autozone Inc. Sr Note Callable                      | 5.750           |   | 01/15/2015      | 205,614      |
| BP Capital Markets Senior                           | 3.561           |   | 11/01/2021      | 418,244      |
| Bank of America Sr Variable Rate                    | 1.988           |   | 07/28/2017      | 204,860      |
| Bank of America Corp Sr Global Note                 | 5.125           |   | 11/15/2014      | 152,550      |
| Capital One Financial Corp Sr Note                  | 2.125           |   | 07/15/2014      | 75,051       |
| Citigroup Floating Rate Libor Plus                  | 1.043           |   | 04/09/2018      | 295,065      |
| Clorox Co.  | 3.550           |   | 11/01/2015      | 544,247      |
| Comcast Corp New Note                               | 4.950           |   | 06/15/2016      | 162,192      |
| Ford Motor Credit Floating Rate Debt                | 1.388           |   | 08/20/2016      | 250,417      |
| General Elec Cap Corp Floating Rate Libor Plus 1.0% | 1.243           |   | 04/15/2023      | 199,838      |
| Goldman Sachs Group Inc                             | 2.000           |   | 05/13/2020      | 398,024      |
| Goldman Sachs Group Inc Sr Note                     | 6.250           |   | 09/01/2017      | 227,692      |
| Kinder Morgan Energy Partners LP                    | 5.800           |   | 03/01/2021      | 314,190      |
| Kraft Foods Inc. Note                               | 4.125           |   | 02/19/2016      | 178,767      |
| Morgan Stanley Floating Rate                        | 7.000           |   | 04/28/2023      | 222,525      |
| National Rural Utils Coop Fin Corp                  | 7.200           |   | 10/01/2015      | 269,080      |
| Nationsbank Corp Sub Note                           | 7.750           |   | 08/15/2015      | 268,663      |
| O'Reilly Automotive Inc New Sr                      | 3.800           |   | 09/01/2022      | 511,465      |
| Scana Corp New Note Callable                        | 4.125           |   | 02/01/2022      | 130,700      |
| Torchmark Corp Sr Note Callable                     | 9.250           |   | 06/15/2019      | 160,974      |
| Viacom Inc. New Sr Note Callable                    | 5.625           |   | 09/15/2019      | 172,969      |
| Amazon Com Inc.                                     |                 |   |                 | 487,170      |
| American Express Co. Com                            |                 |   |                 | 638,001      |
| American Tower Corporation                          |                 |   |                 | 584,870      |
| Amgen Inc. Com                                      |                 |   |                 | 532,665      |
| Apple Inc. Com                                      |                 |   |                 | 845,663      |
| CVS Caremark Corp Com                               |                 |   |                 | 263,795      |
| Capital One Financial Corp Com                      |                 |   |                 | 646,345      |
| Chubbs Corp Com                                     |                 |   |                 | 368,680      |
| Colgate Palmolive Co. Com                           |                 |   |                 | 272,720      |
| Conoco Phillips Com                                 |                 |   |                 | 557,245      |
| Costco Wholesale Corp New Com                       |                 |   |                 | 230,320      |
| Diamond Offshore Drilling Inc. Com                  |                 |   |                 | 471,485      |
| Disney Walt Co. Com                                 |                 |   |                 | 514,440      |
| EMC Corp Mass Com                                   |                 |   |                 | 579,480      |
| Ebay Inc. Com                                       |                 |   |                 | 325,390      |
| Express Scripts Holding Co                          |                 |   |                 | 554,640      |
| Fluor Corp New Com                                  |                 |   |                 | 499,850      |
| Freeport McMoran Copper & Gold Com                  |                 |   |                 | 328,500      |
| General Electric Co Com                             |                 |   |                 | 525,600      |
| Gilead Sciences Inc. Com                            |                 |   |                 | 306,767      |
| Google Inc. Class A                                 |                 |   |                 | 643,137      |
| HCA Holdings, Inc.                                  |                 |   |                 | 563,800      |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|   | <u>Interest</u> | <u>Maturity</u> | <u>Fair</u>  |
|---|-----------------|-----------------|--------------|
|   | <u>Rate</u>     | <u>Date</u>     | <u>Value</u> |
| Employees' Pension Trust Fund (continued) -           |                 |                 |              |
| Halliburton Co. Com                                   |                 |                 | \$ 355,050   |
| Honeywell International Inc. Com                      |                 |                 | 604,175      |
| Intel Corp Com  |                 |                 | 772,500      |
| International Business Machines Corp Com              |                 |                 | 453,175      |
| JPMorgan Chase & Co. Com                              |                 |                 | 835,490      |
| Kraft Foods Group Inc. Com                            |                 |                 | 199,813      |
| Las Vegas Sands Corp                                  |                 |                 | 251,526      |
| Marathon Oil Com                                      |                 |                 | 339,320      |
| Microsoft Corp Com                                    |                 |                 | 417,000      |
| Mondelez International Inc.                           |                 |                 | 376,100      |
| National Oilwell Varco Inc. Com                       |                 |                 | 494,100      |
| Now Inc./De   |                 |                 | 54,315       |
| Oracle Corp Com                                       |                 |                 | 689,010      |
| Pepsico Inc. Com                                      |                 |                 | 536,040      |
| Proctor & Gamble Co. Com                              |                 |                 | 314,360      |
| Prudential Financial Inc. Com                         |                 |                 | 710,160      |
| Qualcomm Inc. Com                                     |                 |                 | 792,000      |
| Quanta Services, Inc.                                 |                 |                 | 414,960      |
| Schlumberger Ltd. Com                                 |                 |                 | 589,750      |
| Sigma Aldrich Corp Com                                |                 |                 | 456,660      |
| Target Corp Com                                       |                 |                 | 289,750      |
| Union Pacific Corp Com                                |                 |                 | 598,500      |
| United Technologies Corp Com                          |                 |                 | 536,843      |
| United Health Group Inc. Com                          |                 |                 | 735,750      |
| Verizon Communications Inc. Com                       |                 |                 | 538,230      |
| Visa Inc. Com   |                 |                 | 316,065      |
| Wells Fargo & Co. New Com                             |                 |                 | 788,400      |
| Whole Foods Market Com                                |                 |                 | 328,355      |
| YUM Brands Inc. Com                                   |                 |                 | 487,200      |
| Alerian MLP ETF                                       |                 |                 | 266,000      |
| Ishares S&P Mid-Cap 400 Value ETF Index Fund          |                 |                 | 253,840      |
| Ishares U.S. Real Estate ETF Index Fund               |                 |                 | 251,265      |
| Vanguard Small Cap Growth EFT                         |                 |                 | 3,670,870    |
| Legg Mason Global Opportunities                       |                 |                 | 5,152,458    |
| Pimco Global Bond Fund US Dollar                      |                 |                 | 4,678,530    |
| Principal High Yield Class I                          |                 |                 | 11,583,380   |
| RBC Bluebay Emerging Market Select Bond Fund CI 1     |                 |                 | 8,509,093    |
| American Funds - Capital World Growth and Income Fund |                 |                 | 4,434,842    |
| Dodge & Cox International Stock Fund                  |                 |                 | 13,063,875   |
| Janus Global Research Fund CI 1                       |                 |                 | 4,382,878    |
| Oppenheimer Developing Markets Fund Class             |                 |                 | 7,473,263    |
| Prudential Global Real Estate Fund                    |                 |                 | 8,549,059    |
| Van Eck Global Hard Assets Fund                       |                 |                 | 3,310,880    |
| Pimco Commodity Realreturn Strategy Fund Ins          |                 |                 | 2,619,459    |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|   | <u>Interest</u> |   | <u>Maturity</u> | <u>Fair</u>           |
|---|-----------------|---|-----------------|-----------------------|
|   | <u>Rate</u>     |   | <u>Date</u>     | <u>Value</u>          |
| Employees' Pension Trust Fund (continued) -           |                 |   |                 |                       |
| Ridgeworth Fd - Smallcap Value Equity I Shs           |                 |   |                 | \$ 3,835,548          |
| Ridgeworth Fd - Intermediate Bd I Shs                 |                 |   |                 | 6,383,595             |
|   |                 |   |                 | <u>\$ 119,248,201</u> |
| Electric Department Employee Pension Fund -           |                 |   |                 |                       |
| Federal Home Loan Bank                                | 3.125           | % | 12/08/2017      | \$ 116,877            |
| AFLAC Inc.  | 3.450           |   | 08/15/2015      | 154,943               |
| AT&T Inc Senior Bond                                  | 2.625           |   | 12/01/2022      | 95,816                |
| Agilent Technologies Inc                              | 5.500           |   | 09/14/2015      | 142,398               |
| American Tower Senior Debt                            | 3.500           |   | 01/31/2023      | 161,805               |
| Atmos Energy Corp Sr Nt                               | 4.950           |   | 10/15/2014      | 253,245               |
| Avon Products Inc                                     | 4.200           |   | 07/15/2018      | 311,622               |
| BB&T Corp Sr Nt                                       | 3.950           |   | 04/29/2016      | 105,874               |
| BP Capital Markets Senior                             | 3.561           |   | 11/01/2021      | 156,842               |
| Bank of America Sr Variable Rate                      | 1.988           |   | 07/28/2017      | 256,075               |
| Bank of America Corp Sr Global Nt                     | 5.125           |   | 11/15/2014      | 101,700               |
| Bank of America Corp Sr Nt                            | 4.750           |   | 05/15/2016      | 291,074               |
| Capital One Finl Corp Nt                              | 6.150           |   | 09/01/2016      | 83,000                |
| Citigroup Inc Sub NT5-2014                            | 5.000           |   | 09/15/2014      | 100,885               |
| Citigroup Inc Nt                                      | 4.450           |   | 01/10/2017      | 107,701               |
| Citigroup Floating Rate Libor Plus                    | 1.043           |   | 04/09/2018      | 295,065               |
| Clorox Co.  | 3.550           |   | 11/01/2015      | 259,165               |
| Comcast Corp New Nt                                   | 4.950           |   | 06/15/2016      | 162,192               |
| Dollar General Senior Debt                            | 1.875           |   | 04/15/2018      | 64,459                |
| Express Scripts Inc Sr Nt                             | 3.125           |   | 05/15/2016      | 182,318               |
| Fifth Third Bancorp                                   | 3.625           |   | 01/25/2016      | 52,199                |
| General Elec Cap Corp                                 | 2.250           |   | 11/09/2015      | 153,432               |
| General Elec Cap Corp Mtn Nt                          | 3.350           |   | 10/17/2016      | 105,510               |
| General Elec Cap Corp Floating Rate Libor Plus 1%     | 1.243           |   | 04/15/2023      | 199,838               |
| Goldman Sachs Group Inc Medium Term Tranche #Tr 00582 | 3.700           |   | 08/01/2015      | 123,770               |
| Goldman Sachs Group Inc                               | 2.000           |   | 05/13/2020      | 248,765               |
| Goldman Sachs Group Inc                               | 3.625           |   | 02/07/2016      | 156,342               |
| Goldman Sachs Group Inc Sr Nt                         | 6.250           |   | 09/01/2017      | 165,077               |
| Hewlett Packard Co Glbl Nt                            | 3.000           |   | 09/15/2016      | 260,337               |
| Kinder Morgan Energy Partners LP                      | 5.800           |   | 03/01/2021      | 114,251               |
| Kohl's Corporation Sr Debt                            | 4.000           |   | 11/01/2021      | 156,329               |
| Kraft Foods Group Inc Senior Bond                     | 3.500           |   | 06/06/2022      | 236,155               |
| Laboratory Corp Amer Hldgs Sr Nt                      | 3.125           |   | 05/15/2016      | 104,154               |
| Lowe's Cos Inc Nt                                     | 2.125           |   | 04/15/2016      | 205,394               |
| McKesson Corp   | 5.700           |   | 03/01/2017      | 83,935                |
| Morgan Stanley  | 4.000           |   | 07/24/2015      | 207,138               |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|   | <u>Interest</u> |   | <u>Maturity</u> | <u>Fair</u>          |
|---|-----------------|---|-----------------|----------------------|
|   | <u>Rate</u>     |   | <u>Date</u>     | <u>Value</u>         |
| Electric Department Employee Pension Fund (continued) - |                 |   |                 |                      |
| Morgan Stanley Nt                                       | 5.450           | % | 01/09/2017      | \$ 165,240           |
| Morgan Stanley Floating Rate Bond                       | 7.000           |   | 04/28/2023      | 98,900               |
| Morgan Stanley Sr Nt                                    | 2.500           |   | 03/30/2017      | 76,313               |
| O'Reilly Automotive Inc New Sr Nt                       | 3.800           |   | 09/01/2022      | 255,732              |
| Oracle Corp Ozark Hldg Inc Nt                           | 5.250           |   | 01/15/2016      | 80,355               |
| Prudential Finl Mtns Book Fr                            | 4.750           |   | 06/13/2015      | 114,411              |
| Republic Services Inc Note                              | 3.800           |   | 05/15/2018      | 267,832              |
| Ryder System Inc Medium Term Notes                      | 2.500           |   | 03/01/2018      | 102,716              |
| Scana Corp New Note                                     | 4.125           |   | 02/01/2022      | 104,560              |
| Symantec Corp Sr Nt                                     | 2.750           |   | 06/15/2017      | 77,006               |
| TEVA Pharmaceutical Senior Bond                         | 2.950           |   | 12/18/2022      | 96,173               |
| TEVA Pharmaceutical Senior Bond                         | 2.250           |   | 03/18/2020      | 239,583              |
| Torchmark Corp Sr Nt                                    | 9.250           |   | 06/15/2019      | 128,779              |
| Unitedhealth Group                                      | 6.000           |   | 11/15/2017      | 28,229               |
| Viacom Inc New Sr Nt                                    | 5.625           |   | 09/15/2019      | 172,969              |
| DFA US Vector Equity Portfolio                          | NA              |   | NA              | 2,977,997            |
| DFA US Core Equity 2 Portfolio                          | NA              |   | NA              | 1,788,507            |
| DFA Emerging Markets Value Portfolio                    | NA              |   | NA              | 373,520              |
| DFA Emerging Markets Small Cap                          | NA              |   | NA              | 499,747              |
| DFA International Small Company                         | NA              |   | NA              | 586,627              |
| DFA International Small Cap Value                       | NA              |   | NA              | 591,838              |
| DFA Emerging Markets Portfolio                          | NA              |   | NA              | 371,607              |
| DFA US Large Cap Value Portfolio                        | NA              |   | NA              | 2,405,013            |
| DFA Real Estate Securities Portfolio                    | NA              |   | NA              | 1,214,594            |
| DFA International Value Portfolio                       | NA              |   | NA              | 1,146,724            |
|   |                 |   |                 | <u>\$ 19,940,654</u> |
| Evergreen Cemetery Commission -                         |                 |   |                 |                      |
| AFLAC Inc   | 3.450           | % | 08/15/2015      | \$ 25,824            |
| AT&T Inc  | 2.375           |   | 11/27/2018      | 50,839               |
| Abbott Laboratories Nt                                  | 5.125           |   | 04/01/2019      | 17,069               |
| Autozone Inc Sr Nt                                      | 4.000           |   | 11/15/2020      | 26,589               |
| Avon Products Inc                                       | 4.200           |   | 07/15/2018      | 51,937               |
| BB&T Corp Sr Nt   | 3.950           |   | 04/29/2016      | 52,937               |
| BP Capital Markets Sr Debt                              | 2.750           |   | 05/10/2023      | 24,015               |
| Bank of America Corp                                    | 5.750           |   | 08/15/2016      | 27,277               |
| Bank of Amer Corp Sr Nt                                 | 4.750           |   | 05/15/2016      | 52,923               |
| Best Buy Inc Nt   | 3.750           |   | 03/15/2016      | 51,500               |
| Citigroup Inc Sub NT5-2014                              | 5.000           |   | 09/15/2014      | 25,221               |
| Citigroup Floating Rate Libor Plus                      | 1.043           |   | 04/09/2018      | 49,178               |
| Express Scripts Inc Sr Nt                               | 3.125           |   | 05/15/2016      | 26,046               |
| Fifth Third Bancorp                                     | 3.625           |   | 01/25/2016      | 26,100               |
| General Elec Cap Corp                                   | 2.250           |   | 11/09/2015      | 25,572               |
| General Elec Cap Corp Floating Rate Libor Plus 1.0%     | 1.243           |   | 04/15/2023      | 99,919               |
| Goldman Sachs Group Inc Medium Term Tranche #TR 00582   | 3.700           |   | 08/01/2015      | 51,571               |
| Goldman Sachs Group Inc Nt                              | 3.300           |   | 05/03/2015      | 25,555               |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

