

**Comprehensive
Annual Financial Report
Fiscal Year June 30, 2018**

CITY OF MURFREESBORO, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

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



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... creating a better quality of life

January 28, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Murfreesboro, Tennessee for the fiscal year June 30, 2018, 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, 2018 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, 2018. 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

Murfreesboro, founded in 1811, 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. In early 2018 the City conducted a special census. The population was certified at 122,904. This is an increase of 13.01 percent over the 2010 census. In August, *Newsweek* listed Murfreesboro as the fourth fastest growing city in the nation. Location plays a major role in the City's growth. Only 35 miles from Nashville, Murfreesboro is the geographic center of Tennessee and is at the intersection of Interstate 24 and Interstate 840. Transportation access by rail, air or highway in any direction is excellent.

Finance and Tax Administration

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The unemployment rate during the recession climbed to a peak of 11.1 percent during the month of June 2009. The economy has rebounded to a June 30, 2018 unemployment rate of 2.6 percent, which is lower than comparable national and state figures. The most recent data available, October 2018, has the unemployment rate at 2.9 percent, below the State's average of 3.7 percent. Murfreesboro has recently been listed as one of 10 cities with an excess of amazing jobs and not enough people to fill them.

With the growth in jobs has come additional demand for housing. Commercial and residential expansion have returned to pre-recession levels and continue to exhibit a broad range of development types within major construction projects. Rutherford County has been recognized as one of the top places in the country to find work and live. For FY 18, 1,092 new single-family building permits have been issued, up from 1,030 in FY 2017. This compares to the FY 11 low of 329 single family permits for the entire year. The growth in single-family building permits can be attributed to homes in Rutherford County being amongst the most affordable in the area. Multi-family unit permits increased by 20.6 percent from 1,233 to 1,487. More people are choosing to rent due to the high costs of construction and high land values.

Murfreesboro, like most Tennessee cities, depends on the Local Option Sales Tax to provide significant budget income. Approximately 30% of Murfreesboro's FY 18 budgeted revenue is derived from local retail sales. Local sales taxes improved in FY 18 as compared to FY 17 by approximately \$2.8 million or 6.4 percent from the previous year, setting a new record collection of \$46.5 million.

In March 2018, Moody's Investor Service provided a rating of Aa1. The rating reflected Moody's assessment of a strong economy in a broad and diverse metropolitan area, strong management with good financial policies and practices, strong budgetary performance with operating surpluses, very strong budgetary flexibility with over 50% of annual operating costs in reserve and very strong liquidity. Standard & Poor's Rating Service provided a rating of AA/Stable citing the same basic factors.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

BUDGET PROCESS

At the start of the budget process, the City Council communicates its goals and objectives to the City Manager. These goals and objectives are shaped by input members have received from Murfreesboro residents throughout the year. The preliminary steps in the budget also include a review of current economic conditions, revenue projections, community input, program initiatives, long range plans and Federal and State mandates.

The City Manager will communicate the goals, objectives and priorities of the City Council and community to the department heads, who will prepare the budget estimates for their department. Several City departments have citizen boards or commissions who may also provide input into the budget. The departmental budget requests are submitted to the Finance Department. These budget requests are reviewed by the City Manager, Assistant City Managers, Finance Director and Assistant Finance Director. The City Charter provides that the City Manager must prepare a proposed budget and submit it to the City Council no later than May 15 each year.

The City Council reviews the proposed budget each spring through a series of meetings with the City Manager and department heads. The City Council makes changes to the City Manager's proposed budget as it deems necessary. Prior to adoption of the budget, the City Council conducts a public hearing on the proposed budget to obtain additional citizen input on the spending plan. Following the public hearing, the City Council adopts a budget ordinance.

Budget amendments are adopted by City Council on an as needed basis.

CAPITAL IMPROVEMENT

In addition to the annual operating budget, the City Manager presents the City Council a Capital Improvement Plan (CIP) at least every two years. This plan is used to determine any future construction projects, equipment purchases and property acquisitions and is projected over a 5 year period. City Council has the opportunity through CIP workshops to amend the plan. Once approved, the CIP is used to determine the amount of future loans and/or bond issues. A new CIP plan is projected to be presented to Council in 2019.

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 (Murfreesboro 2035) 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 122,000 and projections that the number of people here could grow more than 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. Murfreesboro 2035 was approved in early FY 18.

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 have meant that the City has had to re-evaluate its compensation structure to adapt to a very competitive market. According to a HomeArea.com news release, Murfreesboro is ranked first among Tennessee cities, with at least 60,000 residents, with 73.1 percent of its residents in the workforce.

The City closed its defined benefit retirement plan and opened a defined contribution pension plan to employees hired beginning July 1, 2010 (excludes electric, cemetery and school employees). 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. In the defined contribution plan, the City's employees bear all risk but 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.

During FY 18, 357 employees (excluding school and business-activity funds) participated in the City's defined contribution plan, as compared to 313 during FY 17.

The City's first goal remains safe and livable neighborhoods. The Fire and Rescue Department provided an accelerated in-house program in conjunction with Motlow State Community College and began providing complete Basic Life Support services (medication administration and procedures) in early FY 17. Advanced life support at paramedic level was added in FY 18 at four of the busiest stations, which responds to approximately 75 percent of all medical responses. Fire Station 4 (relocated to Medical Center Parkway) will begin serving the Gateway area in early 2019. Future plans include the construction of a new Station 11.

The Police Department continues to be the City's largest operating department. 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. The renovation project began in FY 16 and was completed in FY 18 with a phase-in of the moving process over several weeks. Recommendations for the use of the former headquarters will be a part of space planning discussions. Targeted enforcement efforts, including automated red lights cameras, traffic control and gang eradication continue.

The Doug Young Public Safety Training Center is under construction on the ten acres of the previous Franklin Heights public housing site. Its construction has been funded in the 2016 bond issue and is anticipated to be a part of the next 3 bond issues, starting with the 2018 issue, for completion. The site will have training areas for police officers as well as staff of the fire and rescue department.

The City's parks system is a point of pride and differentiates Murfreesboro from other communities in the livability measures. In FY 18 construction of Phase 4 of the West Fork extension of the Stones River Greenway, which will connect existing trails to Barfield Crescent Park, began with anticipation of completion in the fall of 2019. The funding of this greenway is composed of 80 percent federal funds and 20 percent local funds.

In early FY 18, Governor Bill Haslam and Tennessee Department of Transportation (TDOT) Commissioner John Schroer announced the award of a \$1,027,178 transportation alternative grant to the City for the Mercury Boulevard Sidewalk Project. The project will provide a complete sidewalk linkage from SE Broad Street to Middle Tennessee Boulevard along Mercury Boulevard. All 7,200 feet of sidewalks will be ADA compliant, and will include pedestrian crosswalks at the signalized intersections along Mercury Boulevard. The project is in the right of way phase with construction anticipated in 2019.

The Tennessee IMPROVE Act (the Act) legislation first impacted FY 18 by reducing the State sales tax on grocery items from 5 percent to 4 percent (a 20 percent reduction). The Act also reduces the Hall Income tax on interest and dividend income by one percent each year until the tax is eliminated and increases the gas tax over the next three years by six cents for gas and ten cents for diesel. The new fuel tax revenues will be used to fund major road and infrastructure projects.

The solid waste fee of \$5 per trash can began being billed in January 2019. The fee will be evaluated annually as the City anticipates the closing of the local landfill, and eventually will fully cover the cost to perform solid waste collection.

ORGANIZATIONAL DEVELOPMENT AND PLANNING

The City's adopted comprehensive financial policies establish various performance measures. A comparison of the City's financial position against its policies shows that the City remains well managed and that its financial condition is strong. For instance, the City will pay off 81.8 percent of its existing debt in the next 10 years and is within the policy guidelines in terms of debt versus assessed value, debt per capita, variable debt ratios and debt as a percent of budget.

The City already communicates with our residents in many ways. City TV, the City's website, press releases, Parks and Recreation user surveys, neighborhood open houses, public hearings, presentations to civic groups, and Citizen Police and Fire academies are among the many ways the City reaches out to our residents and listens to our citizens. The City's use of Facebook, Twitter and a homepage that received over 1.8 million hits are helping the City provide useful information to its residents.

ROAD IMPROVEMENTS

The improvements to Middle Tennessee Boulevard between Main Street and Greenland Drive as the new "front door" to Middle Tennessee State University will be entering a fourth year of construction during FY 2019. Approximately \$16 million is budgeted for participating construction elements with approximately 80% of the funding provided by Federal transportation dollars or Middle Tennessee State University, along with matching funding provided by the City. Construction is expected to be complete by March 2019.

The extension of Cherry Lane is a five-lane connector roadway between NW Broad Street (US 41/70) and Memorial Boulevard (US 231) and includes an interchange at Interstate 840. The design phase of this project has been completed and the City will begin the right-of-way phase in the spring of 2019.

The right of way phase of Bradyville Pike widening project (State Route 99) from SE Broad Street to Rutherford Blvd. has begun. This phase is expected to take approximately two years before the construction phase will begin. This is a State funded project with City participation through a match percentage, shared at an 80 percent federal and 20 percent local match ratio.

The City is also working with the State to add sidewalks along Mercury Blvd. This project is now in the right of way phase and construction is anticipated to begin in the summer of 2019. The City was awarded a \$1 million grant to help fund this project.

There are two bridge projects totaling \$3.8 million, Kingdom Bridge and Perlino Bridge, under construction connecting neighborhoods to major thoroughfares, which is being cost-shared with the neighborhood developers.

OTHER CAPITAL INVESTMENTS

Healthcare continues to be one of the strongest industries in Murfreesboro, as evidenced by the \$82 million vertical expansion of the Saint Thomas Rutherford hospital. The additional three stories being added to the west tower will add 72 new beds and a two-story addition will add new operating rooms and storage space. In the past year the hospital has added 42 new physicians.

TrustPoint Hospital held a ribbon cutting for its 148-bed hospital expansion, representing a \$57 million investment. The addition to its existing location in Murfreesboro's Gateway District will support the hospital's growth and creation of close to 400 new jobs within the next five years, which have an expected average annual salary of \$67,808.

Vanderbilt University Medical Center has already begun construction of a new pediatric clinic and ambulatory surgery center. Their \$27.2 million investment in the Gateway area will add 80 additional healthcare jobs. The new facility is expected to be completed in late 2019.