|  | <u>Interest</u> |   | <u>Maturity</u> | <u>Fair</u>           |
|--|-----------------|---|-----------------|-----------------------|
|  | <u>Rate</u>     |   | <u>Date</u>     | <u>Value</u>          |
| Evergreen Cemetery Commission (continued) -                    |                 |   |                 |                       |
| Goldman Sachs Group Inc Var Rate                               | 2.500           | % | 03/06/2018      | \$ 19,857             |
| Goldman Sachs Group Inc  | 2.000           |   | 05/13/2020      | 99,506                |
| Hewlett Packard Co Gbl Nt                                      | 3.000           |   | 09/15/2016      | 78,101                |
| Hewlett Packard Co Gbl Nt                                      | 3.300           |   | 12/09/2016      | 26,310                |
| JP Morgan Chase & Co Global Note                               | 5.125           |   | 09/15/2014      | 25,237                |
| Kinder Morgan Energy Partners LP                               | 5.800           |   | 03/01/2021      | 22,850                |
| Kohl's Corporation Sr Debt                                     | 4.000           |   | 11/01/2021      | 26,055                |
| Morgan Stanley   | 4.000           |   | 07/24/2015      | 51,785                |
| Morgan Stanley Nt  | 5.375           |   | 10/15/2015      | 31,766                |
| Morgan Stanley Sr Nt Var Rate                                  | 2.500           |   | 03/30/2017      | 25,438                |
| Oracle Corp Ozark Hldg Inc Nt                                  | 5.250           |   | 01/15/2016      | 26,785                |
| Republic Services Inc Note                                     | 3.800           |   | 05/15/2018      | 107,133               |
| Suntrust Bk Atlanta GA Medium Term Sub Bk Nts Tranche #SB00003 | 5.450           |   | 12/01/2017      | 27,714                |
| Unitedhealth Group   | 6.000           |   | 11/15/2017      | 45,166                |
| Verizon Communications Inc Nt                                  | 5.550           |   | 02/15/2016      | 26,933                |
| Ishares Tr Msci Emerging Markets                               |                 |   |                 | 4,323                 |
| Ishares TR Msci EAFE Index                                     |                 |   |                 | 44,441                |
| Vanguard Total Stock Market Index                              |                 |   |                 | 559,735               |
|  |                 |   |                 | <u>\$ 1,959,207</u>   |
| Total Investments  |                 |   |                 | <u>\$ 141,148,062</u> |

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

| Fiscal Year<br>Ended<br>June 30,       | Issue                                      | Interest<br>Rate | Principal            | Interest            | Total<br>Principal and<br>Interest |
|--|--|------------------|----------------------|---------------------|------------------------------------|
| <b><u>General Long-Term Debt -</u></b> |  |                  |                      |                     |                                    |
| 2015                                   | 2009 General Obligation Refunding<br>Bonds | 2.00-5.00 %      | \$ 3,680,000         | \$ 1,083,250        | \$ 4,763,250                       |
| 2016                                   |  |                  | 3,855,000            | 899,250             | 4,754,250                          |
| 2017                                   |  |                  | 4,030,000            | 706,500             | 4,736,500                          |
| 2018                                   |  |                  | 4,215,000            | 505,000             | 4,720,000                          |
| 2019                                   |  |                  | 4,045,000            | 294,250             | 4,339,250                          |
| 2020                                   |  |                  | 1,840,000            | 92,000              | 1,932,000                          |
|  |  |                  |                      |                     | <u>\$ 21,665,000</u>               |
| 2015                                   | 2014 General Obligation Bonds              | 1.00-5.00 %      | \$ 1,400,000         | \$ 842,989          | \$ 2,242,989                       |
| 2016                                   |  |                  | 1,605,000            | 943,338             | 2,548,338                          |
| 2017                                   |  |                  | 1,650,000            | 895,187             | 2,545,187                          |
| 2018                                   |  |                  | 1,700,000            | 845,688             | 2,545,688                          |
| 2019                                   |  |                  | 1,735,000            | 811,687             | 2,546,687                          |
| 2020                                   |  |                  | 1,820,000            | 724,938             | 2,544,938                          |
| 2021                                   |  |                  | 1,855,000            | 688,537             | 2,543,537                          |
| 2022                                   |  |                  | 1,950,000            | 595,788             | 2,545,788                          |
| 2023                                   |  |                  | 1,990,000            | 556,787             | 2,546,787                          |
| 2024                                   |  |                  | 2,070,000            | 477,188             | 2,547,188                          |
| 2025                                   |  |                  | 2,150,000            | 394,387             | 2,544,387                          |
| 2026                                   |  |                  | 2,240,000            | 308,388             | 2,548,388                          |
| 2027                                   |  |                  | 2,325,000            | 218,787             | 2,543,787                          |
| 2028                                   |  |                  | 2,395,000            | 149,038             | 2,544,038                          |
| 2029                                   | 2,470,000                                  | 77,187           | 2,547,187            |                     |                                    |
|  |  |                  | <u>\$ 29,355,000</u> | <u>\$ 8,529,914</u> | <u>\$ 37,884,914</u>               |
| 2015                                   | Bank Loan                                  | 1.60 %           | \$ 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                            |
|  |  |                  |                      |                     | <u>\$ 1,560,000</u>                |
| 2015                                   | Tennessee Municipal Bond Fund<br>Loan (1)  |                  | \$ 2,737,480         | \$ 25,987           | \$ 2,763,467                       |
| 2016                                   |  |                  | 1,099,925            | 7,260               | 1,107,185                          |
|  |  |                  |                      | <u>\$ 3,837,405</u> | <u>\$ 33,247</u>                   |
| 2015                                   | Tennessee Municipal Bond Fund<br>Loan (2)  |                  | \$ 4,869,000         | \$ 272,488          | \$ 5,141,488                       |
| 2016                                   |  |                  | 5,040,000            | 236,841             | 5,276,841                          |
| 2017                                   |  |                  | 5,216,000            | 199,941             | 5,415,941                          |
| 2018                                   |  |                  | 5,398,000            | 161,754             | 5,559,754                          |
| 2019                                   |  |                  | 5,587,000            | 122,234             | 5,709,234                          |
| 2020                                   |  |                  | 5,783,000            | 81,329              | 5,864,329                          |
| 2021                                   |  |                  | 5,839,907            | 39,079              | 5,878,986                          |
|  |  |                  | <u>\$ 37,732,907</u> | <u>\$ 1,113,666</u> | <u>\$ 38,846,573</u>               |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

| Fiscal Year<br>Ended<br>June 30,                   | Issue                         | Interest<br>Rate | Principal            | Interest            | Total<br>Principal and<br>Interest |
|--|-------------------------------|------------------|----------------------|---------------------|------------------------------------|
| <b><u>General Long-Term Debt (continued) -</u></b> |                               |                  |                      |                     |                                    |
| 2015   | Tennessee Municipal Bond Fund |                  | \$ 334,000           | \$ 19,040           | \$ 353,040                         |
| 2016   | Loan (2)                      |                  | 347,000              | 16,594              | 363,594                            |
| 2017   |                               |                  | 361,000              | 14,052              | 375,052                            |
| 2018   |                               |                  | 375,000              | 11,408              | 386,408                            |
| 2019   |                               |                  | 391,000              | 8,661               | 399,661                            |
| 2020   |                               |                  | 406,000              | 5,797               | 411,797                            |
| 2021   |                               |                  | 422,000              | 2,824               | 424,824                            |
|  |                               |                  | <u>\$ 2,636,000</u>  | <u>\$ 78,376</u>    | <u>\$ 2,714,376</u>                |
| 2015   | Tennessee Municipal Bond Fund |                  | \$ 3,253,000         | \$ 296,350          | \$ 3,549,350                       |
| 2016   | Loan (2)                      |                  | 3,416,000            | 272,504             | 3,688,504                          |
| 2017   |                               |                  | 3,586,000            | 247,464             | 3,833,464                          |
| 2018   |                               |                  | 3,766,000            | 221,177             | 3,987,177                          |
| 2019   |                               |                  | 3,954,000            | 193,571             | 4,147,571                          |
| 2020   |                               |                  | 4,152,000            | 164,586             | 4,316,586                          |
| 2021   |                               |                  | 4,359,000            | 134,151             | 4,493,151                          |
| 2022   |                               |                  | 4,577,000            | 102,197             | 4,679,197                          |
| 2023   |                               |                  | 4,806,000            | 68,646              | 4,874,646                          |
| 2024   |                               |                  | 4,998,040            | 33,445              | 5,031,485                          |
|  |                               |                  | <u>\$ 40,867,040</u> | <u>\$ 1,734,091</u> | <u>\$ 42,601,131</u>               |
| 2015   | Tennessee Municipal Bond Fund | 2.89 %           | \$ 2,812,000         | \$ 1,104,500        | \$ 3,916,500                       |
| 2016   | Loan                          |                  | 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                          |
|  |                               |                  | <u>\$ 39,624,000</u> | <u>\$ 7,256,530</u> | <u>\$ 46,880,530</u>               |
| 2015   | Tennessee Municipal Bond Fund | 2.17 %           | \$ 2,380,000         | \$ 808,737          | \$ 3,188,737                       |
| 2016   | Loan                          |                  | 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                          |
|  |                               |                  | <u>\$ 38,459,000</u> | <u>\$ 6,132,626</u> | <u>\$ 44,591,626</u>               |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

| <u>Fiscal Year</u><br><u>Ended</u><br><u>June 30,</u> | <u>Issue</u>                  | <u>Interest</u><br><u>Rate</u> | <u>Principal</u>      | <u>Interest</u>      | <u>Total</u><br><u>Principal and</u><br><u>Interest</u> |
|---|-------------------------------|--------------------------------|-----------------------|----------------------|---|
| <u>General Long-Term Debt (continued) -</u>           |                               |                                |                       |                      |   |
| 2015  | Tennessee Municipal Bond Fund | 1.25 %                         | \$ 714,000            | \$ 50,812            | \$ 764,812  |
| 2016  | Loan                          |                                | 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   |
|   |                               |                                | <u>\$ 4,422,000</u>   | <u>\$ 167,850</u>    | <u>\$ 4,589,850</u>                                     |
| 2015  | Tennessee Municipal Bond Fund |                                | \$ 1,984,000          | \$ 42,665            | \$ 2,026,665  |
| 2016  | Loan (3)                      |                                | 2,034,000             | 25,567               | 2,059,567   |
| 2017  |                               |                                | 1,108,420             | 8,738                | 1,117,158   |
|   |                               |                                | <u>\$ 5,126,420</u>   | <u>\$ 76,970</u>     | <u>\$ 5,203,390</u>                                     |
| 2015  | Energy Efficient School Loan  | 0 %                            | \$ 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  |
|   |                               |                                | <u>\$ 741,677</u>     |                      | <u>\$ 741,677</u>                                       |
| 2015  | Energy Efficient School Loan  | 0 %                            | \$ 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  |
|   |                               |                                | <u>\$ 833,886</u>     |                      | <u>\$ 833,886</u>                                       |
| Total General Long-Term Debt                          |                               |                                | <u>\$ 226,860,335</u> | <u>\$ 28,768,000</u> | <u>\$ 255,628,335</u>                                   |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

| <u>Fiscal Year</u><br><u>Ended</u><br><u>June 30,</u> | <u>Issue</u>                         | <u>Interest</u><br><u>Rate</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u><br><u>Principal and</u><br><u>Interest</u> |
|---|--------------------------------------|--------------------------------|----------------------|----------------------|---|
| <u>Murfreesboro Water and Sewer -</u>                 |                                      |                                |                      |                      |   |
| 2015  | Tennessee Municipal Bond Fund (4)    |                                | \$ 428,000           | \$ 129,037           | \$ 557,037  |
| 2016  |                                      |                                | 442,000              | 116,453              | 558,453   |
| 2017  |                                      |                                | 456,000              | 103,459              | 559,459   |
| 2018  |                                      |                                | 471,000              | 90,052               | 561,052   |
| 2019  |                                      |                                | 486,000              | 76,205               | 562,205   |
| 2020  |                                      |                                | 502,000              | 61,916               | 563,916   |
| 2021  |                                      |                                | 518,000              | 47,158               | 565,158   |
| 2022  |                                      |                                | 534,000              | 31,928               | 565,928   |
| 2023  |                                      |                                | 552,000              | 16,228               | 568,228   |
|   |                                      |                                | <u>\$ 4,389,000</u>  | <u>\$ 672,436</u>    | <u>\$ 5,061,436</u>                                     |
| 2015  | Tennessee Municipal Bond Fund (4)    |                                | \$ 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  |                                      |                                | 3,049,000            | 22,758               | 3,071,758   |
|   |                                      |                                | <u>\$ 30,847,000</u> | <u>\$ 9,079,564</u>  | <u>\$ 39,926,564</u>                                    |
| 2015  | 2009 Tax and Revenue Refunding Bonds | 2.00-5.00 %                    | \$ 2,115,000         | \$ 1,242,000         | \$ 3,357,000  |
| 2016  |                                      |                                | 2,195,000            | 1,157,400            | 3,352,400   |
| 2017  |                                      |                                | 2,260,000            | 1,081,800            | 3,341,800   |
| 2018  |                                      |                                | 2,370,000            | 968,800              | 3,338,800   |
| 2019  |                                      |                                | 2,475,000            | 850,300              | 3,325,300   |
| 2020  |                                      |                                | 2,595,000            | 726,550              | 3,321,550   |
| 2021  |                                      |                                | 2,715,000            | 596,800              | 3,311,800   |
| 2022  |                                      |                                | 2,815,000            | 488,200              | 3,303,200   |
| 2023  |                                      |                                | 2,915,000            | 375,600              | 3,290,600   |
| 2024  |                                      |                                | 3,025,000            | 259,000              | 3,284,000   |
| 2025  |                                      |                                | 1,690,000            | 138,000              | 1,828,000   |
| 2026  |                                      |                                | 1,760,000            | 70,400               | 1,830,400   |
|   |                                      |                                | <u>\$ 28,930,000</u> | <u>\$ 7,954,850</u>  | <u>\$ 36,884,850</u>                                    |
| 2015  | 2013 Tax and Revenue Refunding Bonds | 1.31 %                         | \$ 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   |
|   |                                      |                                | <u>\$ 25,220,000</u> | <u>\$ 1,338,625</u>  | <u>\$ 26,558,625</u>                                    |
| Total Murfreesboro Water and Sewer                    |                                      |                                | <u>\$ 89,386,000</u> | <u>\$ 19,045,475</u> | <u>\$ 108,431,475</u>                                   |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2014**

| Fiscal Year<br>Ended<br>June 30,               | Issue                                | Interest<br>Rate | Principal             | Interest             | Total<br>Principal and<br>Interest |
|--|--------------------------------------|------------------|-----------------------|----------------------|------------------------------------|
| <b><u>Murfreesboro Electric Department</u></b> |                                      |                  |                       |                      |                                    |
| 2015   | 2009 Tax and Revenue Refunding Bonds | 2.00-3.375 %     | \$ 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                            |
|  |                                      |                  |                       |                      | <u>\$ 2,450,000</u>                |
| 2015   | Tennessee Municipal Bond Fund (5)    |                  | \$ 621,000            | \$ 34,245            | \$ 655,245                         |
| 2016   |                                      | 652,000          | 31,140                | 683,140              |                                    |
| 2017   |                                      | 685,000          | 27,880                | 712,880              |                                    |
| 2018   |                                      | 719,000          | 24,455                | 743,455              |                                    |
| 2019   |                                      | 755,000          | 20,860                | 775,860              |                                    |
| 2020   |                                      | 793,000          | 17,085                | 810,085              |                                    |
| 2021   |                                      | 832,000          | 13,120                | 845,120              |                                    |
| 2022   |                                      | 874,000          | 8,960                 | 882,960              |                                    |
| 2023   |                                      | 918,000          | 4,590                 | 922,590              |                                    |
|  |                                      |                  |                       | <u>\$ 6,849,000</u>  | <u>\$ 182,335</u>                  |
| Total Murfreesboro Electric Department         |                                      |                  | <u>\$ 9,299,000</u>   | <u>\$ 496,472</u>    | <u>\$ 9,795,472</u>                |
| Total Indebtedness                             |                                      |                  | <u>\$ 325,545,335</u> | <u>\$ 48,309,947</u> | <u>\$ 373,855,282</u>              |

- (1) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of .72% was used which was the rate in effect at June 30, 2014.
- (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 .73% was used which was the rate in effect at June 30, 2014.
- (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 .86% was used which was the rate in effect at June 30, 2014.
- (4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.5% was used.
- (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 .50% was used.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

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|  |                       |
|--|-----------------------|
| Revenues -                                       |                       |
| Charges for services                             | \$ 8,692              |
| State funds                                      | 7,091                 |
| Miscellaneous                                    | <u>27,794</u>         |
|  | \$ <u>43,577</u>      |
| Expenditures -                                   |                       |
| Labor  | \$ 1,428,986          |
| Operations and maintenance                       | 985,297               |
| Supplies   | 519,552               |
| Insurance  | 228,226               |
| Social Security taxes                            | 101,590               |
| Group insurance                                  | 416,500               |
| Retirement                                       | 148,307               |
| Utilities  | 54,490                |
| Travel and subsistence                           | 7,299                 |
| Training personnel                               | 150                   |
| License fees                                     | 2,825                 |
| Disposal carts                                   | 64,256                |
| Additions to fixed assets                        | 150                   |
| Other miscellaneous                              | <u>2,132</u>          |
|  | \$ <u>3,959,760</u>   |
| Amount funded with general governmental revenues | \$ <u>(3,916,183)</u> |

NOTE: The above supplemental schedule has been presented to reflect solid waste activities 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 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, 2014**

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|                             |  |
|-----------------------------|--|
| Revenues -                  |  |
| Interest                    | \$ 328   |
| County funds                | 155,000  |
| State funds                 | 11,700   |
| Federal funds               | 35,613   |
| Revenue from other agencies | 47,451   |
| Program income              | 123,072  |
| Donations received          | 5,343  |
|                             | <u>\$ 378,507</u>                                |
| Expenditures -              |  |
| Labor                       | \$ 421,142                                       |
| Operations and maintenance  | 29,557   |
| Supplies                    | 88,639   |
| Senior trip expense         | 24,774   |
| Insurance                   | 20,982   |
| Social Security taxes       | 31,376   |
| Group insurance             | 83,804   |
| Retirement                  | 34,534   |
| Utilities                   | 55,835   |
| Contractual services        | 2,500  |
| Travel and subsistence      | 501  |
| Training and instruction    | 37,675   |
| Designated contributions    | 5,554  |
| Other miscellaneous         | 2,808  |
| Capital outlay              | 22,370   |
|                             | <u>\$ 862,051</u>                                |
|                             |  |
|                             | Amount funded with general governmental revenues |
|                             | <u>\$ (483,544)</u>                              |

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.

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

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

**CITY OF MURFREESBORO, TENNESSEE**

**Net Position by Component**

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

|   | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>             |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| <b>Governmental activities</b>              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                         |
| Net investment in capital assets            | \$ 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        | \$ 522,950,590          |
| Restricted                                  | 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            | 18,408,485              |
| Unrestricted                                | 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            | 1,842,994               |
| Total governmental activities net position  | \$ <u>202,571,956</u> | \$ <u>421,758,721</u> | \$ <u>451,739,101</u> | \$ <u>469,006,274</u> | \$ <u>491,705,415</u> | \$ <u>506,219,663</u> | \$ <u>510,845,883</u> | \$ <u>515,546,757</u> | \$ <u>525,835,143</u> | \$ <u>543,202,069</u>   |
| <b>Business-type activities</b>             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                         |
| Net investment in capital assets            | \$ 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        | \$ 395,306,872          |
| Restricted                                  | 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            | 24,780,490              |
| Unrestricted                                | 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            | 60,408,668              |
| Total business-type activities net position | \$ <u>253,778,399</u> | \$ <u>281,387,784</u> | \$ <u>309,324,300</u> | \$ <u>340,669,396</u> | \$ <u>361,579,993</u> | \$ <u>380,744,745</u> | \$ <u>402,847,218</u> | \$ <u>421,476,671</u> | \$ <u>451,493,933</u> | \$ <u>480,496,030</u>   |
| <b>Primary Government</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                         |
| Net investment in capital assets            | \$ 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        | \$ 918,257,462          |
| Restricted                                  | 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            | 43,188,975              |
| Unrestricted                                | 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            | 62,251,662              |
| Total primary government net position       | \$ <u>456,350,355</u> | \$ <u>703,146,505</u> | \$ <u>761,063,401</u> | \$ <u>809,675,670</u> | \$ <u>853,285,408</u> | \$ <u>886,964,408</u> | \$ <u>913,693,101</u> | \$ <u>937,023,428</u> | \$ <u>977,329,076</u> | \$ <u>1,023,698,099</u> |

\* 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)**

|   | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Expenses</b>                         |                |                |                |                |                |                |                |                |                |                |
| Governmental activities:                |                |                |                |                |                |                |                |                |                |                |
| General government                      | \$ 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  | \$ 16,300,480  |
| Police                                  | 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     | 26,273,446     |
| Fire and rescue                         | 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     | 16,890,210     |
| Judicial                                | 383,250        | 470,194        | 413,187        | 428,682        | 435,877        | 392,199        | 362,930        | 401,713        | 435,966        | 434,580        |
| Legal (3)                               | 470,674        | 605,026        | 656,445        | 760,004        | 770,951        | 708,421        | 727,927        |                |                |                |
| Human resources (3)                     | 540,178        | 667,777        | 667,665        | 699,440        | 641,827        | 691,601        | 765,914        |                |                |                |
| Streets and signs (4)                   | 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     |                |
| State street aid (4)                    |                |                |                |                |                |                |                |                |                | 2,730,069      |
| Engineering (4)                         |                |                |                |                |                |                |                |                |                | 15,040,258     |
| Planning (4)                            | 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      | 488,337        |
| Building and codes                      | 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      | 1,753,710      |
| Solid waste                             | 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      | 4,721,314      |
| Transportation (1)                      |                |                |                |                |                | 3,264,921      | 2,339,168      | 2,235,586      | 2,044,607      | 810,843        |
| Urban environmental                     | 690,795        | 746,291        | 653,438        | 812,456        | 902,288        | 964,579        | 939,172        | 944,736        | 977,490        | 1,012,736      |
| Public health, education and welfare    | 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      | 2,265,496      |
| Community services                      | 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      | 7,300,219      |
| Recreation                              | 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     | 13,393,999     |
| Community/economic development          | 825,139        | 855,376        | 443,375        | 1,640,426      | 1,113,234      | 2,325,940      | 1,541,107      | 7,680,151      | 1,689,443      | 993,443        |
| Education                               | 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     | 63,386,759     |
| Food service                            | 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      | 4,746,679      |
| Interest on long-term debt              | 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      | 4,092,965      |
| Total governmental activities expenses  | \$ 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 | \$ 182,635,543 |
| Business-type activities:               |                |                |                |                |                |                |                |                |                |                |
| Water, sewer and stormwater (2)         | \$ 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  | \$ 34,237,096  |
| Electric                                | 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    | 147,945,163    |
| Cemetery                                | 377,487        | 415,208        | 409,601        | 470,903        | 446,550        | 592,384        | 484,801        | 472,475        | 468,656        | 460,814        |
| Total business-type activities expenses | \$ 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 | \$ 182,643,073 |
| Total primary government expenses       | \$ 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 | \$ 365,278,616 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Position (continued)**