In FY 18 Hilton opened its first dual-branded hotel in the United States in Murfreesboro. Tru by Hilton and Home2 Suites join the existing five major hotels in the Gateway district of Murfreesboro. There are now over 1,000 top quality hotel rooms in Murfreesboro to support the local, regional and state markets.

As the recession subsides from memory, auto dealers have been some of the first to build new dealerships (Toyota and Chevrolet) or completely remodel their existing stores (Ford and City Auto). Like most Tennessee communities, the auto and auto related sales makes up over 25% of all retail activity. The construction on Murfreesboro's first Mazda dealership opened in the fall of 2018. The new dealerships are also located in the fast-growing Gateway district.

The City sold the land to developers that made the Fountains at Gateway a reality. Phase I of this 31-acre development opened in 2017, bringing additional office and retail space to the Medical Center Parkway area. The Fountains at Gateway continues to expand with new businesses moving into office and retail space.

Moving forward, the City will continue to focus its planning and marketing efforts on the City's Gateway (Medical Center Parkway, Thompson Lane, and Fortress Boulevard). The City will also use the recent planning studies to focus on revitalizing the North Highland and Bottoms areas near downtown.

OPERATING IMPROVEMENTS

In keeping with the format of the City's operating budget document, these categorized improvements are being implemented in FY 19 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.

PRIORITY 1: Safe And Livable Neighborhoods Highlights

- Continue the integration of new two-way radio components and technology to improve police radio communication and facilitate service delivery and complete the Radio Tower construction for improved communications, increased signal distribution and reliability and reduction of land line costs
- Maintain and implement the land use plans for the Blackman area, New Salem Highway area, and Maney Avenue
- Continue re-investment in and focus on the City's neighborhoods
- Plan for future roadways and other transportation facilities as growth determines
- New personnel additions for Police
- Construction of a new Southwest School to accommodate the rise in the K-6 student population, opening of the new school is anticipated in the fall of 2019

PRIORITY 2: Strong And Sustainable Financial And Economic Health Highlights

- Pursue economic development projects in the City, including the Gateway and Downtown
- Monitoring the City's performance against the financial policies
- By improving low- and moderate-income neighborhoods and through the provision of social support services, aid in maintaining the economic health of all Murfreesboro neighborhoods
- Identify other area prime for redevelopment and study them for future implementation
- Maintaining the existing and improved level of services on the same effective property tax rate. The FY 19 proposed budget is the 20th consecutive year without a property tax increase

- Sell the former First Methodist Church/Franklin Synergy property to selected developer
- Finalize the use of Tax Increment Financing Districts as an economic development tool
- Constructing Lytle Street, Jones Boulevard, St. Claire Street, Middle Tennessee Boulevard, Kingdom Drive Bridge, Greenway, Perlino Bridge

PRIORITY 3: Excellent Services With A Focus On Customer Service Highlights

- Support City employees with competitive salaries, benefits, and professional development
- Begin restructuring and consolidation of departments within the organization to better meet the needs of a dynamic and growing community
- Finalize implementation of the Broad & Memorial Timing plans, including Broad Street, Memorial Blvd. and Old Fort Parkway Corridors
- Complete plans review in a prompt and efficient manner and provide comments in a timely manner
- Continuing “Service Excellence,” the City’s customer service training program for City employees
- Secure successful bids for a new airport terminal and begin construction
- Restructure departments to create a Development Services Department to foster development and improve service to those in the building community

PRIORITY 4: Engaging Our Community Highlights

- Continue holding neighborhood meetings on planning issues, including annexations, rezoning and planned development
- Increase the City presence through CityTV, social media, and the city website
- Update Fire Safety PSAs in High Definition format and broadcast on CityTV to educate our citizens on our services as well as fire safety, cooking safety, etc.
- Expand community partnerships and increase internal programming opportunities to grow the Better Boro Project

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, 2017. This was the twentieth 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.

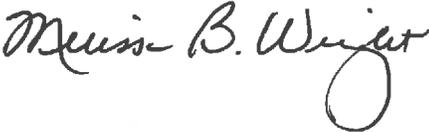
The City also received the Distinguished Budget Award for the FY 18 budget. This is the sixth consecutive year the City has received this prestigious award.

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,

A handwritten signature in black ink that reads "Melissa B. Wright". The signature is written in a cursive style with a large, prominent loop at the end of the word "Wright".

Melissa B. Wright, CPA
City Recorder/Finance Director



CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
June 30, 2018

MAYOR

Shane McFarland

CITY COUNCIL

Madelyn Scales Harris, Vice Mayor
Bill Shacklett

Kirt Wade
Eddie Smotherman

Rick Lalance

CITY OFFICERS

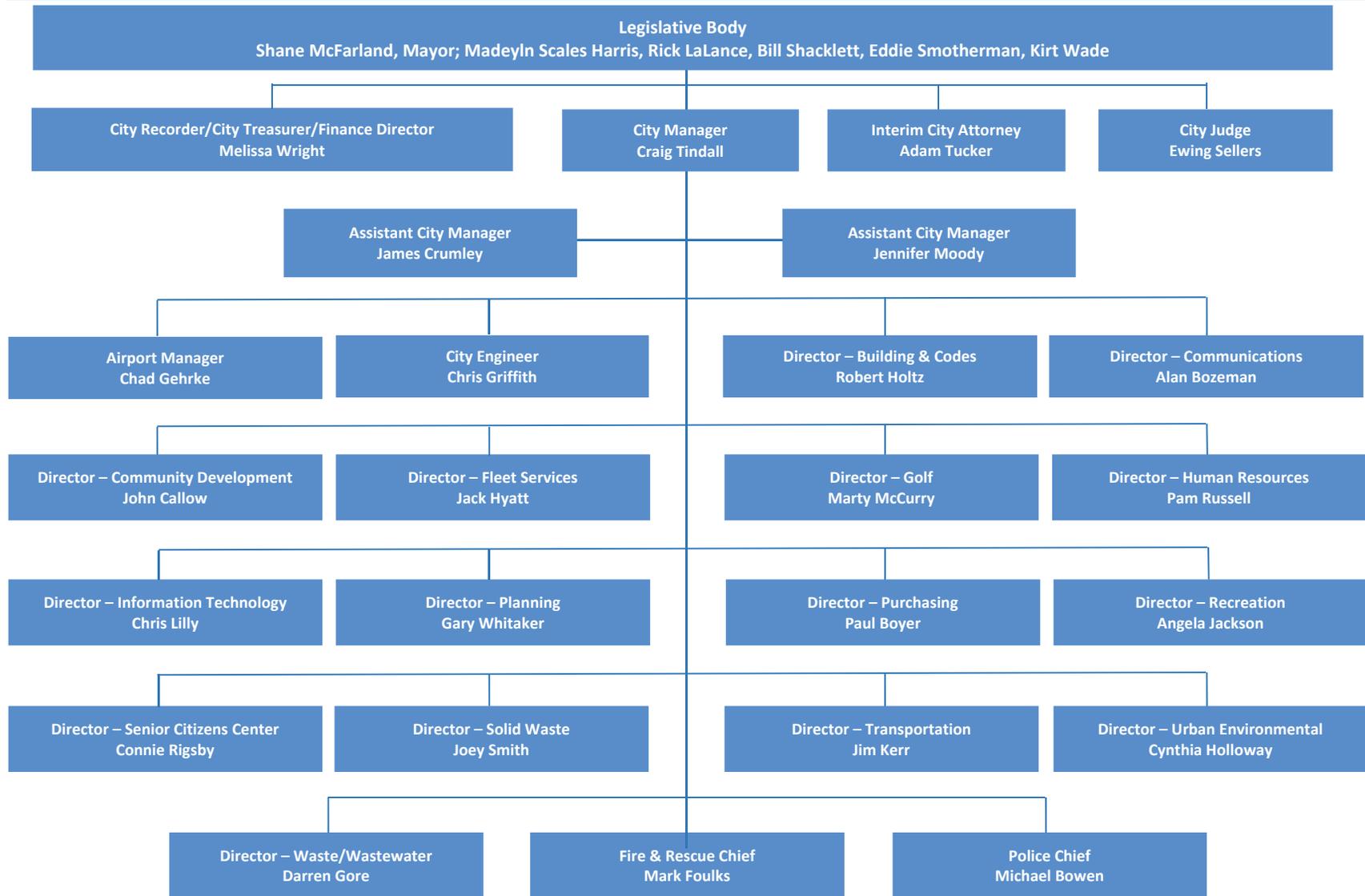
CITY MANAGER.....	Craig Tindall
ASSISTANT CITY MANAGER.....	James Crumley
ASSISTANT CITY MANAGER.....	Jennifer Moody
CITY RECORDER / CITY TREASURER / FINANCE DIRECTOR.....	Melissa Wright
INTERIM CITY ATTORNEY.....	Adam Tucker
CITY JUDGE.....	Ewing Sellers

PRINCIPAL DIRECTORS AND ADMINISTRATORS

AIRPORT MANAGER.....	Chad Gehrke
CITY ENGINEER.....	Chris Griffith
DIRECTOR - BUILDING.....	Robert Holtz
DIRECTOR - COMMUNICATIONS	Alan Bozeman
DIRECTOR - COMMUNITY DEVELOPMENT	John Callow
DIRECTOR - FLEET SERVICES.....	Jack Hyatt
DIRECTOR - GOLF.....	Marty McCurry
DIRECTOR - HUMAN RESOURCES.....	Pam Russell
DIRECTOR - INFORMATION TECHNOLOGY.....	Chris Lilly
DIRECTOR - PLANNING	Gary Whitaker
DIRECTOR - PURCHASING	Paul Boyer
DIRECTOR - RECREATION	Angela Jackson
DIRECTOR - SCHOOLS.....	Linda Gilbert
DIRECTOR - SENIOR CITIZENS CENTER.....	Connie Rigsby
DIRECTOR - SOLID WASTE.....	Joey Smith
DIRECTOR - TRANSPORTATION.....	Jim Kerr
DIRECTOR - URBAN ENVIRONMENTAL.....	Cynthia Holloway
DIRECTOR - WATER/WASTEWATER	Darren Gore
GENERAL MANAGER - ELECTRIC	P.D. Mynatt
FIRE AND RESCUE CHIEF.....	Mark Foulks
POLICE CHIEF.....	Michael Bowen

City of Murfreesboro – Organizational Chart

As of June 30, 2018





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, 2017

Christopher P. Morill

Executive Director/CEO





JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Murfreesboro, Tennessee'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 Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets and deferred outflows of resources of \$132,930,020, \$244,996,302, \$25,330,591, and \$3,358,965 respectively, and total revenues of \$88,627,083, \$174,183,702, \$2,506,210, and \$752,050 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 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, 2018, 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.

Change in Accounting Principle

As described in Note A to the financial statements, in fiscal year 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 4 through 23 and 117 through 131 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 nonmajor fund combining and individual financial statements, the budgetary comparison schedules on pages 136 through 144, the combining and individual statements and financial schedules on pages 148 through 166, 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 Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The nonmajor fund combining and individual financial statements, the budgetary comparison schedules on pages 136 through 144, the combining and individual statements and financial schedules on pages 148 through 166, 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 reports of the other auditors, the nonmajor fund combining and individual fund financial statements, the budgetary comparison schedules on pages 136 through 144, the combining and individual statements and financial schedules on pages 148 through 166, 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.

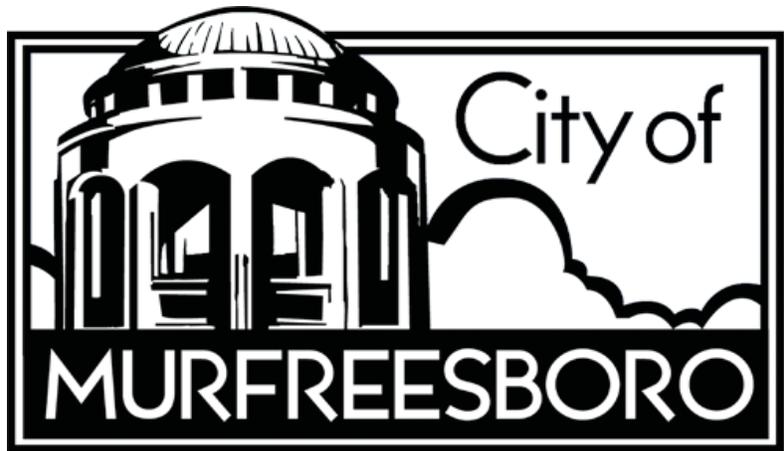
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Murfreesboro, Tennessee’s 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 the City of Murfreesboro, Tennessee’s internal control over financial reporting and compliance.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 28, 2019



T E N N E S S E E

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2018

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, 2018. 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, 2018 by \$1,132,365,452. Of this amount, \$41,416,060 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 \$41,500,453 (3.8 percent) during the year. The governmental net position increased by \$8,614,369 (1.6 percent) and the business-type net position increased by \$32,886,084 (5.9 percent).
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$131,712,536, an increase of \$27,991,236 (27 percent) in comparison with the prior year. In April of FY 18, TMBF/Bond Fund recognized new bond proceeds and premium of \$75,534,255.
- At June 30, 2018 the unassigned fund balance for the General Fund was \$53,319,406, or 49 percent of the total General Fund expenditures and is available for spending at the City's discretion.
- The City of Murfreesboro's total governmental long-term liabilities increased by \$44,862,491 (11.3 percent) during the year ended June 30, 2018. The long-term portion of the general obligation bonds and loans increased \$42,742,497.

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, city court, fleet, 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 24 - 25 of this report.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflows/inflows 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 26 - 40 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 resources department and electric department are considered to be major funds and are displayed separately in the proprietary fund statements on pages 41 - 45 of this report. The City's other two (2) enterprise funds are combined into a single column for non-major enterprise 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 self-insurance programs. They have been combined into a single column in the proprietary fund financial statements on pages 41 - 45 of this report. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 46 - 47 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 – 116 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 117 – 127 of this report. In FY 2018, the

City implemented GASB 75 and adopted the reporting requirements for other post-employment benefits (OPEB). Required supplementary information can be found on pages 128 - 131 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 132 - 153 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 \$1,132,365,452 at June 30, 2018. The largest part of the City of Murfreesboro's net position (94.6 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 \$41,813,033 (10.8 percent) in current and other assets. The governmental activities increased \$22,998,974 (11.7 percent) and the business-type activities increased \$18,814,059 (9.9 percent). The majority of the governmental activity increase was an increase in restricted assets, including cash and cash equivalents and investments at fair value, due to the receipt of new bond proceeds. Increase in cash and restricted cash for the Electric department composes most of the increase for the business type assets. The Electric department realized increased electric sales from the growing population base.

Additionally, there was an increase in capital assets of \$46,230,215 (3.4 percent). The governmental activities increased \$34,460,306 (4.3 percent) and the business-type activities increased \$11,769,909 (2.1 percent). The governmental activity is composed of many projects, including ongoing construction of a police and fire training facility, improvement to police communications towers and radio equipment, construction of replacement fire & rescue station, construction of airport runway extension and other improvements, purchase of land on the west side of the City for new recreation facilities, as well as many road projects. The Electric Department's capital assets increased by \$11,679,580 due to increases in utility plant assets.

NET POSITION June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Current and other assets	\$ 219,172,525	\$ 196,173,551	\$ 208,729,630	\$ 189,915,571	\$ 427,902,155	\$ 386,089,122
Capital assets	839,694,338	805,234,032	577,047,505	565,277,596	1,416,741,843	1,370,511,628
Total assets	<u>1,058,866,863</u>	<u>1,001,407,583</u>	<u>785,777,135</u>	<u>755,193,167</u>	<u>1,844,643,998</u>	<u>1,756,600,750</u>
Deferred outflows of resources	18,549,921	27,814,292	3,958,075	5,305,930	22,507,996	33,120,222
Long-term liabilities outstanding	442,155,236	397,292,745	156,921,161	163,743,296	599,076,397	561,036,041
Other liabilities	27,439,308	32,966,330	44,085,527	40,826,541	71,524,835	73,792,871
Total liabilities	<u>469,594,544</u>	<u>430,259,075</u>	<u>201,006,688</u>	<u>204,569,837</u>	<u>670,601,232</u>	<u>634,828,912</u>
Deferred inflows of resources	62,136,686	61,891,615	2,048,624	2,135,446	64,185,310	64,027,061
Net position:						
Net investment in capital assets	610,531,493	593,637,348	460,941,457	441,600,304	1,071,472,950	1,035,237,652
Restricted	14,952,890	12,958,998	4,523,552	4,215,977	19,476,442	17,174,975
Unrestricted	(79,798,829)	(69,525,161)	121,214,889	107,977,533	41,416,060	38,452,372
Total net position	<u>\$ 545,685,554</u>	<u>\$ 537,071,185</u>	<u>\$ 586,679,898</u>	<u>\$ 553,793,814</u>	<u>\$ 1,132,365,452</u>	<u>\$ 1,090,864,999</u>

There are restrictions on the use of 1.7 percent of the City's net position. Funds restricted for education of \$7.1 million, highways and streets of \$3.7 million and \$2.7 million for cemetery perpetual care make up 69.3 percent of the total restricted net position. The unrestricted net position of \$41,416,060 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 negative balance of \$79,798,829 for governmental activities unrestricted net position, a deficit increase of

\$10,273,668 from the prior year, after restatement. OPEB and pension liabilities and deferred inflows are the most significant reason for the negative balance due to implementation of GASB 68 *Accounting and Financial Reporting for Pensions*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. A negative \$119,716,292 is included in the unrestricted net position computation due to Pension and OBEB reporting requirements.

The business-type activities ended the fiscal year with \$121,214,889 in unrestricted net position, which is an increase of \$13,237,356 (12.3 percent) from the prior year, after restatement. The Electric Department unrestricted net position decreased \$4,026,667 million (11.4 percent), which is primarily attributed to the decrease in cash as a result of increases in capital improvements and an increase in current liabilities due primarily to an increase in the TVA liability at the end of the fiscal year related to power needs for the population and commercial growth in the service area. The Water Resources Department (MWRD) unrestricted net position increased \$14,873,604 (25.2 percent) due an increase in cash, primarily attributed to funds transferred to MWRD from Murfreesboro Stormwater Fund, and a decrease in capital asset acquisition/construction.

Governmental Activities

Governmental activities decreased the City of Murfreesboro's net position by \$35,733,356, consisting of a current year increase of \$8,614,369 offset by a prior period adjustment for the implementation of GASB 75 of \$44,347,725, accounting for 6.1 percent of the decrease in total net position, as previously reported. Other key elements of this decrease are displayed on the Changes in Net Position table.

Governmental charges for services increased by \$829,666 or 4.8 percent from the previous fiscal year. Selected activities within this category show revenue related to the building industry (permits, licenses and fees) were relatively flat at a \$13,212 decrease, recreational related program income (including golf and senior citizen's center) increased \$150,263, and community services increased \$734,112 (airport and extended school programs made-up the largest increases) from the prior year. Court fines decreased \$509,635 due largely to less traffic tickets being issued, while red-light camera fines increased \$309,136 with FY 18 having a full twelve months of activity.

Operating grants and contributions revenue increased \$5,821,686, a change of 6.9 percent from the prior year. Education and school food service operating grants increased \$1,882,771, state gasoline tax allocations increased \$678,229, transportation grants decreased \$332,621, while community services decreased \$279,351, and community/economic development grants and donations increased \$275,724.

Capital grants and contributions for the governmental activities of the City was \$9,467,200, a decrease of \$4,923,933, or 33.8 percent from the previous year. In FY 17, the City received \$2,282,799 from Rutherford County as the City's share of County debt issued on an elementary pupil average daily attendance basis to be used for City education related projects, there was not a shared allocation in FY 18. Street and road project capital grants and donations in the engineering function decreased \$1,626,419.

The City's property tax revenue increased \$2,014,332 (5 percent). The City's other tax revenue experienced a combined increase of \$3,275,783 or 5.8 percent over the prior year. Of this increase, sales tax revenue increased \$2,803,182 (6.4 percent) over prior year, the gross receipts tax (also known as business license tax) increased \$116,607 and alcohol taxes increased \$92,351. The hotel/motel occupancy tax revenue had an increase \$69,837 or 4.4 percent and gas and cable franchise revenue increased \$193,806 or 7.1 percent.