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

|   | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Program Revenues</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government                              | \$ 154,249      | \$ 203,514      | \$ 187,806      | \$ 227,562      | \$ 232,252      | \$ 238,822      | \$ 100,743      | \$ 196,940      | \$ 89,224       | \$ 103,614      |
| Police  | 251,479         | 201,209         | 206,978         | 268,899         | 336,801         | 217,038         | 177,723         | 209,286         | 282,964         | 445,741         |
| Fire and Rescue                                 | 372,120         | 385,833         | 389,146         | 430,312         | 621,785         | 767,033         | 795,622         | 825,182         | 825,032         | 866,846         |
| Judicial  | 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       | 3,137,614       |
| Streets and signs (4)                           | 12,726          | 20,508          | 42,776          | 18,525          | 43,846          | 38,813          | 39,724          | 471,201         | 93,494          |                 |
| State street aid (4)                            |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Engineering (4)                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 | 20,849          |
| Planning (4)                                    | 69,549          | 59,094          | 72,543          | 43,769          | 31,327          | 29,778          | 29,246          | 22,583          | 36,655          | 47,271          |
| Building and codes                              | 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       | 2,804,713       |
| Solid waste                                     | 41,568          | 28,502          | 45,011          | 31,988          | 70,379          | 35,058          | 11,428          | 39,915          | 48,234          | 34,825          |
| Transportation (1)                              |                 |                 |                 |                 |                 | 86,498          | 101,016         | 123,264         | 129,313         | 128,610         |
| Urban environmental                             |                 |                 | 4,635           | 733             | 3,939           | 3,335           |                 | 22,050          | 125             | 30,016          |
| Community services                              | 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       | 4,452,125       |
| Recreation                                      | 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       | 3,144,392       |
| Community/economic development                  | 102,094         | 91,528          | 91,879          | 34,178          | 38,436          | 35,199          | 168,749         | 31,244          | 36,532          |                 |
| Education                                       | 2,160,500       | 2,157,619       | 2,497,306       | 2,740,414       | 2,467,801       | 22,425          | 11,762          | 18,470          | 7,550           | 14,915          |
| Food service                                    | 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       | 966,356         |
| Interest on long-term debt                      | 28,161          | 23,416          | 3,818           | 4,667           | 3,818           |                 |                 |                 |                 |                 |
| Operating grants and contributions              | 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      | 65,691,516      |
| Capital grants and contributions                | 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       | 19,498,764      |
| Total governmental activities program revenues  | \$ 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   | \$ 101,388,167  |
| Business-type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Water, sewer and stormwater (2)                 | \$ 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   | \$ 43,378,899   |
| Electric  | 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     | 164,065,088     |
| Cemetery  | 377,258         | 354,435         | 319,566         | 324,331         | 386,470         | 384,919         | 421,315         | 459,653         | 381,280         | 394,639         |
| Operating grants and contributions              | 43,458          | 15,413          | 76,203          | 69,514          | 68,994          | 146,238         | 311,112         | 83,165          | 121,397         | 173,516         |
| Capital grants and contributions                | 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       | 7,136,091       |
| Total business-type activities program revenues | \$ 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  | \$ 215,148,233  |
| Total primary government program revenues       | \$ 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  | \$ 316,536,400  |
| Net (expense)/revenue:                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                         | \$ (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) | \$ (81,247,376) |
| Business-type activities                        | 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      | 32,505,160      |
| Total primary government net expense            | \$ (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) | \$ (48,742,216) |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Position (continued)**

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

|   | 2005          | 2006          | 2007          | 2008          | 2009          | 2010           | 2011           | 2012           | 2013           | 2014           |
|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>General Revenues and Other Changes in Net Position</b> |               |               |               |               |               |                |                |                |                |                |
| Governmental activities:                                  |               |               |               |               |               |                |                |                |                |                |
| Taxes   |               |               |               |               |               |                |                |                |                |                |
| Property taxes  | \$ 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  | \$ 36,827,383  |
| Sales taxes   | 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     | 35,373,537     |
| Other taxes   | 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     | 10,801,335     |
| Grants and contributions not restricted                   |               |               |               |               |               |                |                |                |                |                |
| to specific programs                                      | 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     | 12,192,744     |
| Unrestricted investment earnings                          | 702,202       | 1,826,865     | 2,486,355     | 1,880,203     | 505,331       | 261,512        | 305,592        | 227,584        | 215,830        | 163,775        |
| Miscellaneous   | 75,353        | 232,735       | 70,211        | 164,203       | 124,835       | 112,948        | 621,495        | 218,657        | 419,486        | 422,525        |
| Gain on sale of assets                                    | 2,214,818     | 8,946,150     | 4,210,874     | 79,559        | 1,775,902     |                |                |                |                |                |
| Reduction in estimated landfill post-closure programs     | 80,000        |               |               |               |               |                |                |                |                |                |
| Transfers   | 75,933        | 23,747        | 78,953        | (26,400)      | 55,257        | 2,725,496      | 2,899,560      | 2,921,131      | 2,980,016      | 3,227,809      |
| Total governmental activities                             | \$ 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  | \$ 99,009,108  |
| Business-type activities:                                 |               |               |               |               |               |                |                |                |                |                |
| Unrestricted investment earnings                          | \$ 310,815    | \$ 792,812    | \$ 1,514,229  | \$ 1,099,560  | \$ 404,669    | \$ 371,857     | \$ 387,778     | \$ 315,436     | \$ 172,363     | \$ 126,436     |
| Contributions to permanent funds                          | 80,791        | 64,225        | 56,698        | 50,752        | 69,150        | 65,138         | 66,961         | 79,451         | 58,563         | 63,225         |
| Transfers   | (75,933)      | (23,747)      | (78,953)      | 26,400        | (55,257)      | (2,725,496)    | (2,899,560)    | (2,921,131)    | (2,980,016)    | (3,227,809)    |
| Total business-type activities                            | \$ 315,673    | \$ 833,290    | \$ 1,491,974  | \$ 1,176,712  | \$ 418,562    | \$ (2,288,501) | \$ (2,444,821) | \$ (2,526,244) | \$ (2,749,090) | \$ (3,038,148) |
| Total primary government                                  | \$ 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  | \$ 95,970,960  |
| <b>Change in Net Position</b>                             |               |               |               |               |               |                |                |                |                |                |
| Governmental activities                                   | \$ 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   | \$ 17,761,732  |
| Business-type activities                                  | 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     | 29,467,012     |
| Total primary government                                  | \$ 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  | \$ 47,228,744  |

(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.

(4) In 2014, the City divided the planning and engineering function into two separate functions and combined the streets and signs functions with the engineering function. Additionally state street aid which were previously included in the streets and signs function were moved to a separate function. Prior years were not restated for these changes.

**CITY OF MURFREESBORO, TENNESSEE**

**Governmental Activities Tax Revenue By Source**

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

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Property<br/>Taxes</u> | <u>Sales Taxes</u> | <u>Other Taxes</u> | <u>Total</u>  |
|---|---------------------------|--------------------|--------------------|---------------|
| 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    |
| 2014                                      | 36,827,383                | 35,373,537         | 10,801,335         | 83,002,255    |

**CITY OF MURFREESBORO, TENNESSEE**

**Fund Balances of Governmental Funds**

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

|                                    | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                           | \$ 264,004           | \$ 2,866,482         | \$ 2,251,222         | \$ 1,089,753         | \$ 540,669           | \$ 486,661           |                      |                      |                      |                      |
| Unreserved                         | 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           | \$ 590,727           |
| Restricted                         |                      |                      |                      |                      |                      |                      | 545,005              | 949,243              | 798,333              | 1,971,000            |
| Committed                          |                      |                      |                      |                      |                      |                      |                      |                      |                      | 10,939               |
| Assigned                           |                      |                      |                      |                      |                      |                      | 5,395,693            | 5,737,081            | 5,231,317            | 5,755,682            |
| Unassigned                         |                      |                      |                      |                      |                      |                      | 42,230,413           | 45,770,905           | 46,190,580           | 47,920,845           |
| Total general fund                 | <u>\$ 31,176,315</u> | <u>\$ 35,462,796</u> | <u>\$ 30,713,162</u> | <u>\$ 34,514,691</u> | <u>\$ 38,593,589</u> | <u>\$ 39,895,480</u> | <u>\$ 48,451,934</u> | <u>\$ 52,758,488</u> | <u>\$ 52,623,369</u> | <u>\$ 56,249,193</u> |
| All other governmental funds       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                           | \$ 2,901,392         | \$ 1,940,854         | \$ 2,355,315         | \$ 1,762,700         | \$ 1,905,955         | \$ 2,213,917         |                      |                      |                      |                      |
| Unreserved, reported in:           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds              | 10,797,880           | 8,696,080            | 7,911,903            | 10,835,989           | 13,122,871           | 16,326,009           |                      |                      |                      |                      |
| Debt service fund                  | 2,573,675            | 3,604,560            | 3,805,487            | 3,893,462            | 4,245,654            | 4,790,767            |                      |                      |                      |                      |
| Capital projects funds             | (15,072,098)         | (165,292)            | (7,590,144)          | (3,758,551)          | 6,278,857            | (7,086,468)          |                      |                      |                      |                      |
| Permanent funds                    | 109,169              | 68,691               | 90,946               | 13,795               | 18,660               | 102,466              |                      |                      |                      |                      |
| Nonspendable                       |                      |                      |                      |                      |                      |                      | \$ 1,825,529         | \$ 1,864,799         | \$ 1,925,734         | \$ 1,998,894         |
| Restricted                         |                      |                      |                      |                      |                      |                      | 29,286,886           | 18,576,032           | 50,626,088           | 40,322,556           |
| Committed                          |                      |                      |                      |                      |                      |                      | 9,144,022            | 8,868,342            | 8,689,071            | 13,824,667           |
| Assigned                           |                      |                      |                      |                      |                      |                      | 5,028,232            | 4,279,492            | 4,733,279            | 4,285,060            |
| Unassigned                         |                      |                      |                      |                      |                      |                      | (2,327,903)          | (2,968,766)          | (1,105,800)          | (1,986,492)          |
| Total all other governmental funds | <u>\$ 1,310,018</u>  | <u>\$ 14,144,893</u> | <u>\$ 6,573,507</u>  | <u>\$ 12,747,395</u> | <u>\$ 25,571,997</u> | <u>\$ 16,346,691</u> | <u>\$ 42,956,766</u> | <u>\$ 30,619,899</u> | <u>\$ 64,868,372</u> | <u>\$ 58,444,685</u> |

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)**

|   | 2005                   | 2006                   | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Revenues -</b>                               |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Taxes   | \$ 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          | \$ 80,374,346          |
| Intergovernmental                               | 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             | 81,477,120             |
| Charges for services                            | 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              | 9,767,616              |
| Donations                                       |                        |                        |                        | 483,125                | 477,339                | 1,941,617              | 128,331                | 3,676,689              | 743,625                | 213,626                |
| Interest and investment earnings                | 741,017                | 1,710,245              | 2,380,139              | 1,775,554              | 558,217                | 439,174                | 504,249                | 343,272                | 367,382                | 383,809                |
| Licenses and permits                            | 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              | 6,060,119              |
| Miscellaneous                                   | 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              | 8,160,521              |
|   | \$ <u>129,897,059</u>  | \$ <u>139,608,277</u>  | \$ <u>143,498,614</u>  | \$ <u>164,639,710</u>  | \$ <u>173,742,593</u>  | \$ <u>165,857,206</u>  | \$ <u>166,981,695</u>  | \$ <u>180,603,222</u>  | \$ <u>180,538,244</u>  | \$ <u>186,437,157</u>  |
| <b>Expenditures -</b>                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                              | \$ 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           | \$ 8,363,816           |
| Police  | 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             | 25,435,965             |
| Fire and rescue                                 | 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             | 15,598,308             |
| Judicial  | 377,283                | 424,378                | 412,307                | 477,728                | 452,758                | 351,734                | 365,072                | 397,178                | 446,771                | 436,176                |
| Legal (2)                                       | 477,862                | 594,253                | 649,162                | 754,962                | 760,019                | 681,668                | 750,236                |                        |                        |                        |
| Human resources (2)                             | 527,178                | 574,204                | 643,941                | 711,621                | 732,321                | 646,870                | 858,324                |                        |                        |                        |
| Streets and signs (3)                           | 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              |                        |
| State street aid (3)                            |                        |                        |                        |                        |                        |                        |                        |                        |                        | 2,767,337              |
| Engineering (3)                                 |                        |                        |                        |                        |                        |                        |                        |                        |                        | 6,702,549              |
| Planning (3)                                    | 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              | 647,529                |
| Building and codes                              | 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              | 1,747,137              |
| Solid waste                                     | 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              | 3,959,760              |
| Transportation (1)                              |                        |                        |                        |                        |                        | 3,135,125              | 3,271,637              | 2,139,735              | 3,078,509              | 2,455,001              |
| Urban environmental                             | 666,182                | 771,954                | 645,641                | 780,410                | 868,624                | 909,214                | 926,237                | 921,753                | 963,107                | 1,025,071              |
| Public health, education and welfare            | 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              | 2,163,154              |
| Community services                              | 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              | 7,018,662              |
| Recreation                                      | 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             | 10,705,833             |
| Community/economic development                  | 866,010                | 885,812                | 441,826                | 1,638,989              | 1,128,258              | 2,322,141              | 1,538,719              | 1,345,646              | 795,719                | 991,968                |
| Education                                       | 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             | 59,441,056             |
| Food service                                    | 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              | 4,746,679              |
| Capital outlay                                  | 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             | 44,702,645             |
| Debt service                                    |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Principal                                       | 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             | 26,106,008             |
| Interest  | 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              | 4,279,120              |
| Debt issuance cost                              | 106,543                | 128,064                | 178,981                | 603,242                | 194,668                | 625,583                | 413,689                | 101,642                | 298,062                | 481,810                |
| Total expenditures                              | \$ <u>171,015,231</u>  | \$ <u>172,486,518</u>  | \$ <u>207,363,961</u>  | \$ <u>197,945,138</u>  | \$ <u>192,716,636</u>  | \$ <u>184,943,042</u>  | \$ <u>187,153,747</u>  | \$ <u>192,996,129</u>  | \$ <u>197,866,464</u>  | \$ <u>229,775,584</u>  |
| Excess of revenues<br>over (under) expenditures | \$ <u>(41,118,172)</u> | \$ <u>(32,878,241)</u> | \$ <u>(63,865,347)</u> | \$ <u>(33,305,428)</u> | \$ <u>(18,974,043)</u> | \$ <u>(19,085,836)</u> | \$ <u>(20,172,052)</u> | \$ <u>(12,392,907)</u> | \$ <u>(17,328,220)</u> | \$ <u>(43,338,427)</u> |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