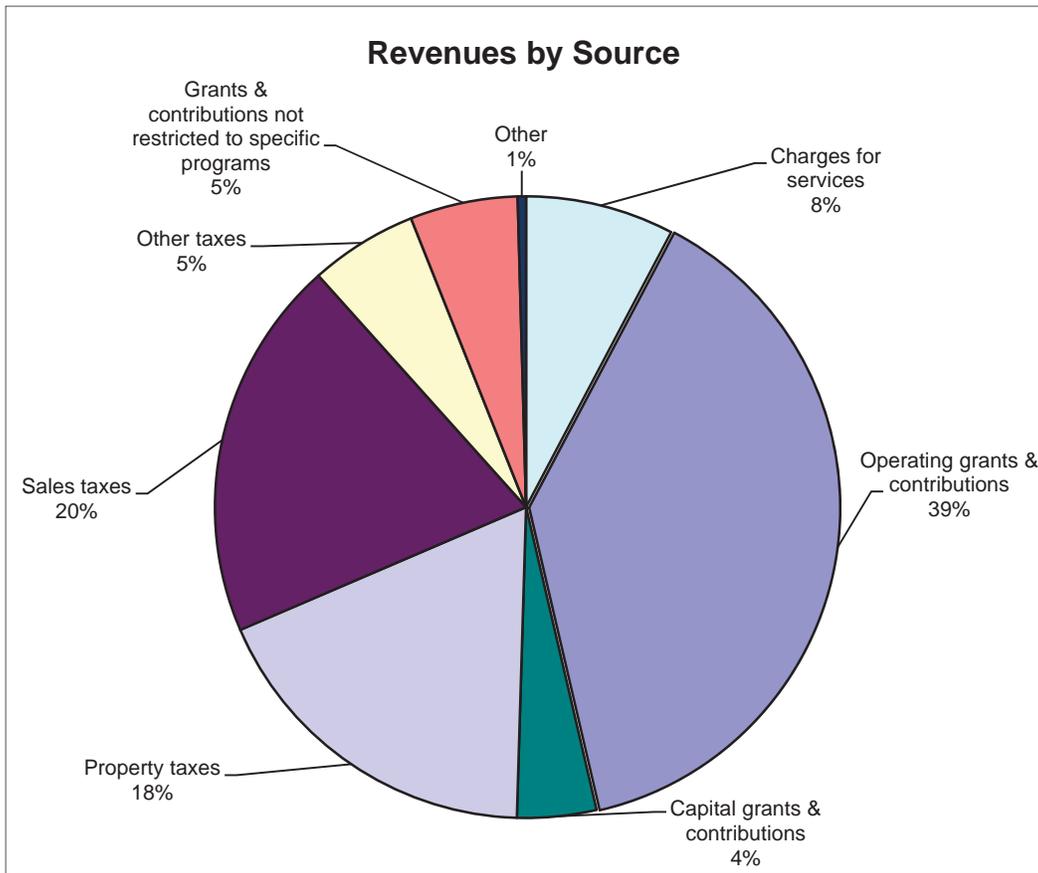
Grants and contributions not restricted to specific programs increased \$793,633 or 6.4 percent and is composed of state shared tax allocations.

The government activities prior period adjustment of \$44,347,725 decreases net position and increases the liability for other post-employment benefits for FY 17. The prior period adjustment was required for the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

CHANGES IN NET POSITION
June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2016
Revenues:						
Program revenues:						
Charges for services	\$ 18,101,476	\$ 17,271,810	\$ 222,020,522	\$ 216,382,968	\$ 240,121,998	\$ 233,654,778
Operating grants & contributions	90,515,105	84,693,419	114,403	146,279	90,629,508	84,839,698
Capital grants & contributions	9,647,200	14,571,133	18,135,871	18,484,428	27,783,071	33,055,561
General revenues:						
Property taxes	42,327,419	40,313,087			42,327,419	40,313,087
Other taxes	59,597,179	56,321,396			59,597,179	56,321,396
Grants & contributions not restricted to specific programs	13,116,964	12,323,331			13,116,964	12,323,331
Other	1,006,720	878,300	293,489	569,554	1,300,209	1,447,854
Total revenues	<u>\$ 234,312,063</u>	<u>\$ 226,372,476</u>	<u>\$ 240,564,285</u>	<u>\$ 235,583,229</u>	<u>\$ 474,876,348</u>	<u>\$ 461,955,705</u>
Expenses:						
General government	\$ 13,619,931	\$ 19,310,717			\$ 13,619,931	\$ 19,310,717
Police	37,535,711	29,047,594			37,535,711	29,047,594
Fire and rescue	21,534,619	19,453,950			21,534,619	19,453,950
City Court	584,671	624,661			584,671	624,661
Engineering	15,534,820	14,919,919			15,534,820	14,919,919
State street aid	2,407,894	2,037,697			2,407,894	2,037,697
Planning	1,239,796	1,228,636			1,239,796	1,228,636
Building and codes	2,207,725	1,887,885			2,207,725	1,887,885
Solid waste	6,253,901	5,152,657			6,253,901	5,152,657
Transportation	3,086,388	2,685,804			3,086,388	2,685,804
Urban environmental	1,360,605	1,207,404			1,360,605	1,207,404
Public health, educ. and welfare	2,464,045	2,414,227			2,464,045	2,414,227
Community services	9,042,148	8,194,969			9,042,148	8,194,969
Recreation	17,859,156	17,232,281			17,859,156	17,232,281
Community/economic develop.	1,207,616	1,106,602			1,207,616	1,106,602
Education	80,877,363	74,717,634			80,877,363	74,717,634
Food service	5,974,186	6,163,340			5,974,186	6,163,340
Interest on long-term debt	6,213,882	6,054,149			6,213,882	6,054,149
Water and sewer and stormwater			\$ 42,239,385	\$ 38,809,174	42,239,385	38,809,174
Electric			161,721,756	157,334,783	161,721,756	157,334,783
Cemetery			505,399	472,593	505,399	472,593
Total expenses	<u>\$ 229,004,457</u>	<u>\$ 213,440,126</u>	<u>\$ 204,466,540</u>	<u>\$ 196,616,550</u>	<u>\$ 433,470,997</u>	<u>\$ 410,056,676</u>
Increase in net position before contributions and transfers	\$ 5,307,606	\$ 12,932,350	\$ 36,097,745	\$ 38,966,679	\$ 41,405,351	\$ 51,899,029
Contributions to permanent funds			95,102	91,529	95,102	91,529
Transfers	3,306,763	3,310,007	(3,306,763)	(3,310,007)		
Change in net position	<u>\$ 8,614,369</u>	<u>\$ 16,242,357</u>	<u>\$ 32,886,084</u>	<u>\$ 35,748,201</u>	<u>\$ 41,500,453</u>	<u>\$ 51,990,558</u>
Net position - beginning, as previously reported	\$ 581,418,910	\$ 565,176,553	\$ 571,194,988	\$ 541,043,029	\$ 1,152,613,898	\$ 1,106,219,582
Prior period adjustment	<u>(44,347,725)</u>		<u>(17,401,174)</u>	<u>(5,596,242)</u>	<u>(61,748,899)</u>	<u>(5,596,242)</u>
Net position - beginning, as restated	<u>\$ 537,071,185</u>	<u>\$ 565,176,553</u>	<u>\$ 553,793,814</u>	<u>\$ 535,446,787</u>	<u>\$ 1,090,864,999</u>	<u>\$ 1,100,623,340</u>
Net position at end of year	<u>\$ 545,685,554</u>	<u>\$ 581,418,910</u>	<u>\$ 586,679,898</u>	<u>\$ 571,194,988</u>	<u>\$ 1,132,365,452</u>	<u>\$ 1,152,613,898</u>

The cost of all governmental activities was \$229,004,457. However, as shown in the Net Program Cost to Taxpayers table, 51.6 percent (\$118,263,781) of these costs were paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions. The City paid for the remaining "public benefit" portion of governmental activities with taxes, general grants and contributions, and other miscellaneous revenue. Each program's net cost to taxpayers is presented on page 10.



In comparison to the previous year, the percentages noted above remained relatively flat. Operating grants and contributions increased from 37 percent to 39 percent, capital grants and contributions decreased from 6 percent to 4 percent, sales taxes increased from 19 percent to 20 percent, and other taxes decreased from 6 percent to 5 percent.

Net Program Cost to Taxpayers

Governmental activities:	Revenue	Expense	Net (Expense) Revenue
General government	\$ 365,380	\$ 13,619,931	\$ (13,254,551)
Police	561,223	37,535,711	(36,974,488)
Fire and rescue	2,025,359	21,534,619	(19,509,260)
City Court	1,865,503	584,671	1,280,832
Engineering	7,638,519	15,534,820	(7,896,301)
State street aid	3,696,031	2,407,894	1,288,137
Planning	43,314	1,239,796	(1,196,482)
Building and codes	3,638,512	2,207,725	1,430,787
Solid waste	5,028	6,253,901	(6,248,873)
Transportation	1,755,747	3,086,388	(1,330,641)
Urban environmental	16,165	1,360,605	(1,344,440)
Public health, educ. and welfare		2,464,045	(2,464,045)
Community services	7,270,171	9,042,148	(1,771,977)
Recreation	5,495,813	17,859,156	(12,363,343)
Community/economic development	1,462,587	1,207,616	254,971
Education	75,465,330	80,877,363	(5,412,033)
Food service	6,959,099	5,974,186	984,913
Interest on long-term debt		6,213,882	(6,213,882)
Total governmental activities	<u>\$ 118,263,781</u>	<u>\$ 229,004,457</u>	<u>\$ (110,740,676)</u>

Governmental net position for FY 18 increased by \$8,614,369 after payment of governmental activities expenses of \$229,004,457 with program revenues of \$118,263,781, general revenues of \$116,048,282 and transfers from other funds of \$3,306,763. Governmental net position at June 30, 2018 was \$545,685,554.