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

|   | <u>2005</u>           | <u>2006</u>          | <u>2007</u>            | <u>2008</u>         | <u>2009</u>          | <u>2010</u>           | <u>2011</u>          | <u>2012</u>           | <u>2013</u>          | <u>2014</u>           |
|---|-----------------------|----------------------|------------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Other financing sources (uses) -</b>                 |                       |                      |                        |                     |                      |                       |                      |                       |                      |                       |
| Issuance of debt  | \$ 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        | \$ 34,550,167         |
| Premium on bonds issued                                 |                       |                      |                        |                     |                      |                       |                      |                       |                      | 1,918,664             |
| Payments on refunded debt                               |                       |                      |                        |                     |                      | (70,852,843)          |                      |                       |                      |                       |
| Proceeds from sale of land                              | 2,817,980             | 10,643,428           | 4,877,586              | 927,796             | 2,505,060            |                       | 219,699              |                       |                      |                       |
| Transfers in  | 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           | 41,016,927            |
| Transfers out   | <u>(30,158,538)</u>   | <u>(34,646,097)</u>  | <u>(38,515,991)</u>    | <u>(46,245,339)</u> | <u>(41,909,134)</u>  | <u>(45,412,348)</u>   | <u>(33,592,772)</u>  | <u>(34,015,701)</u>   | <u>(35,551,458)</u>  | <u>(38,025,859)</u>   |
|   | \$ 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        | \$ 39,459,899         |
| Net change in fund balances                             | \$ <u>(5,355,233)</u> | \$ <u>17,121,356</u> | \$ <u>(12,238,108)</u> | \$ <u>9,975,417</u> | \$ <u>16,903,498</u> | \$ <u>(7,923,415)</u> | \$ <u>35,166,529</u> | \$ <u>(8,030,313)</u> | \$ <u>34,113,354</u> | \$ <u>(3,878,528)</u> |
| Debt service as a percentage of noncapital expenditures | 12.84%                | 13.81%               | 14.36%                 | 16.79%              | 14.97%               | 15.66%                | 15.25%               | 15.34%                | 16.47%               | 16.62%                |

- (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 2012, the City began combining legal and human resource expenses with general government
- (3) In 2014, the City divided the planning and engineering function into two separate functions and combined the streets and signs functions with the engineering function. Additionally, state street air expenses which were previously included in the streets and signs function were moved to a separate function. Prior years were not restated for these changes

**General Governmental Tax Revenues By Source**

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

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales Tax</u> | <u>Beer Tax</u> | <u>Liquor Tax</u> | <u>Gross Receipts Tax</u> | <u>Alcohol Privilege Taxes</u> | <u>Hotel/Motel Tax</u> | <u>Total Tax Revenue</u> |
|--------------------|---------------------|------------------|-----------------|-------------------|---------------------------|--------------------------------|------------------------|--------------------------|
| 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               |
| 2014               | 36,952,185          | 35,373,537       | 3,281,336       | 947,463           | 2,604,069                 | 89,638                         | 1,126,118              | 80,374,346               |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Last Ten Fiscal Years**

| Year<br>Ended<br>June 30, | Tax<br>Rate (1) | Assessed Valuation |                     |                  | Total<br>Estimated<br>Actual Value | Ratio of<br>Assessed Value<br>to Estimated<br>Actual Value |
|---------------------------|-----------------|--------------------|---------------------|------------------|------------------------------------|--|
|                           |                 | Property           | Public<br>Utilities | Total            |                                    |  |
| 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%  |
| 2014                      | 1.270           | 2,762,134,012      | 65,885,601          | 2,828,019,613    | 9,919,544,100                      | 28.5%  |

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

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

**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>June 30, | Tax Rate<br>Per \$100 Assessed Value |          |             |           |                   |           |                               |                         |                 |          | Tax Levies |               |               |               |
|----------------------------------|--------------------------------------|----------|-------------|-----------|-------------------|-----------|-------------------------------|-------------------------|-----------------|----------|------------|---------------|---------------|---------------|
|                                  | Direct<br>Rate<br>City               | County   |             |           |                   |           |                               |                         |                 |          | Total      | City          | County        | Total         |
|                                  |                                      | General  | Solid Waste | Ambulance | Highway/<br>Roads | Education | Education<br>Capital projects | General<br>Debt Service | Total<br>County | Total    |            |               |               |               |
| 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   |
| 2014                             | 1.270                                | 0.670    |             | 0.058     | 0.013             | 1.193     | 0.045                         |                         | 0.586           | 2.565    | 3.835      | 35,924,769    | 72,544,359    | 108,469,128   |

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, 2014**

| <u>Taxpayer</u>                        | <u>2013<br/>Assessed<br/>Valuation</u> | <u>Rank</u> | <u>% of Total<br/>Assessed<br/>Valuation</u> | <u>2004<br/>Assessed<br/>Valuation</u> | <u>Rank</u> | <u>% of Total<br/>Assessed<br/>Valuation</u> |
|--|--|-------------|--|--|-------------|--|
| General Mills / Pillsbury Company      | \$ 54,616,469                          | 1           | 1.93 %                                       | \$ 26,077,884                          | 1           | 1.73 %                                       |
| CF Murfreesboro Associates             | 31,038,589                             | 2           | 1.10   |  |             |  |
| Transwestern Stones River              | 23,583,880                             | 3           | 0.83   |  |             |  |
| Middle TN Electric Membership          | 20,964,946                             | 4           | 0.74   | 9,675,674                              | 7           | 0.64   |
| Mahle Filter Systems/Tennex Industries | 18,132,305                             | 5           | 0.64   | 10,715,604                             | 4           | 0.71   |
| Murfreesboro Medical Property          | 15,588,639                             | 6           | 0.55   |  |             |  |
| Embassy Suites                         | 15,285,805                             | 7           | 0.54   |  |             |  |
| Kroger                                 | 14,159,998                             | 8           | 0.50   |  |             |  |
| BES Stoneridge Fund IX LLC             | 13,614,200                             | 9           | 0.48   |  |             |  |
| Middle TN Medical Center               | 13,472,257                             | 10          | 0.48   |  |             |  |
| Bellsouth Telecommunications           |  |             |  | 12,610,487                             | 2           | 0.84   |
| Stones River LLC                       |  |             |  | 11,483,200                             | 3           | 0.76   |
| Wal-Mart Stores Real Estate            |  |             |  | 9,953,796                              | 5           | 0.66   |
| State Farm Mutual Auto Insurance       |  |             |  | 9,922,379                              | 6           | 0.66   |
| Buford C. Throneberry                  |  |             |  | 8,788,135                              | 8           | 0.58   |
| Rich Products                          |  |             |  | 8,054,830                              | 9           | 0.54   |
| Atmos Energy Corporation               |  |             |  | 7,682,703                              | 10          | 0.51   |
|  | <u>\$ 220,457,088</u>                  |             | <u>7.79 %</u>                                | <u>\$ 114,964,692</u>                  |             | <u>7.63 %</u>                                |

Source: City of Murfreesboro tax department.

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Total<br/>Tax<br/>Levy</u> | <u>Collected within<br/>the Fiscal Year<br/>of the Levy</u> | <u>Percent<br/>of Levy<br/>Collected</u> | <u>Collections in<br/>Subsequent<br/>Years</u> | <u>Total<br/>Collections<br/>To Date</u> | <u>Total<br/>Collections<br/>as Percent of<br/>Current Levy</u> |
|---|-------------------------------|---|--|--|--|---|
| 2005                                      | \$ 25,888,134                 | \$ 25,199,793   | 97.34 %                                  | \$ 654,579                                     | \$ 25,854,372                            | 99.87 %   |
| 2006                                      | 27,579,046                    | 26,659,470  | 96.67                                    | 888,109  | 27,547,579                               | 99.89   |
| 2007                                      | 28,107,445                    | 27,444,825  | 97.64                                    | 618,908  | 28,063,733                               | 99.84   |
| 2008                                      | 30,325,680                    | 29,565,591  | 97.49                                    | 698,377  | 30,263,968                               | 99.80   |
| 2009                                      | 32,313,095                    | 31,353,518  | 97.03                                    | 884,301  | 32,237,819                               | 99.77   |
| 2010                                      | 34,129,964                    | 32,987,635  | 96.65                                    | 1,064,620                                      | 34,052,255                               | 99.77   |
| 2011                                      | 34,709,599                    | 33,574,880  | 96.73                                    | 1,080,334                                      | 34,655,214                               | 99.84   |
| 2012                                      | 35,454,208                    | 34,433,223  | 97.12                                    | 960,536  | 35,393,759                               | 99.83   |
| 2013                                      | 35,719,435                    | 34,725,579  | 97.22                                    | 759,694  | 35,485,273                               | 99.34   |
| 2014                                      | 35,924,769                    | 35,235,728  | 98.08                                    |  | 35,235,728                               | 98.08   |

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>June 30, | Governmental Activities            |                |                              |                   | Business-Type Activities       |                  |               |                      |                              | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (4) | Per<br>Capita (4) |
|----------------------------------|------------------------------------|----------------|------------------------------|-------------------|--------------------------------|------------------|---------------|----------------------|------------------------------|--------------------------------|---|-------------------|
|                                  | General<br>Obligation<br>Bonds (1) | TML<br>Loans   | State and<br>Other Loans (2) | Capital<br>Leases | General<br>Obligation<br>Bonds | Matured<br>Bonds | TML<br>Loans  | Revenue<br>Bonds (1) | State and<br>Other Loans (3) |                                |   |                   |
| 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                             | 33,648,155                         | 185,308,464    | 3,642,711                    | 134,631           |                                | 36,000           | 43,716,543    | 67,199,012           |                              | 333,685,516                    | 8.85                                    | 2,875             |
| 2014                             | 56,513,566                         | 172,704,771    | 3,135,563                    |                   |                                | 36,000           | 42,085,000    | 58,699,011           | 4,799,592                    | 337,973,503                    | 8.74                                    | 2,888             |

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, a bank loan, and Energy Efficient School Loans 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 152 for personal income and population data.

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Estimated<br/>Population (1)</u> | <u>Total<br/>Estimated<br/>Actual Value<br/>of Property</u> | <u>General<br/>Bonded<br/>Debt</u> | <u>Percentage of<br/>Estimated<br/>Actual Value<br/>of Property</u> | <u>Net<br/>Bonded Debt<br/>Per Capita</u> |
|---|-------------------------------------|---|------------------------------------|---|---|
| 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   | 218,956,619                        | 2.23  | 1,886.86                                  |
| 2014                                      | 117,044                             | 9,919,544,100   | 229,218,337                        | 2.31  | 1,958.39                                  |

Note:

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

**CITY OF MURFREESBORO, TENNESSEE**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2014**

| <u>Taxing Jurisdiction</u>   | <u>Debt<br/>Outstanding (1)</u> | <u>Estimated<br/>Percentage<br/>Applicable (5)</u> | <u>Direct and<br/>Overlapping<br/>Debt</u> |
|--|---------------------------------|--|--|
| City of Murfreesboro direct debt   |                                 |  | \$ 232,353,900                             |
| Rutherford County (2)  | \$ 356,302,259                  | 41.65%   | <u>148,399,891</u>                         |
| Total direct and overlapping debt  |                                 |  | <u>\$ 380,753,791</u>                      |
| Ratio of direct and estimated overlapping<br>debt to 2013 assessed value (3) |                                 |  | <u>13.46%</u>                              |
| Per capita direct and estimated<br>overlapping debt (4)                      |                                 |  | <u>\$ 3,253</u>                            |

(1) As of June 30, 2014

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2014 Table 12.

(3) Based upon 2013 Taxable Assessed Valuation of \$2,828,019,613

(4) Based upon estimated population of 117,044

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

**CITY OF MURFREESBORO, TENNESSEE**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

|   | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit  | \$ 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        | \$ 424,202,942        |
| Total net debt applicable to limit  | <u>109,721,035</u>    | <u>134,707,227</u>    | <u>165,794,609</u>    | <u>186,890,786</u>    | <u>198,875,557</u>    | <u>178,882,688</u>    | <u>211,053,091</u>    | <u>190,730,336</u>    | <u>214,123,754</u>    | <u>222,998,834</u>    |
| Legal debt margin   | \$ <u>116,043,267</u> | \$ <u>105,803,253</u> | \$ <u>126,905,702</u> | \$ <u>136,407,885</u> | \$ <u>145,610,071</u> | \$ <u>184,973,619</u> | \$ <u>198,847,978</u> | \$ <u>227,917,340</u> | \$ <u>207,654,993</u> | \$ <u>201,204,108</u> |
| Total net debt applicable to the limit<br>as a percentage of the debt limit | 48.60%                | 56.01%                | 56.64%                | 57.81%                | 57.73%                | 49.16%                | 51.49%                | 45.56%                | 50.77%                | 52.57%                |

**Legal Debt Margin Calculation for Fiscal Year 2014**

|                                    |                         |
|------------------------------------|-------------------------|
| Assessed Value                     | \$ <u>2,828,019,613</u> |
| Debt limit (15% of assessed value) | \$ <u>424,202,942</u>   |
| Debt applicable to limit:          |                         |
| General Obligation Bonds           | \$ 51,020,000           |
| Capital Outlay Notes               | 1,560,000               |
| Energy Efficient School Loan       | 1,575,563               |
| Tennessee Municipal Bond           |                         |
| Fund Loans                         | 172,704,771             |
| Less: debt service fund            | <u>(3,861,500)</u>      |
| Total debt applicable to limit     | \$ <u>222,998,834</u>   |
| Legal debt margin                  | \$ <u>201,204,108</u>   |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Revenue Bond Coverage**

**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>June 30, | Gross<br>Revenues (1) | Net<br>Operating<br>Expenses (2) | Net Revenues<br>Available for<br>Debt Service | Debt Service (3) |           | Times<br>Coverage |
|----------------------------------|-----------------------|----------------------------------|---|------------------|-----------|-------------------|
|                                  |                       |                                  |   | Principal        | Interest  |                   |
| Water and Sewer -                |                       |                                  |   |                  |           |                   |
| 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              |
| 2014                             | 42,075,884            | 19,775,421                       | 22,300,463                                    | 5,905,000        | 1,742,541 | 2.92              |

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

Electric Department -

|      |               |               |              |            |            |       |
|------|---------------|---------------|--------------|------------|------------|-------|
| 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  |
| 2014 | 164,065,956   | 141,709,019   | 22,356,937   | 2,415,000  | 132,588    | 8.78  |

Source: Current year and prior years combined financial statements.

Notes:

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

**CITY OF MURFREESBORO, TENNESSEE**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

| <u>Fiscal Year<br/>Ended<br/>June 30,</u> | <u>Population (1)</u> | <u>Personal<br/>Income</u> | <u>Per Capita<br/>Income (2)</u> | <u>Median<br/>Age (3)</u> | <u>City<br/>School<br/>Enrollment</u> | <u>Unemployment<br/>Rate (2)</u> |
|---|-----------------------|----------------------------|----------------------------------|---------------------------|---------------------------------------|----------------------------------|
| 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               | 3,835,221,150              | 33,050                           | 32.1                      | 7,140                                 | 6.30                             |
| 2014                                      | 117,044               | 3,868,304,200              | 33,050                           | 32.1                      | 7,204                                 | 5.80                             |

Notes:

- (1) Special Census conducted 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, 2014**

| <u>Employer</u>  | <u>2014</u>      |             |   | <u>2005</u>      |             |   |
|--|------------------|-------------|---|------------------|-------------|---|
|  | <u>Employees</u> | <u>Rank</u> | <u>% of Total<br/>County<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>% of Total<br/>County<br/>Employment</u> |
| Nissan Motor Manufacturing Corp. USA                   | 7,500            | 1           | 5.04 %                                      | 7,000            | 1           | 6.54 %                                      |
| Rutherford County Government and Board<br>of Education | 6,073            | 2           | 4.08  | 2,985            | 2           | 2.79  |
| Middle Tennessee State University                      | 2,205            | 3           | 1.48  | 1,835            | 5           | 1.71  |
| National Health Corporation                            | 2,071            | 4           | 1.39  |                  |             |   |
| City of Murfreesboro and Board of Education            | 1,912            | 5           | 1.29  | 1,300            | 8           | 1.21  |
| State Farm Insurance                                   | 1,662            | 6           | 1.12  |                  |             |   |
| Ingram Book Company                                    | 1,500            | 7           | 1.01  | 2,010            | 3           | 1.88  |
| Alvin C. York Veterans Administration Medical Center   | 1,461            | 8           | 0.98  | 1,411            | 7           | 1.32  |
| Asurion  | 1,250            | 9           | 0.84  |                  |             |   |
| Amazon   | 1,200            | 10          | 0.81  |                  |             |   |
| Bridgestone/Firestone, Inc.                            |                  |             |   | 1,887            | 4           | 1.76  |
| Whirlpool Corporation                                  |                  |             |   | 1,500            | 6           | 1.40  |
| Middle Tennessee Medical Center                        |                  |             |   | 1,200            | 9           | 1.12  |
| Verizon  |                  |             |   | 1,200            | 10          | 1.12  |
|  |                  |             | <u>18.04</u> %                              |                  |             | <u>20.85</u> %                              |

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

Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2014, Table 14

**CITY OF MURFREESBORO, TENNESSEE**

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

**Last Ten Fiscal Years**

| Function/Program           | 2005  | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|----------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government -       |   |              |              |              |              |              |              |              |              |              |
| Administrative and General | 20  | 20           | 21           | 23           | 24           | 28           | 28           | 20           | 20           | 20           |
| Civic Plaza                | 1   | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Police -                   |   |              |              |              |              |              |              |              |              |              |
| Officers                   | 163   | 182          | 187          | 203          | 239          | 240          | 220          | 229          | 229          | 229          |
| Civilians                  | 42  | 48           | 48           | 53           | 58           | 57           | 53           | 53           | 53           | 53           |
| Fire and Rescue -          |   |              |              |              |              |              |              |              |              |              |
| Firefighters and Officers  | 176   | 176          | 188          | 187          | 202          | 202          | 184          | 184          | 184          | 184          |
| Civilians                  | 3   | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| Information Technologies   | Prior to FYE 2012 Information Technologies was part of Administrative and General |              |              |              |              |              |              | 10           | 10           | 11           |
| Judicial                   | 6   | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6            |
| Legal and Risk Management  | 9   | 9            | 10           | 10           | 10           | 10           | 10           | 10           | 10           | 10           |
| Human Resources            | 8   | 8            | 9            | 10           | 9            | 9            | 9            | 9            | 9            | 9            |
| Planning                   | 26  | 27           | 29           | 31           | 30           | 23           | 20           | 18           | 18           | 7            |
| Engineering -              |   |              |              |              |              |              |              |              |              |              |
| Engineering Division       | Prior to FYE 2014 Planning and Engineering was one department                     |              |              |              |              |              |              |              |              | 12           |
| Street Division (1)        | 27  | 28           | 28           | 29           | 29           | 29           | 28           | 28           | 28           | 27           |
| Building and Codes         | 20  | 23           | 26           | 26           | 25           | 27           | 25           | 21           | 21           | 22           |
| Solid Waste                | 57  | 58           | 58           | 57           | 57           | 57           | 55           | 42           | 42           | 41           |
| Urban Environmental        | 12  | 13           | 13           | 16           | 16           | 16           | 15           | 15           | 15           | 15           |
| Community Services -       |   |              |              |              |              |              |              |              |              |              |
| Fleet Services             | 11  | 11           | 12           | 13           | 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            | 6            | 6            | 6            |
| Mass Transit               | -   | 1            | 12           | 12           | 12           | 18           | 16           | 16           | 16           | 18           |
| Recreation and Golf        | 78  | 81           | 84           | 84           | 88           | 88           | 87           | 84           | 84           | 84           |
| Community Development      | 3   | 3            | 3            | 2            | 2            | 2            | 2            | 2            | 2            | 2            |
| Education                  | 715   | 775          | 801          | 859          | 881          | 864          | 920          | 861          | 861          | 870          |
| Food Service               | 29  | 25           | 25           | 27           | 28           | 25           | 24           | 24           | 26           | 30           |
| Water and Sewer            | 127   | 135          | 143          | 149          | 151          | 147          | 147          | 156          | 156          | 154          |
| Stormwater                 | Prior to FYE 2014 Stormwater employees were included with Water and Sewer         |              |              |              |              |              |              |              |              | 7            |
| Electric                   | 73  | 73           | 73           | 76           | 79           | 87           | 83           | 83           | 80           | 78           |
| Cemetery                   | 7   | 7            | 8            | 8            | 9            | 9            | 9            | 9            | 9            | 9            |
| Total                      | <u>1,627</u>  | <u>1,727</u> | <u>1,802</u> | <u>1,899</u> | <u>1,986</u> | <u>1,975</u> | <u>1,972</u> | <u>1,913</u> | <u>1,912</u> | <u>1,931</u> |

(1) Prior to fiscal year end June 30, 2014 the street division was a separate department titled "Streets and Signs".

Sources: Various city departments

**CITY OF MURFREESBORO, TENNESSEE**

**Operating Indicators by Function**

**Last Ten Fiscal Years**

| Function/Program   | 2005      | 2006        | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|--|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Police -   |           |             |           |           |           |           |           |           |           |           |
| Arrests  | 7,553     | 7,741       | 11,613    | 8,641     | 9,111     | 8,530     | 7,944     | 8,804     | 8,866     | 9,993     |
| 911 calls  | 33,509    | 25,922      | 35,785    | 37,185    | 38,664    | 37,824    | 39,195    | 41,797    | 39,465    | 40,717    |
| Traffic violations   | 16,242    | 13,424      | 23,360    | 25,120    | 26,095    | 13,059    | 13,930    | 19,370    | 16,131    | 17,010    |
| Fire and Rescue -  |           |             |           |           |           |           |           |           |           |           |
| Emergency responses (c)                                    | 5,577     | 6,104       | 8,035     | 8,241     | 8,983     | 10,417    | 11,192    | 11,971    | 8,456     | 9,743     |
| Fire safety inspections (a)                                | 5,012     | 4,555       | 5,486     | 5,229     | 5,391     | 4,759     | 4,239     | 4,010     | 3,740     | 3,731     |
| Fire training hours (a)                                    | 62,578    | 63,627      | 64,107    | 69,771    | 73,059    | 64,785    | 60,366    | 70,855    | 75,714    | 72,776    |
| Human Resources -  |           |             |           |           |           |           |           |           |           |           |
| Full time positions/applications                           | NA        | 80 /3,277   | 83/3,879  | 68/3,460  | 44/2,564  | 27/2,096  | 48/2,633  | 75/3,583  | 41/4505   | 55/6960   |
| Part time positions/applications                           | NA        | 102 / 1,590 | 113/1,604 | 117/2,489 | 64/1,594  | 147/1,954 | 146/1,674 | 153/2,908 | 82/3043   | 94/3193   |
| Engineering - Street Division (a) -                        |           |             |           |           |           |           |           |           |           |           |
| Street repaving (lane miles)                               | 43        | 54          | 58        | 20        | 31        | 42        | 61        | 24        | 40        | 25        |
| Planning (b) -   |           |             |           |           |           |           |           |           |           |           |
| Preliminary plats reviewed                                 | 73        | 57          | 55        | 27        | 13        | 8         | 11        | 16        | 38        | 67        |
| Final plats reviewed                                       | 156       | 128         | 144       | 128       | 75        | 60        | 56        | 56        | 75        | 103       |
| Site plans reviewed  | 134       | 131         | 161       | 184       | 157       | 97        | 105       | 131       | 122       | 158       |
| Annexations studied  | 35        | 20          | 19        | 10        | 9         | 2         | 1         | 3         | 9         | 12        |
| Building and Codes -                                       |           |             |           |           |           |           |           |           |           |           |
| Single family home permits issued                          | 1,814     | 1,922       | 1,391     | 711       | 430       | 425       | 329       | 486       | 643       | 833       |
| Total building permits issued                              | 2,582     | 2,511       | 2,707     | 1,824     | 1,433     | 1,357     | 1,277     | 1,396     | 1,704     | 1,950     |
| Substandard and property maintenance complaint notices (d) | 2,113     | 2,102       | 3,458     | 3,697     | 8,425     | 8,334     | 10,360    | 8,444     | 2,147     | 2,219     |
| Solid Waste (a) -  |           |             |           |           |           |           |           |           |           |           |
| Refuse collected (tons per year)                           | 32,265    | 34,321      | 36,892    | 35,227    | 33,900    | 33,220    | 33,673    | 33,254    | 34,176    | 33,994    |
| Community services -                                       |           |             |           |           |           |           |           |           |           |           |
| Airport  |           |             |           |           |           |           |           |           |           |           |
| Gallons of fuel sold (Avgas and Jet A)                     | 208,875   | 195,244     | 182,641   | 184,423   | 191,668   | 187,749   | 191,986   | 200,559   | 201,038   | 215,048   |
| Education -  |           |             |           |           |           |           |           |           |           |           |
| K-6 Enrollment   | 6,260     | 6,600       | 6,720     | 6,842     | 6,902     | 6,876     | 6,881     | 7,060     | 7,140     | 7,204     |
| Water and Sewer -  |           |             |           |           |           |           |           |           |           |           |
| Water sold annually in 100 cubic feet                      | 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 | 3,660,835 |
| Sewer sold annually in 100 cubic feet                      | 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 | 4,306,039 |
| Electric -   |           |             |           |           |           |           |           |           |           |           |
| Number of customers  | 43,525    | 46,985      | 47,858    | 49,960    | 50,556    | 52,001    | 52,148    | 53,311    | 54,379    | 55,513    |
| Kilowatt hours sold (in thousands)                         | 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 | 1,700,341 |

Sources: Various city departments

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

(a) Calendar year information

(b) Calendar year information through 2006/ Fiscal Information 2007 through 2014

(c) Fiscal information through 2006/Calendar Information 2007 through 2014

(d) Information is for notices through 2008/Inspections information 2009 through 2014