Program Expenses Governmental Activities

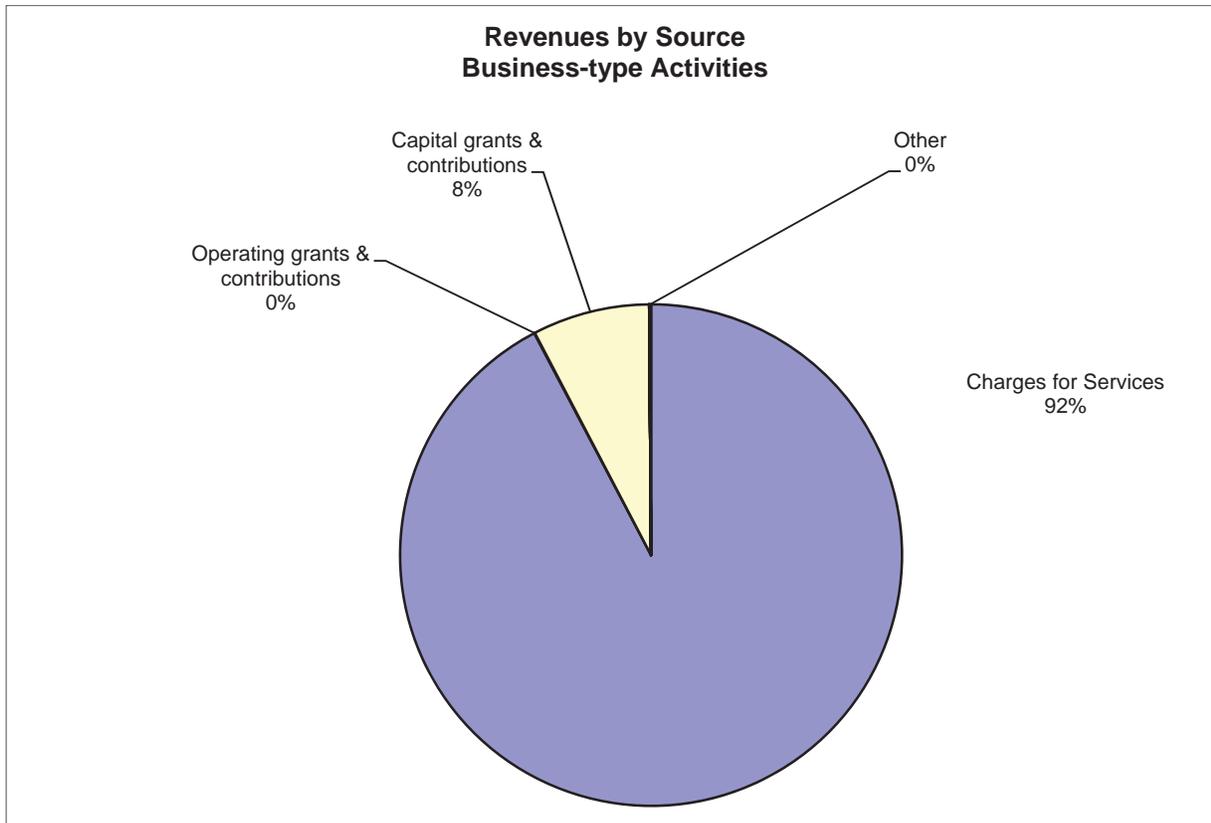
Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	\$ 13,619,931	6%	Transportation	3,086,388	1%
Police	37,535,711	16%	Urban environmental	1,360,605	1%
Fire and rescue	21,534,619	9%	Public health, educ. and welfare	2,464,045	1%
City Court	584,671	0%	Community services	9,042,148	4%
Engineering	15,534,820	7%	Recreation	17,859,156	8%
State street aid	2,407,894	1%	Community/economic development	1,207,616	0%
Planning	1,239,796	1%	Education	80,877,363	35%
Building and codes	2,207,725	1%	Food service	5,974,186	3%
Solid waste	6,253,901	3%	Interest on long-term debt	6,213,882	3%
			Total governmental activities	<u><u>\$ 229,004,457</u></u>	<u><u>100%</u></u>

Business-type Activities

The business-type activities increased the City of Murfreesboro's net position by \$32,886,084 or 79.2 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 \$204,466,540. As shown in the Changes in Net Position table, the amounts paid by users of the operations were \$222,020,522. The additional revenue sources included operating grants and contributions of \$114,403, capital grants and contributions of \$18,135,871, unrestricted investment earnings of \$293,489, and contributions to permanent funds of \$95,102. There were also transfers to governmental funds of \$3,306,763 from the Electric Department for public utility tax.

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

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Expense as a Percent of Revenue</u>
Water, sewer and stormwater	\$ 42,239,385	\$ 65,558,179	64%
Electric	161,721,756	174,059,044	93%
Cemetery	505,399	653,573	77%
	<u>\$ 204,466,540</u>	<u>\$ 240,270,796</u>	85%



Revenues by source remained relatively flat for Business-type Activities as compared to FY 17.

Operating expenses for the Water Resources Fund increased by \$2,596,426 (7.4 percent), which can be attributed to sewer operations. The increase in net position before capital contributions was \$3,182,590 for FY 18, a decrease of \$2,716,826 from FY 17. This decrease can be attributed to increased operating expenses as noted above.

Non-operating revenues consist of interest income of \$152,446.

Capital contributions from developers totaled \$18,135,871 for FY 18. This is a decrease from FY 17 of \$48,103. The slight decrease reflects continued strong economic conditions and construction activity during the year. The overall net position as of June 30, 2018 increased \$21,318,461.

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 \$2,971,693, which were relatively flat as compared to last year. Operating and maintenance expenses increased \$612,194 (28.4 percent). This increase is attributed to more stormwater participation projects than in previous years.

Murfreesboro Water Resources Department and Stormwater Department employees participate in the City of Murfreesboro Pension Plan for employees hired before July 1, 2010 and the City of Murfreesboro Defined

Contribution Plan for employees hired on or after July 1, 2010. These plans are discussed in the Financial Analysis of Governmental Funds.

The Electric Department experienced a \$4,931,189 (2.9 percent) increase in operating revenue, due to increased power usage due to continued population growth in the service area. The Department experienced a 3.7 percent growth in its customer base. Management anticipates a 3-4 percent growth in FY 19, as well. Purchased power expense of \$140,599,719 reflects an increase of 2 percent in FY 18 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 Electric Department Pension Plan's net position increased by \$1,453,497 or 6.1 percent during FY 18 compared to a FY 17 increase of \$2,500,569. This larger decrease can be attributed to the more volatile stock market conditions during FY 18 as compared to FY 17. The plan's return on investment for FY 18 was 6.82 percent compared to 10.49 percent in FY 17 and 0.17 percent in FY 16. The plan's retirement contribution amount is based on the annual actuary report; however, the Board has approved funding contributions significantly greater than the actuarially computed amount (\$1.1 million for FY 18 as compared to \$1.3 million for FY 17). 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 Note H.

The business-type activities prior period adjustment of \$17,401,174 decreases net position and increases the liability for other post-employment benefits for FY 17. The prior period adjustment was required for the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2018, the City of Murfreesboro's governmental funds reported combined ending fund balances of \$131,712,536, an increase of \$27,991,236 in comparison with FY 17. 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, 2018, the fund balance was \$63,526,663 a small decrease of \$322,956 from FY 17.

The Real and Personal property tax revenue increased \$2,056,057, or 5.5 percent over FY 17. The 2017 tax roll received from the Rutherford County Assessor's office, indicated an assessment value on property increase of \$171,179,048 as compared to the 2016 tax roll, a 5.4% increase. The local option sales tax revenue increased \$2,803,182 or 6.4 percent over FY 17. The local option sales tax had a positive budget variance of \$573,708.

The licenses, permits and fines revenue category decreased by \$210,902 from FY 17. The largest change in this category was the net decrease of court and red-light camera fines of \$200,499. Regular court revenue, primarily from traffic violations, other than red-light cameras, was down \$509,635 from FY17. City cameras were back in operation after being replaced by a new vendor and that revenue source increased \$309,136 from FY 17. License, permits and fees related to the construction industry remained flat at a slight decrease of \$8,401. A decrease of only 90 total building permits were issued in calendar year 2018 as compared to 2017.

Intergovernmental Revenues increased \$2,030,726 from FY 17 of which \$832,093 was an increase in state funds and allocations and \$1,187,341 was an increase in federal funds. The state gasoline tax allocation recognized the largest increase from FY 17 of 679,674, and the state sales tax allocation recognized \$431,705. The federal funding includes the match for active road projects, the largest of which is Middle TN Blvd.

Charges for Services decreased \$141,570 in FY 18 as compared to FY 17. The two largest variables included were Recreation program income increased \$258,366, Golf revenue decreased \$152,170. The Street department revenue a decrease of \$172,855 from FY 17 composed mostly of escrowed funds from Developers for sidewalks and curbs.

Miscellaneous revenues, interest and investment earnings, and donations increased \$2,624,513 from FY 17. Of this increase, donations towards projects increased \$2,221,295 and gas franchise revenue increased \$213,292.

FY 18 expenditures of the General Fund totaled \$108,743,193 which is an increase of \$4,822,440 or 4.6 percent over FY 17 expenditures.

As a service-based organization, the City's largest expense is for wages and related benefits, which equaled 64 percent of FY 18 expenditures. In the General Fund, labor and related accounts totaled \$69,619,149 for FY 18, versus \$66,661,804 for FY 17. This is an increase of \$2,957,345 or 4.4 percent. A pay raise increase of 3 percent was given to most full-time employees depending on whether they were topped out in their job classification, which also caused an increase to costs for the defined benefit and defined contribution plans. City management carefully monitors expenditures and hiring requests for all departments to ensure funds are 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.

Significant variances in expenses other than labor and its related accounts include:

- 1) The account for unforeseen contingences decreased \$2,592,708 from FY 17. The prior year included the \$1,570,087 transition pay accrual for the change of paying employees in-arrears versus current-pay used in prior years, which added an accrual for one extra pay period. FY 17 also includes \$1 million paid toward obtaining land for a recreation facility on the west side of the City. Salary and benefits costs for retirees increased \$1,250,746 from FY 17. The list of retirees grew from 262 to 276 from FY 17 to FY 18.
- 2) The Infrastructure Department realized an increase of \$4,312,984 in Capital Outlay in FY 18 as compared to the amount spent in FY 17 when it was included in the Engineering Department. This amount included special projects for various road projects to be paid for from fund balance cash reserves, State shared grants, and contributions from various contractors. The local share of the costs shared with the State was paid for from the TMBF/Bond Fund.
- 3) Capital Outlay for State Street Aid increased \$346,500 due to improvements for Blaze Drive which services a middle and high school on the west side of the City, work began in FY 17 and completed in FY 18. Additional roadway and right-of-way repairs were made, increasing \$491,015 over FY 17.
- 4) The Capital Outlay for the Police Department decreased \$1,614,234 from FY 17. Twenty-five new police vehicles including computer equipment, cameras and other accessories were added in FY 17. In FY 18 clothing and uniforms expense increased \$306,986 as new uniforms were put into place.
- 5) The Fire & Rescue Department recognized grant earnings totaling \$263,689 in FY 18 to purchase communication headsets and vehicle exhaust removal systems for several stations.
- 6) The Solid Waste Department experienced a fire within the mulch at the mulching site, resulting in an increase in water usage over the course of several months. Overall, utility costs for the department increased \$97,787 for FY 18.
- 7) Capital Outlay for Public Golf decreased \$461,976 in FY 18 as the golf cart fleet and several mowers were replaced in FY 17.

Debt Service Fund

The Debt Service Fund experienced a small decrease in fund balance of \$36,712 from FY 17.

The financed debt balance increased \$46,098,378 for governmental activities, including school debt service, from FY 17. The City made all scheduled principal payments on all debt on time. At June 30, 2018, the fixed rate to variable rate principal balance ratio is 83.01 to 16.99 percent respectively.

In March 2018 Moody's and Standard & Poor's provided a rating of Aa1 and AA/Stable to the City's \$71 million General Obligation Bonds, Series 2018 issue. Moody's annual comment on Murfreesboro, dated August 15, 2017, indicated the City's rating of Aa1 is above the US cities median of Aa3. In March 2018 S&P affirmed the long-term rating for Murfreesboro General Obligation debt as AA/Stable.

The City has committed to a shorter debt payback period by maintaining a 15-year debt amortization schedule for each issue and based on this timeframe will pay back 81.8 percent of debt within 10 years of debt owed at June 30, 2018.

The City intends to have an updated Capital Improvement plan completed in FY 19 and new debt is expected to be issued during calendar year 2019. The issuance is estimated to be approximately \$58 million.

In accordance with guidance from the State and the AICPA, the city school's debt service and capital outlay paid by the City of Murfreesboro is recorded on the schools' department-wide report. On page 28, under Other Governmental Funds, \$6,367,785 is included for debt principal and interest costs, for debt that was issued by the City and used for school buildings and equipment. Of this amount, \$5,539,085 was paid by the City and \$828,700 was paid by the Schools. 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 original budgeted expenditures totaled \$74,965,352 and the estimated revenues and transfers totaled \$72,386,909. Final budgeted expenditures were \$76,174,201, while final budgeted revenues and transfers totaled \$72,503,199. Final budget numbers anticipated a use of fund balance totaling \$3,671,002, the schools realized savings throughout their budget with the exception of capital outlay and added \$902,716 to fund balance.

School Federal and State Program Funds

The fund balance for the School Federal and State Program Fund remained relatively flat at \$1,870,703 as compared to \$1,706,947 in FY 17.

Extended School Program

The fund balance for the Extended School Program is \$550,954, a decrease of \$822,093. This decreased is due primarily to the start-up of the "Little Sprouts" program for daycare services for MCS employees. This included total renovation to an on-campus facility, new age appropriate playground and furnishings, upfront costs for staffing and training and phase-in of the program. Also, the ESP program purchased new management software, expanded enrichment opportunities that had upfront costs and a mid-day program for Special Education students that did not have enough students to offset the costs of operation.

Airport Fund

The Airport Fund had an increase of \$225,8722 (23.6 percent) in fuel sales, with a corresponding increase of \$1,005,872 (25 percent) for fuel costs and rebates offered. The fund balance increased \$105,573 from FY 17 due to various savings throughout the expenditure accounts along with modest increases in rental income and interest revenue.

Capital Projects Funds

TMBF/Bond Fund

The City has one open variable rate loan with a remaining balance to draw of \$580,406 (loan dated 4/14/2014) at June 30, 2018. Funds are to be drawn on a reimbursement basis from the Tennessee Municipal Bond Fund (TMBF).

Unspent fixed loan proceeds at June 30, 2018 from the loan borrowed October 15, 2012 from TMBF were \$387,381. The majority of the FY 18 expenditures were for road projects, fire department generators and improvements to the junior golf course.

Unspent bond proceeds at June 30, 2018 from a bond issued April 30, 2014 total \$490,677. The majority of the FY 18 expenditures were for an Airport runway extension and a new terminal project.

Unspent fixed rate loan and premium proceeds at June 30, 2018 from the loan borrowed April 25, 2016 from a Bond Issue were \$6,191,706. The majority of the FY 18 expenditures were for construction improvements to the police & fire training facility, construction of fire station #4 to replace an older neighborhood station, construction of a new police headquarters, greenway construction, and street projects.

Unspent fixed rate loan and premium proceeds at June 30, 2018 from the loan borrowed April 10, 2018 from a Bond Issue were \$46,242,765. The majority of the FY 18 expenditures were for upgrades across City buildings for energy savings, fire & rescue vehicles, construction of fire station #4 to replace an older neighborhood station, construction of a new police headquarters, police communication towers and radio equipment, purchase of land for a recreation facility on the west side of the City, and improvements for a practice soccer facility on the north side of town.

Internal Service Funds

Insurance Fund

The Insurance Fund recognized an increase in net position of \$1,892,632 in FY 18. The premiums for the employees' group health plan is a four-tier system that differentiates the family portion of the premium for an employee with child, spouse or both. The City works 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 was enhanced in FY 17 by adding a reward program through Humana titled Go365. Rewards claimed through the new program in FY 17 totaled \$5,005 for the partial year and grew to \$22,030 in FY 18 as employee participation grew. The City's insurance consultant is HUB International, Delta Dental continues as the dental provider and Blue Cross Blue Shield continues as the plan administrator for claims in FY 18.

The insurance premium rates are determined on a calendar year basis. There was a modest 1.5% increase in medical premiums for active employees from calendar year 2017 to 2018.

Risk Management Fund

The Risk Management Fund had a \$149,248 increase in net position from FY 17. Claims and administrative expense increased \$1,604,000 from FY 17 to FY 18. Workers compensation claims expense increased \$533,764, general liability claims increased \$938,371, fire and casualty claims decreased \$24,944, police claims increased \$31,477 and automobile claims decreased \$584,756. Cost of insurance policies and administrative costs increased \$710,088 from FY 17, in part due to the payment of these policies from Risk Management instead of the General Fund. Claims and judgments payable decreased \$905,500.

Pension Trust Funds

The City's Pension Fund, a defined benefit plan, had an increase of \$8,767,616 in net position restricted for pensions through June 30, 2018. This is a 6.75 percent increase from the previous year. The net investment income for FY 18 was \$10,090,706, and payments of benefits to participants increased \$604,560 from FY 17. The net position increase is attributed to the recovery in the investment market in FY 17 and FY 18 and increases in unrealized gains.

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 17 and FY 18 was 12.32 (increased to percent 12.87 for FY 19) and the City met all funding obligations.

The Pension Committee, an eight-member board, met with the actuary and third-party investment 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 and will work with the committee to review and implement suggested changes. The next assumption study is to be done by the actuary during FY 19. A funding policy was adopted June 4, 2016 by City Council, per State requirements. Additionally, an investment policy was approved by the committee in FY 15.

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 plan 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. The City's administrative involvement is limited to transmitting amounts withheld from payroll, as well as the City's match to the plan administrator who performs investing functions as directed by the participant.

Additional information regarding the pension plans can be found in Note H on pages 72 - 95, 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 Murfreesboro Water Resources Department at June 30, 2018 was \$380,955,672, an increase of \$21,318,461, over the prior year. The Electric Department had a net position of \$183,033,785 at June 30, 2018, an increase of \$9,241,286, over prior years. The net position for the other proprietary funds at June 30, 2018 was \$10,314,989, an increase of \$290,866, over the prior year. The Stormwater Fund is responsible for \$211,960 of this increase, while the Cemetery Fund recognized a \$78,906 increase in net position in FY 18.

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, 2018.

Overall, general fund budget exceeded general fund revenues by \$6,115,952 and expenditures and other financing sources/uses were less than budget by \$12,266,532. The budget anticipated a \$6,473,536 shortfall to be funded from available fund balance, but instead the actual amount was a shortfall was only \$322,956.

Budgeted federal revenues were more than actual by \$5,186,081 of which corresponding expenditures for road and greenway projects were less than budget because the greenway was re-bid and the construction start was delayed. Additionally, some road projects have progressed slower than anticipated or experienced unforeseen delays. State shared taxes exceeded budget by \$715,813. The solid waste division had anticipated charging residents for collection, budgeted at \$2,070,000, but that fee did not take effect in FY 18. Property taxes, in-lieu of taxes, and related accounts exceeded budget by \$411,596. The local option sales tax exceeded budget expectations by \$573,708. Court and red-light camera fines were less than budgeted by \$403,538. Recreation program income was \$154,530 more than budgeted, and Golf revenue was \$361,159 less than budgeted. Anticipated contributions for shared expenses were \$293,827 less than anticipated in the budget. Savings in labor and related benefits account for approximately \$1.8 million of the budget variance.

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, 2018 amounted to \$1,416,741,843 (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 3.4 percent (a 4.3 percent increase for governmental activities and a 2.1 percent increase for business-type activities).

Governmental activities:

Net additions to land totaled \$4,841,386 in FY 18. This land was purchased for the police headquarters and the remainder relates to recreation park projects.

Construction in progress at June 30, 2018 totaled \$64,785,560. Some of the larger projects in this total include: construction of a new elementary school \$3,292,259, extension of the airport runway \$5,332,248, extension of the Stones River Greenway \$2,923,496, various police communication towers totaling \$2,543,955, police radio system and equipment update of \$10,890,663, improvements to the police and fire & rescue training facility \$3,123,956, fire station #4 and roadway \$3,815,478, fire rescue trucks \$1,137,058 and various parks and recreation upgrades and renovations of \$1,676,621. Road projects account for \$28,701,473 or 44.3 percent, of which Middle Tennessee Boulevard widening from East Main Street to Greenland Drive accounts for 44.7 percent of the road projects. Reconstruction of Lytle Street in the downtown area near a newly constructed and County owned parking garage and judicial building accounts for another 23.4 percent of infrastructure construction in progress.

Government buildings increased by \$44,001,757 (before depreciation). The police headquarters accounts for \$35,256,111 of the FY 18 increase. Energy conservation improvements to various government buildings totaled \$4,091,134. The library technology building cost \$1,289,455.

Additions to government improvements other than buildings (before depreciation) totaled \$9,273,161. Of this increase \$4,656,110 relates to improvements to the Jordan farm soccer fields. Additionally, improvements to the police headquarters totaled \$2,930,365.

Total net equipment additions (before depreciation) totaled \$19,422,293. Some of the more significant additions include the equipping of the new police headquarters of \$10,456,691, a 100' aerial fire truck \$1,208,165, energy conservation equipment for the senior center building \$1,590,39, energy conservation, waterslide and other equipment for the Patterson Park facility \$1,159,761, the City Schools added an HVAC system to Siegel Elementary for \$356,610, VOIP (voice over internet protocol) upgrades for various schools \$250,624, three new school buses \$278,340, and various other school equipment \$1,228,290.