NA Information is not available

**CITY OF MURFREESBORO, TENNESSEE**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**

| Function/Program   | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Police -   |          |          |          |          |          |          |          |          |          |          |
| Patrol Units   | 119      | 124      | 125      | 141      | 137      | 135      | 139      | 137      | 150      | 141      |
| Fire and Rescue -  |          |          |          |          |          |          |          |          |          |          |
| Fire engines   | 15       | 15       | 15       | 18       | 18       | 18       | 19       | 19       | 19       | 19       |
| Rescue vehicles  | 3        | 3        | 3        | 3        | 3        | 3        | 3        | 3        | 3        | 5        |
| Rescue boat  | NA       | 1        | 1        | 1        |
| Fire stations  | 9        | 9        | 9        | 9        | 9        | 10       | 10       | 10       | 10       | 10       |
| Engineering - Street Division                                |          |          |          |          |          |          |          |          |          |          |
| Streets (miles)  | 467      | 485      | 503      | 513      | 522      | 528      | 531      | 534      | 537      | 538      |
| Traffic signals  | 106      | 106      | 110      | 119      | 123      | 127      | 131      | 134      | 138      | 140      |
| Solid Waste -  |          |          |          |          |          |          |          |          |          |          |
| Collection trucks  | 34       | 36       | 36       | 36       | 36       | 34       | 33       | 30       | 30       | 33       |
| Community Services -   |          |          |          |          |          |          |          |          |          |          |
| Airport  |          |          |          |          |          |          |          |          |          |          |
| Tie-downs  | 85       | 85       | 80       | 80       | 80       | 80       | 80       | 80       | 80       | 80       |
| Hangers  | 59       | 59       | 59       | 106      | 106      | 106      | 106      | 106      | 106      | 106      |
| Public Transportation -                                      |          |          |          |          |          |          |          |          |          |          |
| Buses  | 0        | 0        | 9        | 9        | 9        | 9        | 9        | 9        | 11       | 11       |
| Recreation -   |          |          |          |          |          |          |          |          |          |          |
| Park acreage   | 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 | 1,235.96 |
| Greenway trails (miles)                                      | 4.5      | 5.1      | 5.1      | 5.1      | 7.1      | 10.1     | 11.6     | 11.6     | 11.6     | 11.6     |
| Education -  |          |          |          |          |          |          |          |          |          |          |
| Elementary schools   | 11       | 11       | 11       | 12       | 12       | 12       | 12       | 12       | 12       | 12       |
| Water and Sewer -  |          |          |          |          |          |          |          |          |          |          |
| Water pipe (miles)   | 406      | 414      | 422      | 426      | 428      | 430      | 432      | 433      | 435      | 437      |
| Water storage capacity (millions of gallons)                 | 12       | 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     | 22       | 22       | 22       | 22       | 22       | 22       |
| Sewer pipe (miles)   | 469      | 494      | 524      | 550      | 565      | 569      | 573      | 575      | 580      | 586      |
| Wastewater treatment capacity (millions of gallons per day)  | 16       | 16       | 16       | 16       | 16       | 16       | 16       | 16       | 16       | 16       |
| Sewage pumping stations                                      | 35       | 38       | 42       | 45       | 43       | 44       | 44       | 45       | 45       | 45       |
| Public fire hydrants   | 2,948    | 3,037    | 3,122    | 3,205    | 3,246    | 3,286    | 3,264    | 3,262    | 3,301    | 3,334    |
| CUD public fire hydrants in City                             | NA       | NA       | NA       | NA       | NA       | NA       | 2,033    | 2,068    | 2,093    | 2,132    |
| Electric -   |          |          |          |          |          |          |          |          |          |          |
| Overhead and underground primary and secondary cable (miles) | 534.17   | 572.92   | 611.67   | 626.95   | 649.88   | 655.27   | 662.23   | 671.91   | 677.41   | 686.04   |
| Poles  | 12,079   | 13,054   | 13,693   | 14,221   | 14,857   | 15,179   | 15,289   | 15,448   | 15,541   | 15,789   |
| Transformers   | 11,320   | 11,954   | 12,594   | 13,226   | 13,330   | 13,627   | 13,726   | 13,828   | 13,988   | 14,229   |
| Substations  | 9        | 10       | 10       | 10       | 10       | 10       | 10       | 10       | 10       | 11       |

Sources: Various City departments

Note: Capital asset statistics are not available for Administrative and General, Judicial, Legal (& Risk Management), Human Resources, Planning, Building Inspections, Urban Environmental, Other Operations (Civic Plaza, Information Technology, Fleet Services, Senior Citizens, and Communications), 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, 2014**

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**Murfreesboro Water and Sewer Department**

As of June 30, 2014, Murfreesboro Water and Sewer Department serves approximately 25,550 water customers and 39,872 sewer customers of which 13,679 are in the Consolidated Utility District (“CUD”) water service area. The following rate structure was in place during the 2013/2014 fiscal year:

**Water:**

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:

| <u>Meter Size</u> | <u>Charge</u> | <u>Allowance</u>  |
|-------------------|---------------|-------------------|
| 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:

| <u>Meter Size</u> | <u>Charge*</u> | <u>Allowance</u>  |
|-------------------|----------------|-------------------|
| 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

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

---

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, 2013.

Murfreesboro Electric Department

As of June 30, 2014, Murfreesboro Electric Department serves approximately 55,513 customers and had the following rate structure in place:

Residential:

Customer Charge - \$11.76 per month (also minimum bill)

Energy Charge - \$.07109 per KWH

Fuel Cost Adjustment (FCA) - \$.02702 per KWH

Commercial:

General Power (GSA)

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

|                      |                  |
|----------------------|------------------|
| Customer Charge      | \$24.86          |
| Energy Charge        | \$.08106 per KWH |
| Fuel Cost Adjustment | \$.02679 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      | \$.08215 per KWH FCA is \$.02679 per KWH |
| over 15,000     | \$.04067 per KWH FCA is \$.02653 per KWH |
| Demand Charge   |  |
| 1st 50          | No Charge                                |
| over 50         | \$12.27 per KWH                          |

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

|                 |                  |
|-----------------|------------------|
| Customer Charge | \$122.00         |
| Energy Charge   | \$.04359 per KWH |
| FCA Charge      | \$.02653 per KWH |
| Demand Charge   |                  |
| 1st 1,000 KWD   | \$11.34 per KW   |
| over 1,000 KWH  | \$11.30 per KW   |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

---

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   | \$.02627 per KWH |
| FCA Charge      | \$.02679 per KWH |
| Demand Charge   | \$ 21.65 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   | \$ 18.68         |
| Energy Charge   | \$.01796 per KWH |
| FCA Charge      | \$.02679 per KWH |

General Power (MSB)

|                 |                  |
|-----------------|------------------|
| Customer Charge | \$1,500.00       |
| Admin Charge    | \$ 350.00        |
| Demand Charge   | \$ 19.19         |
| Energy Charge   | \$.01827 per KWH |
| FCA per KWH     | \$.02479 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 Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association,  
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|   |                            |
|---|----------------------------|
| ? | Click to access definition |
| + | Click to add a comment     |

**Water Audit Report for:** Murfreesboro Water & Sewer  
**Reporting Year:** 2014      7/2013 - 6/2014

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 (n/a or 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**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

### WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

|                          |   |   |   |           |       |
|--------------------------|---|---|---|-----------|-------|
| Volume from own sources: | + | ? | 9 | 3,781.120 | MG/Yr |
| Water imported:          | + | ? | 9 | 194.768   | MG/Yr |
| Water exported:          | + | ? | 9 | 79.323    | MG/Yr |

Master Meter and Supply Error Adjustments

|       |        |   |        |
|-------|--------|---|--------|
| Pcnt: | Value: |   |        |
| +     | ?      | 9 | -5.00% |
| +     | ?      | 9 | -5.00% |
| +     | ?      | 9 | -5.00% |

**WATER SUPPLIED:** 4,101.647 MG/Yr

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

### AUTHORIZED CONSUMPTION

|                     |   |   |   |           |       |
|---------------------|---|---|---|-----------|-------|
| Billed metered:     | + | ? | 8 | 2,718.171 | MG/Yr |
| Billed unmetered:   | + | ? | 8 | 1.327     | MG/Yr |
| Unbilled metered:   | + | ? | 8 | 51.922    | MG/Yr |
| Unbilled unmetered: | + | ? | 8 | 51.271    | MG/Yr |

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:** 2,822.691 MG/Yr

Click here: ?  
for help using option buttons below

|       |                                  |                       |       |
|-------|----------------------------------|-----------------------|-------|
| Pcnt: | Value:                           |                       |       |
| 1.25% | <input checked="" type="radio"/> | <input type="radio"/> | MG/Yr |

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

### WATER LOSSES (Water Supplied - Authorized Consumption)

1,278.957 MG/Yr

#### Apparent Losses

Unauthorized consumption: 10.254 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

|                                  |   |   |   |         |       |
|----------------------------------|---|---|---|---------|-------|
| Customer metering inaccuracies:  | + | ? | 6 | 176.814 | MG/Yr |
| Systematic data handling errors: | + | ? | 8 | 6.795   | MG/Yr |

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** 193.864 MG/Yr

|       |                                  |                       |       |
|-------|----------------------------------|-----------------------|-------|
| Pcnt: | Value:                           |                       |       |
| 0.25% | <input checked="" type="radio"/> | <input type="radio"/> | MG/Yr |

|       |                                  |                       |       |
|-------|----------------------------------|-----------------------|-------|
| 6.00% | <input checked="" type="radio"/> | <input type="radio"/> | MG/Yr |
| 0.25% | <input checked="" type="radio"/> | <input type="radio"/> | MG/Yr |

### Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 1,085.093 MG/Yr

**WATER LOSSES:** 1,278.957 MG/Yr

### NON-REVENUE WATER

**NON-REVENUE WATER:** 1,382.149 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

### SYSTEM DATA

|   |   |   |   |        |                 |
|---|---|---|---|--------|-----------------|
| Length of mains:  | + | ? | 9 | 437.0  | miles           |
| Number of <u>active AND inactive</u> service connections: | + | ? | 9 | 26,477 |                 |
| Service connection density:                               | ? |   |   | 61     | conn./mile main |

Are customer meters typically located at the curbside or property line? No  
Average length of customer service line: 3.0 ft (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average operating pressure: 68.0 psi

### COST DATA

|   |   |   |    |              |                         |
|---|---|---|----|--------------|-------------------------|
| Total annual cost of operating water system:            | + | ? | 7  | \$11,237,173 | \$/Year                 |
| Customer retail unit cost (applied to Apparent Losses): | + | ? | 10 | \$2.74       | \$/100 cubic feet (ccf) |
| Variable production cost (applied to Real Losses):      | + | ? | 8  | \$883.85     | \$/Million gallons      |

Use Customer Retail Unit Cost to value real losses

### WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 80 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: Volume from own sources

2: Customer metering inaccuracies

3: Unauthorized consumption



## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.  
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Water Audit Report for: Murfreesboro Water & Sewer  
 Reporting Year: 2014 7/2013 - 6/2014

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 80 out of 100 \*\*\*

### System Attributes:

|   |                      |                  |       |
|---|----------------------|------------------|-------|
|   | Apparent Losses:     | 193.864          | MG/Yr |
| + | Real Losses:         | 1,085.093        | MG/Yr |
| = | <b>Water Losses:</b> | <b>1,278.957</b> | MG/Yr |

? Unavoidable Annual Real Losses (UARL): 160.05 MG/Yr

Annual cost of Apparent Losses: \$710,094

Annual cost of Real Losses: \$959,059 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

### Performance Indicators:

|            |   |   |       |  |
|------------|---|---|-------|--|
| Financial: | { | Non-revenue water as percent by volume of Water Supplied: | 33.7% |  |
|            |   | Non-revenue water as percent by cost of operating system: | 15.7% | Real Losses valued at Variable Production Cost |

|                         |   |  |        |                            |
|-------------------------|---|--|--------|----------------------------|
| Operational Efficiency: | { | Apparent Losses per service connection per day:              | 20.06  | gallons/connection/day     |
|                         |   | Real Losses per service connection per day:                  | 112.28 | gallons/connection/day     |
|                         |   | Real Losses per length of main per day*:                     | N/A    |                            |
|                         |   | Real Losses per service connection per day per psi pressure: | 1.65   | gallons/connection/day/psi |

From Above, Real Losses = Current Annual Real Losses (CARL): 1,085.09 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 6.78

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2014**

| <u>Program Name</u>   | <u>CFDA<br/>Number</u> | <u>Contract/Grant<br/>Number</u> | <u>Balance<br/>June 30, 2013<br/>(Receivable)<br/>Unearned</u> | <u>Receipts</u>     | <u>Expenditures</u> | <u>Adjustments</u> | <u>Balance<br/>June 30, 2014<br/>(Receivable)<br/>Unearned</u> |
|---|------------------------|----------------------------------|--|---------------------|---------------------|--------------------|--|
| <b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>          |                        |                                  |  |                     |                     |                    |  |
| Community Development Block Grant                           | 14.218                 | B-12-MC-47-0009                  | \$ (135,849)   | \$ 246,929          | \$ 111,080          |                    |  |
| Community Development Block Grant                           | 14.218                 | B-13-MC-47-0009                  |  | 319,378             | 572,267             |                    | \$ (252,889)   |
| <i>Total CDBG - Entitlement Grants Cluster</i>              |                        |                                  | <u>\$ (135,849)</u>  | <u>\$ 566,307</u>   | <u>\$ 683,347</u>   |                    | <u>\$ (252,889)</u>  |
| Passed through the Tennessee Housing Development Agency -   |                        |                                  |  |                     |                     |                    |  |
| Emergency Shelter Grant                                     | 14.231                 | ESG-11(2)06                      | \$ (14,369)  | \$ 33,096           | \$ 18,727           |                    |  |
| Emergency Shelter Grant                                     | 14.231                 | ESG-12-18                        | (31,719)   | 206,904             | 175,185             |                    |  |
| <i>Total CFDA #14.231</i>                                   |                        |                                  | <u>\$ (46,088)</u>   | <u>\$ 240,000</u>   | <u>\$ 193,912</u>   |                    |  |
| Passed through the Murfreesboro Housing Authority -         |                        |                                  |  |                     |                     |                    |  |
| Capital Fund Program  | 14.872                 | TN43P02050106                    |  | \$ 45,000           | \$ 45,000           |                    |  |
| <i>Total Department of Housing and Urban Development</i>    |                        |                                  | <u>\$ (181,937)</u>  | <u>\$ 851,307</u>   | <u>\$ 922,259</u>   |                    | <u>\$ (252,889)</u>  |
| <b>DEPARTMENT OF JUSTICE</b>                                |                        |                                  |  |                     |                     |                    |  |
| Edward Byrne Memorial Justice Assistance Grant              | 16.738                 | 2011-DJ-BX-2987                  | \$ 5,175   |                     | \$ 5,175            |                    |  |
| Edward Byrne Memorial Justice Assistance Grant              | 16.738                 | 2012-DJ-BX-0074                  | 3,394  |                     | 3,391               |                    | \$ 3   |
| Edward Byrne Memorial Justice Assistance Grant              | 16.738                 | 2013-DJ-BX-0122                  |  | \$ 61,643           | 61,643              |                    |  |
| Passed through the Murfreesboro Housing Authority -         |                        |                                  |  |                     |                     |                    |  |
| Edward Byrne Memorial Justice Assistance Grant              | 16.738                 | 10899                            | (25,310)   | 63,005              | 37,695              |                    |  |
| <i>Total CFDA #16.738</i>                                   |                        |                                  | <u>\$ (16,741)</u>   | <u>\$ 124,648</u>   | <u>\$ 107,904</u>   |                    | <u>\$ 3</u>  |
| <i>Total Department of Justice</i>                          |                        |                                  | <u>\$ (16,741)</u>   | <u>\$ 124,648</u>   | <u>\$ 107,904</u>   |                    | <u>\$ 3</u>  |
| <b>DEPARTMENT OF TRANSPORTATION</b>                         |                        |                                  |  |                     |                     |                    |  |
| Passed through the Tennessee Department of Transportation - |                        |                                  |  |                     |                     |                    |  |
| Airport Improvement Program                                 | 20.106                 | 3-47-SBGP-27                     | \$ (16,602)  | \$ 181,683          | \$ 162,178          | \$ (9,720) (1)     | \$ (6,817)   |
| Highway Planning and Construction                           | 20.205                 | HPP-9311 (9)                     | \$ (325,947)   | \$ 267,943          | \$ 104,557          |                    | \$ (162,561)   |
| Highway Planning and Construction                           | 20.205                 | HPP-9311 (19)                    | (1,713,245)  | 469,625             | 42,171              |                    | (1,285,791)  |
| Highway Planning and Construction                           | 20.205                 | STP-M-99 (35)                    | (225,628)  | 296,743             | 119,288             |                    | (48,173)   |
| Highway Planning and Construction                           | 20.205                 | STP-M-9311(21)                   | (41,472)   | 306,857             | 312,948             |                    | (47,563)   |
| <i>Total CFDA #20.205</i>                                   |                        |                                  | <u>\$ (2,306,292)</u>  | <u>\$ 1,341,168</u> | <u>\$ 578,964</u>   |                    | <u>\$ (1,544,088)</u>  |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of Federal Awards (continued)**