Infrastructure had net additions (before depreciation) of \$2,697,901 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping. Included in the road projects is the hot spot program \$931,769, and improvements to the neighborhood street of Three Rivers subdivision \$440,197. Other road projects throughout the City were completed at a cost of \$656,440. Traffic signal additions totaled \$514,319.

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 \$11.7 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 \$1,069,000.

**Capital Assets
Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-Depreciable Assets:						
Land	\$ 269,894,732	\$ 265,053,346	\$ 18,168,800	\$ 17,363,959	\$ 288,063,532	\$ 282,417,305
Construction in progress	64,785,560	86,964,383	12,730,906	48,778,669	77,516,466	135,743,052
Other Capital Assets:						
Buildings	160,326,549	121,107,939	81,703,003	76,326,443	242,029,552	197,434,382
Improvements other than buildings	53,954,886	48,925,892			53,954,886	48,925,892
Transmission & distribution mains			264,181,983	259,643,564	264,181,983	259,643,564
Electric plants			141,793,710	128,922,123	141,793,710	128,922,123
Equipment	49,410,050	36,056,445	58,469,103	34,242,838	107,879,153	70,299,283
Computer Software	1,970,183	2,292,588			1,970,183	2,292,588
Infrastructure	239,352,378	244,833,439			239,352,378	244,833,439
Total	\$ 839,694,338	\$ 805,234,032	\$ 577,047,505	\$ 565,277,596	\$ 1,416,741,843	\$ 1,370,511,628

Additional information on the City of Murfreesboro's capital assets can be found in Note E on pages 65 - 67 of this report. The Business-type FY 17 balance has been restated to reflect the reclassification of certain capital asset classifications consistent with the current year presentation.

Long-term Liabilities

Long-term liabilities of the City include debt, such as general obligation bonds, TMBF loans and revenue bonds as well as compensated absences, pension and Other Post-Employment (OPEB) obligations. Total long-term liabilities for the City of Murfreesboro increased \$48,742,675 during the year ended June 30, 2018. Long-term liabilities from governmental activities increased \$54,079,639 (14.6 percent) and business-type activities liabilities increased \$5,336,964 (3.3 percent).

The City has variable rate debt outstanding at June 30, 2018 totaling \$76,853,501 of which 38.9 percent (\$29,920,000) is business-type activities and 61.1 percent (\$46,933,501) is governmental activities. The variable interest rate varies by loan. More detail is available regarding the City's debt in Note F of this report, as well as in the Schedule of Debt Service Requirements by Fiscal Year included in the supplemental section of this report.

For the governmental activities, there is \$53,892,935 remaining to be spent from loans/bonds and premiums received for current and prior years issues, of which \$46,242,765 was for debt issued in April 2018. Additional new debt is expected to be issued in calendar year 2019.

The Murfreesboro Water Resources Department has five revolving loan agreements with the State of Tennessee for various capital projects. During FY 18, the department borrowed a total of \$4,776,960 from the State of Tennessee on one of these revolving loans for capital projects. The total outstanding balance of the revolving loans at June 30, 2018 is \$53,328,452. These loans bear interest at an annual interest rate ranging from 0.93 percent to 1.3 percent.

Interest is due and payable on a monthly basis. Under terms of the revolving loans, the Department has agreed to defer principal payments until the projects are substantially completed. Upon substantial completion, the loans will be converted to term loans with repayment to be made over a 20-year period.

Standard & Poor's provided a rating upgrade to AA+/Stable from the AA/Stable rating on the City's 2016C water and sewer system revenue and tax refunding bonds.

The Electric Department long term debt decreased \$1,069,000 during FY 18. The Electric Department has been successful in paying for capital projects without the need for additional debt.

Additional information on the City of Murfreesboro's long-term liabilities can be found in Note F on pages 67 - 71 of this report.

The City has adopted GASB Statement No. 75 regarding post-employment benefits which requires the cumulative effect of applying the new standards be reported as a restatement of the governmental employer's beginning net position for the earliest period restated. Together with current benefits earned, the liability recognized through June 30, 2018 is \$146,710,617 an increase of \$10,102,346 (7.4 percent) from the previous year after restatement. The business-type activities liability was \$34,509,804 an increase of \$2,184,134 or 6.8 percent after restatement. The governmental activities are made up of two groups, the school employees and the City governmental employees. The school liability was \$5,202,841 for a decrease of \$24,523 or 0.5 percent. The City liability is \$106,997,972 an increase of \$7,942,735 or 8.0 percent. The benefits offered to the governmental and water resources 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 18 and FY 19 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 J on pages 96 - 108 of this report.

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

Long-term Liabilities
June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
General obligation bonds	\$ 196,190,000	\$ 137,655,000			\$ 196,190,000	\$ 137,655,000
Add: Premium on bonds	16,755,039	13,653,029			16,755,039	13,653,029
Tennessee Municipal Bond Fund loans	77,067,501	91,918,460	\$ 29,920,000	\$ 33,161,000	106,987,501	125,079,460
Bank Loan	300,000	620,000			300,000	620,000
Energy Efficient School Loan	2,728,012	3,095,685			2,728,012	3,095,685
Revenue bonds			31,490,000	37,910,000	31,490,000	37,910,000
Add: Premium on refunding			1,733,956	2,290,140	1,733,956	2,290,140
Matured bonds payable			36,000	36,000	36,000	36,000
State revolving loans			53,328,452	50,785,488	53,328,452	50,785,488
Estimated landfill closure costs	1,059,000	1,073,000			1,059,000	1,073,000
Compensated absences	13,252,279	12,269,730	3,495,857	3,342,735	16,748,136	15,612,465
OPEB Liability	112,200,813	104,282,601	34,509,804	32,325,670	146,710,617	136,608,271
Claims and judgements	3,858,000	4,763,500			3,858,000	4,763,500
	<u>\$ 423,410,644</u>	<u>\$ 369,331,005</u>	<u>\$ 154,514,069</u>	<u>\$ 159,851,033</u>	<u>\$ 577,924,713</u>	<u>\$ 529,182,038</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the country and among the fastest growing cities in the State of Tennessee. The special census performed by the City in 2018 indicated a population base of 122,904, while the US Census Bureau's estimated the 2017 population to be 131,947. The difference is an indicator of the difficulty in getting citizens to respond to government inquiries. In September 2018, Money

magazine listed Murfreesboro as the 19th best place to live in the United States. The methodology used included categories such as economy, cost of living, diversity, education, income, housing, crime and amenities. The US Census Bureau reports, using statistics from 2013-2017, that Murfreesboro residents (age 25 or older) at least 92.3 percent have a high school degree, and 40.2 percent have a bachelor's or higher degree. Niche.com reports Murfreesboro to be #39 as best city to buy a house in America, and #51 as best city to raise a family in America.

Murfreesboro is the home of Middle Tennessee State University (MTSU), 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. Historically, 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 (TSSAA) and the Chamber of Commerce. These athletic events have a significant impact on the local economy. In early 2018, the Rutherford County Chamber of Commerce announced that the Spring Fling event, in partnership with TSSAA, resulted in a \$3.5 million economic impact on the County. This annual event is held over 5 days each May and hosts five sports (baseball, softball, girls' soccer, track & field and tennis). Events are held at venues across the county, including many held at MTSU. Approximately 1,000 volunteers assist at the event and 30,000 spectators attend throughout the week. The City's Parks and Recreation Department helps coordinate and staff the event each year, as well. Organizers note the event has brought community together and lead to increased awareness of Rutherford County as being known as the Sports Capital of Tennessee.

Governmental Activities

Citing its "small-town charm," impressive growth and a university in MTSU that is beloved by its alumni, fan base and supporters, in July 2017 Murfreesboro was named by Southern Living magazine among the "South's Best College Towns." Murfreesboro was among the 21 "small towns" described by the magazine in its travel section as "some true hidden gems of the South." The magazine defined "small town" as a city of 350,000 people or less and places in which "the college is a driving force in the character of the town," notes the listing on www.southernliving.com. In describing Murfreesboro, the magazine noted MTSU's "well-respected" recording industry program and its close proximity to Music City Nashville, making it easy to find live music in parks and restaurants as well as at events such as Main Street Murfreesboro's JazzFest, strongly supported by the MTSU School of Music. The magazine also noted that Middle Tennessee State University and the other selected schools were "exploring truly exciting academics and research that promise to reach the wider world."

The St. Clair Street Senior Center was awarded the Innovation Award in December 2017 by the Tennessee Federation for Aging (TFA). The Center was recognized for innovations made to the center following its \$2.3 million renovations to the Center's facility. Following this facelift, the Senior Center revamped programming with new media equipment and developed a rewards program to encourage participation at the Center, which serves approximately 900 seniors.

The Chamber also noted that the County ranks in the top 10 counties in the state for travel-related expenditures after seeing an increase from \$331 million to \$351 million (5.9 percent) increase in tourist spending from 2016 to 2017.

The City's FY 19 budget included a reappraisal by the Rutherford County Property Assessor, which moved the certified rate to \$.9494 which was adopted as the budgeted tax rate. The budget also included a new pay plan for full-time employees and a 1.5 percent increase to active employee medical insurance premiums.

In late FY 17, the Governor signed the IMPROVE Act which is new legislation that reduces the State Sales Tax on grocery items from 5 percent to 4 percent (a 20 percent reduction), reduces the Hall Income tax on interest and dividend income by one percent each year until the tax is eliminated and increase the gas tax over the next three years by six cents for gas and ten cents for diesel. The new fuel tax revenues will be used to fund major road and infrastructure projects. The changes impacted the FY 18 budget, but also allowed several road projects to be funded by the State.

In November 2017, City Council approved relocating and constructing a new Fire Station 4 on land already owned by the City. As part of the City's dedication to preserving history and educating the public, the station will house the newly refurbished 1892 Ahrens Steam Fire Engine. The horse-drawn engine with a coal boiler-powered pump will be stored and displayed at the station for educating the public on early firefighting technology. Construction on the Station was substantially complete January 2019.

In FY 17, TrustPoint Hospital announced a 148-bed expansion in Murfreesboro. TrustPoint provides acute physical medicine and rehabilitation services, behavioral health services for adults and seniors and acute medical psychiatry. This expansion represents a \$57 million investment in the community. This will support the hospital's growth and create close to 400 new jobs within the next five years, with an average annual salary of \$67,808. A ribbon cutting for the new expansion was held on December 2018.