**Year Ended June 30, 2014**

| <u>Program Name</u>   | <u>CFDA Number</u> | <u>Contract/Grant Number</u> | <u>Balance June 30, 2013 (Receivable) Unearned</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Adjustments</u> | <u>Balance June 30, 2014 (Receivable) Unearned</u> |
|---|--------------------|------------------------------|--|-----------------|---------------------|--------------------|--|
| <b>DEPARTMENT OF TRANSPORTATION (continued)</b>                         |                    |                              |  |                 |                     |                    |  |
| Passed through the Tennessee Department of Transportation (continued) - |                    |                              |  |                 |                     |                    |  |
| Section 5303 Metro Planning   | 20.505             | TN-80-0004-00                | \$ (12,867)  | \$ 23,303       | \$ 14,984           |                    | \$ (4,548)   |
| Section 5307 Urbanized Area Formula - FY07                              | 20.507             | TN-90-X291-00                | \$ (31,496)  | \$ 31,496       | \$ 81,156           |                    | \$ (81,156)  |
| Section 5307 Urbanized Area Formula - FY08                              | 20.507             | TN-90-X332-02                | (450,042)  | 474,502         | 24,460              |                    |  |
| Section 5307 Urbanized Area Formula - FY09                              | 20.507             | TN-90-X315-00                | (517,209)  | 517,209         |                     |                    |  |
| Section 5307 Urbanized Area Formula - FY10                              | 20.507             | TN-90-X344-00                | (261,670)  | 475,266         | 265,331             |                    | (51,735)   |
| Section 5307 Urbanized Area Formula - FY10                              | 20.507             | TN-90-X344-02                | (47,344)   | 58,724          |                     | \$ (11,380)        |  |
| Section 5307 Urbanized Area Formula - FY11                              | 20.507             | TN-90-X364-00                | (11,380)   | 21,681          | 320,730             | 11,380             | (299,049)  |
| ARRA - Section 5307 Urbanized Area Formula                              | 20.507             | TN-96-X010-00                | (7,160)  | 367,429         | 360,269             |                    |  |
| <i>Total CFDA #20.507</i>   |                    |                              | \$ (1,326,301)                                     | \$ 1,946,307    | \$ 1,051,946        | \$ -0-             | \$ (431,940)                                       |
| Alcohol Open Container Requirements                                     | 20.607             | Z14GH5255                    |  |                 | \$ 25,796           |                    | \$ (25,796)  |
| <i>Total Department of Transportation</i>                               |                    |                              | \$ (3,662,062)                                     | \$ 3,492,461    | \$ 1,833,868        | \$ (9,720)         | \$ (2,013,189)                                     |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                          |                    |                              |  |                 |                     |                    |  |
| Passed through the Greater Nashville Regional Council -                 |                    |                              |  |                 |                     |                    |  |
| Aging Services - Title IIID   | 93.043             | 2014-23                      | \$ (417)   | \$ 2,083        | \$ 2,500            |                    | \$ (834)   |
| Aging Services - Title IIIB   | 93.044             | 2014-23                      |  | \$ 16,500       | \$ 22,000           |                    | \$ (5,500)   |
| <i>Total Department of Health and Human Services</i>                    |                    |                              | \$ (417)   | \$ 18,583       | \$ 24,500           |                    | \$ (6,334)   |
| <b>TOTAL FEDERAL AWARDS</b>   |                    |                              | \$ (3,861,157)                                     | \$ 4,486,999    | \$ 2,888,531        | \$ (9,720)         | \$ (2,272,409)                                     |

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, 2014**

| Program Name  | Contract/Grant<br>Number | Balance<br>June 30, 2013<br>(Receivable)<br>Unearned | Receipts            | Expenditures        | Adjustments        | Balance<br>June 30, 2014<br>(Receivable)<br>Unearned |
|---|--------------------------|--|---------------------|---------------------|--------------------|--|
| <b>TENNESSEE COMMISSION ON AGING</b>                                      |                          |  |                     |                     |                    |  |
| Passed through the Greater Nashville Regional Council -<br>Aging Services | GG-13-39695-00           |  | \$ 7,950            | \$ 11,700           |                    | \$ (3,750)   |
|   |                          |  | <u>\$ 7,950</u>     | <u>\$ 11,700</u>    |                    | <u>\$ (3,750)</u>                                    |
| <b>TENNESSEE DEPARTMENT OF HEALTH</b>                                     |                          |  |                     |                     |                    |  |
| Project Diabetes Initiative Services                                      | GG-13-34230-00           | \$ (10,000)  | \$ 10,000           |                     |                    |  |
|   |                          | <u>\$ (10,000)</u>                                   | <u>\$ 10,000</u>    |                     |                    |  |
| <b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>                             |                          |  |                     |                     |                    |  |
| Airport Maintenance   | 99-555-1228-04           | \$ (14,300)  | \$ 14,300           |                     |                    |  |
| Airport Maintenance   | 99-555-1239-04           |  | 14,300              | \$ 14,300           |                    |  |
| Airport Taxi and Ramp Overlay   | 75-555-1707-4            | (39,103)   | 79,245              | 36,128              | \$ (4,014) (1)     |  |
| Airport Trim and Remove Trees   | 75-555-1706-04           | (6,554)  | 24,065              | 33,890              |                    | \$ (16,379)  |
| Airport - State Match - Environmental Assessment                          | 75-555-1103-4            | (509)  | 9,064               | 4,148               | (4,407) (1)        |  |
| Airport - Grounds Maintenance Equipment                                   | 75-555-0714-04           | (10,134)   | 14,384              |                     | (4,250) (1)        |  |
| Airport - Resurface Hangar Roof   | 75-555-1104-04           |  | 15,889              | 34,311              | (1,806) (1)        | (20,228)   |
| LIC - Joe B. Jackson Parkway  | 040232A2                 | (1,188,109)  | 2,000,000           | 811,891             |                    |  |
| State Match - Section 5303 Metro Planning                                 | GG-11-36243-00           | (1,609)  | 2,913               | 1,873               |                    | (569)  |
| State Match - Section 5307 Urbanized Area Formula - FY07                  | GG-10-29565-00           | (3,937)  | 3,937               |                     |                    |  |
| State Match - Section 5307 Urbanized Area Formula - FY07                  | GG-14-40159-00           |  |                     | 10,145              |                    | (10,145)   |
| State Match - Section 5307 Urbanized Area Formula - FY08                  | GG-10-35658-00           | (1,083)  | 4,140               | 3,057               |                    |  |
| 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-10-39389-00           | (52,967)   | 52,967              |                     |                    |  |
| State Match - Section 5307 Urbanized Area Formula - FY10                  | GG-12-39758-00           | (130,857)  | 161,487             | 30,630              |                    |  |
| State Match - Section 5307 Urbanized Area Formula - FY10                  | GG-13-35650-00           | (5,918)  | 5,918               |                     |                    |  |
| State Match - Section 5307 Urbanized Area Formula - FY10                  | GG-14-38299-00           |  | 76,129              | 101,981             | (1,423)            | (27,275)   |
| State Match - Section 5307 Urbanized Area Formula - FY11                  | GG-14-40148-00           | (1,423)  | 2,710               | 11,325              | 1,423              | (8,615)  |
| State Match - Section 5307 Urbanized Area Formula - FY11                  | GG-15-42720-00           |  |                     | 115,027             |                    | (115,027)  |
|   |                          | <u>\$ (1,501,704)</u>                                | <u>\$ 2,526,649</u> | <u>\$ 1,208,706</u> | <u>\$ (14,477)</u> | <u>\$ (198,238)</u>                                  |
| <b>TOTAL STATE AWARDS</b>   |                          | <u>\$ (1,511,704)</u>                                | <u>\$ 2,544,599</u> | <u>\$ 1,220,406</u> | <u>\$ (14,477)</u> | <u>\$ (201,988)</u>                                  |

**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.



# JOB, HASTINGS & ASSOCIATES

*Certified Public Accountants*

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

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

We have audited, 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, 2014, 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 January 27, 2015. 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, Tennessee'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 a material weakness 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 one of the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. (2014-5).

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 consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2014-1, 2014-2, 2014-3, 2014-4, 2014-6).

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

### **City of Murfreesboro, Tennessee's Responses to Findings**

City of Murfreesboro, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Murfreesboro, Tennessee's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.

*Jobe, Hastings & Associates*

Certified Public Accountants

Murfreesboro, Tennessee  
January 27, 2015



# JOB, HASTINGS & ASSOCIATES

*Certified Public Accountants*

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James R. Jobe, CPA  
Joel H. Jobe (1944 – 2006)

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## 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, 2014. The City of Murfreesboro, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Murfreesboro, Tennessee's basic financial statements include the operations of the Murfreesboro City Schools and the Murfreesboro Water and Sewer Department, which received \$7,527,335 and \$6,772,758 respectively in federal awards which is not included in the schedule during the year ended June 30, 2014. Our audit, described below, did not include the operations of the Murfreesboro City Schools and the Murfreesboro Water and Sewer Department because these departments 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, 2014.

### **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  
January 27, 2015

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2014**

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

1. An unmodified opinion was issued on the financial statements of the City of Murfreesboro, Tennessee.
2. The audit disclosed six significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the City of Murfreesboro, Tennessee.
4. The audit disclosed no significant deficiencies in internal control over major federal award programs.
5. An unmodified opinion was issued on compliance for major programs.
6. No audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

| <u>Federal Program Name</u>         | <u>CFDA Numbers</u> |
|-------------------------------------|---------------------|
| Community Development Block Grant   | 14.218              |
| Section 5307 Urbanized Area Formula | 20.507              |

8. The threshold used for distinguishing between Types A and B programs as defined by *OMB Circular A-133* was \$300,000.
9. The City of Murfreesboro, Tennessee did not qualify as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2014-1. 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.

*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.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

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**B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)**

**2014-2. 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, 2014.

*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.

**2014-3. 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.

**2014-4. 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.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

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**B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)**

**2014-4. Evergreen Cemetery Commission – Notes Receivable Transactions (continued)**

*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 and 2014, initiated an integration of information systems that should be designed to eliminate the need for a reconciliation of the separate accounting system.

**2014-5. 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 which we filled December 1, 2014. We also believe the new software purchasing module will be helpful. The "go-live" for this software is planned for July 1, 2015.

**2014-6. Murfreesboro Electric Department – Work Orders**

*Condition:* Auditor found several work orders are still open that should have been closed into plant.

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

*Effect:* Depreciation of plant may be delayed.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2014**

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**B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)**

**2014-6. Murfreesboro Electric Department – Work Orders (continued)**

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

*Management's Response:* We agreed with the finding and will implement procedures to insure prompt closing of completed work orders.

**C. FINDINGS – FEDERAL AWARDS AUDIT**

There were no findings and questioned costs for federal awards.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Prior Year Findings and Questioned Costs**

**Year Ended June 30, 2014**

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**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2013-1. Evergreen Cemetery Commission – Financial Statement Preparation**

*Status:* Repeat Finding

**2013-2. Evergreen Cemetery Commission – Separation of Duties**

*Status:* Repeat Finding

**2013-3. Evergreen Cemetery Commission – Detailed Inventory**

*Status:* Repeat Finding

**2013-4. Evergreen Cemetery Commission – Notes Receivable Transactions**

*Status:* Repeat Finding

**2013-5. Internal Controls over Purchasing**

*Status:* Repeat Finding