In 2017, the Fountains at Gateway, Phase I opened for business. This new 31-acre Class A office and retail development was designed as a walkable corporate office campus and retail district on Murfreesboro's ever growing Medical Center Parkway. It also includes residential apartments and a hotel. Phase I includes a four-story 105,500 square-foot office building with retail on the first floor and two adjacent retail buildings totaling 32,000 square-feet. Eleven restaurant and retail tenants opened in 2017 with more to follow in 2018. Phase II is a mirror image of Phase I and will also include a mid-sized business class hotel and structured parking. Phase III will complete the development with a marquee office building that can be customized for tenants. This phase will include the 100-unit residential apartment community. The Fountains at Gateway also boasts an outdoor ice-skating rink in the winter time and an amphitheater for additional outdoor activities.

Construction on Phase I is nearing completion and in March Murfreesboro Medical Clinic (MMC) announced that they would be anchoring the newest building at the Fountains at Gateway. MMC will be occupying approximately 80% of the new building for its growing medical spa, dermatology, and plastic surgery departments.

In April, i3 Verticals, a company providing integrated payment and software solutions to small and medium sized businesses, announced that Murfreesboro was chosen for its new operations center. Their investment includes approximately \$500,000 and 42 new jobs. They have leased 8,500 square feet of office space at the Fountains at Gateway on the top floor of One Fountain Plaza.

Vanderbilt Medical Center reached agreement with the City for the purchase of land in the gateway area in March 2018. They broke ground on their 37,500 square foot single story Pediatric Clinic and Ambulatory Surgery Center as Phase 1 in October. It is expected to open in late 2019. The total investment is expected to be around \$27.2 million and will have 22 exam rooms; six urgent care rooms; full imaging services, including MRI, CT, ultrasounds, and X-ray; three operating rooms; and a procedure room. Pediatric specialties that will be at the new facility include gastroenterology, general surgery, orthopedics, otolaryngology, audiology, and urology. The new facility is expected to bring 80 jobs to the area.

Consultants advising City leaders on the Murfreesboro 2035 comprehensive plan have recommended greater investment in the downtown area to leverage its full potential for mixed use, residential and office space, and entertainment. Preserving historic elements of downtown is seen as a lucrative aspect of future redevelopment and maintaining Murfreesboro's character. In FY 16, the City purchased a block of property in the downtown area of Murfreesboro for \$1.55 million from Franklin Synergy Bank. The 1.87-acre property is the site of the former First United Methodist church with an iconic bell tower. This purchase has given the City the opportunity to influence the future development of the property as a mixed-use project. Under City ownership, administrators and elected officials would have greater input into what develops on the important downtown block as Lytle Street is reconfigured into a new roundabout with pedestrian and parking improvements. After receiving proposals for the redevelopment of the property, the City has selected a developer. The developer is currently performing their due diligence process.

The consulting firm of Ragan Smith completed a North Highland Avenue Planning Study in FY 17. This area was previously occupied by the City's medical community but much of it is now vacant due to the development of the new Medical Center Parkway area and relocation of St. Thomas Rutherford Hospital. The goal of the study was to present possible land use patterns and development scenarios as well as implementation strategies that will create a plan for future growth, create a positive sense of place, connect to the surrounding community and its positive historic elements, and increase economic vitality. A similar plan was done for a downtown area known as The Bottoms. The initial plan is to day-light a creek in the area for an improved stormwater plan and to develop new land-use ideas for the area including mixed use such business development, arts and community quality of life opportunities. City Council voted to approve the plan results in April 2017. With the creation of the Development Services Division the next steps will include taking action to encourage growth in these areas and implement the planning studies.

A new Capital Improvement Plan (CIP) for the next borrowing was developed and received approval from City Council in January 2019. The CIP includes projects and capital purchases generally costing more than \$50,000 and with a life of at least five years. The City anticipates borrowing \$58 million in early 2019 to fund this plan. Council has not yet been presented with a five-year plan, but future projects including projects that will need additional borrowing has been discussed at Council workshops.

Significant projects in the 2019 CIP include: \$29.1 million for construction a new elementary school and access road on the southwest side of Murfreesboro, \$1.2 million for a new fire engine, \$1.8 million for Fire Station, \$3 million to complete the airport terminal project and airport south apron development, \$4.3 million for the Doug Young Public Safety Training Center, \$3.4 million for construction of phase 4 of the greenway system and other greenway related projects, \$1 million to begin the Historic Bottoms/Highland Ave. development project, \$9.250 million for road projects.

Solid waste considerations have been at the forefront of discussions within the City and other Rutherford County communities in FY 17 and FY 18. The current landfill utilized by the middle Tennessee area is located in Rutherford County and is expected to reach capacity within the next eight years. In December 2016, the Rutherford County Solid Waste Advisory/Steering Council (SWAC) was appointed to consider solid waste options for the future. The committee includes representatives from all communities within the county - Rutherford County government, Murfreesboro, Smyrna, LaVergne and Eagleville. Local residents have paid no tipping fees to use the landfill, at an annual savings of at least \$4 million county-wide, but when Middle Point reaches capacity, that will no longer be possible. The City has budgeted a Solid Waste monthly fee of \$5 per container beginning in mid-FY 19 in anticipation of future disposal costs. Working in conjunction with Consolidated Utility District and the Murfreesboro Water Resources Department billing for the \$5 per container fee will be added to resident's water bill beginning in January 2019.

The Middle Tennessee Boulevard widening project began in FY 16 and is expected to be complete March 2019. This street runs next to the campus of Middle Tennessee State University and is being widen from Greenland Drive to East Main Street. The project is expected to help improve safety and alleviate traffic congestion in the University area.

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 has completed the design phase and is anticipated to begin the right of way phase during the first quarter of 2019 and the Bradyville Pike Project has begun the right-of-way phase, which is anticipated to take approximately 24 months. The actual construction date will depend upon the State of Tennessee Department of Transportation getting funding in place. The City is also working with the State to add sidewalks along Mercury Blvd. This project is now in the right of way phase and construction is anticipated to begin in the summer of 2019.

The City purchased the former Franklin Heights public housing complex on Bridge Avenue and held a groundbreaking ceremony in November 2016. This property will be known as the Doug Young Public Training Facility and will be used for Police and Fire & Rescue Departments' training facility. The facility will provide a safe place for training for local public safety agencies with features being added over time to include a classroom and administration building, storage building for equipment, drill tower for training on search and rescue, rappelling, confined space rescue and other tactical exercises, burn module for Class A* burns, simulated streetscape for motor vehicle accidents, traffic stops, etc., K-9 training area, physical fitness/obstacle courses, driving pad, and use of existing building for various law enforcement practical training activities. Construction will be done in phases and began during FY 17 with initial funding in the 2016 bond issue, additional funding was included in the 2018 bond issue and is included in the 2019 CIP plan.

The Murfreesboro Airport terminal, originally constructed in 1952, has long since outgrown its space due to the increase in air traffic. In December 2018 plans for airport terminal building were unveiled. The terminal will be replaced with a new modern 15,200 square foot facility as part of Phase I of the airport's renovations. The budget for the new terminal building is \$4.5 million and construction is anticipated to take a year. The new terminal will include office space for airport staff, space for Air Methods LifeFlight emergency of Vanderbilt, training centers for the MTSU aerospace program, multiple conference rooms to rent, an outdoor balcony, and a kitchen for catering.

Phase II of the airport renovations were announced in January 2019 with the award of a \$2 million grant from the Tennessee Department of Transportation Aeronautics Economic Development Fund. This grant will allow the airport to replace an old Quonset hut being used as a hanger with a larger modern hanger with office space. The new

hanger will also be located in a better position which will improve site lines for taxiing aircraft. Design work on the hanger is set to begin in the Spring of 2019 with construction beginning in 2020.

Business-Type Activities

Several variables and factors influence the cost of water and sewer service which in turn results in increasing costs to customers. Commodity price increases in such items as electricity, chemicals, natural gas, and fuel continue. The rising cost for replacement of an aging infrastructure will continue to be a major liability. Pension and health care benefits increase labor costs.

All utilities incur a certain degree of expense just to operate, and will incur those expenses, even if no water is sold. In general, usage is declining nationally as costs remain the same or increase. Most utility rate structures include a volume-based charge. Declining usage revenues are being experienced as operating and capital expenses are increasing. The Murfreesboro Water Resources Department (MWRD) is realizing these pressures with declining water and sewer consumption usage resulting in less revenue as costs increase. However, the water and sewer rate designs have been modified to raise the minimum bill and reduce the minimum bill allowances over the past few years resulting in increased revenues while consumption declines and rates remain the same.

In preparing the FY 19 budget, these trends were considered. Sales projections for water and sewer were shown to increase from the previous year. Growth within the City of Murfreesboro and Rutherford County has continued to afford MWRD a surplus in budgeted revenues. Because of sales revenue trends outpacing the increasing expenses, no rate increases were recommended in developing the FY 19 budget.

The MWRD was provided with a cost of service study (COSS) from Jackson Thornton Utilities Consultants for FY 2017, which was presented at the February 28, 2018 Board meeting. Jackson Thornton has, since that time, provided a pro forma for FY 2022. This pro forma was run using two scenarios:

- 1) A "Base" scenario assuming no new debt was added between FY 17 and FY 22. This assumes using reserves on hand to pay for \$35,000,000 in capital projects.
- 2) A scenario where \$35,000,000 in debt (20-yr @ 2%) is incurred to pay for the Northeast Regional Pumping Station and Force main as well as the necessary capital equipment to perform full scale biosolids drying at the Water Recovery Facility (WRRF). Full payback of the total loan amount was assumed in FY 2022.

The water rate is recommended to remain at \$3.66 per 1,000 gallons (\$0.00366 per gallon) and the sewer rate is recommended to remain at \$5.67 per 1,000 gallons (\$0.00567 per gallon). The average monthly bill for an MWSD customer that uses 5,700 gallons per month for water and 4,700 gallons per month of sewer will remain the same, or \$65.50 per month.

Changes to the system development charges (a.k.a., connection fees) for different nonresidential uses are being recommended. Restaurants, Hotel/motel, hospitals and nursing homes, and schools are assessed per seat, per room, per bed, and per student respectively. The water and sewer connection fees for these uses are being recommended as essentially doubled. This recommendation is estimated to increase the MWRD's working capital reserves by approximately \$215,000 annually.

In addition to attracting new commercial and industrial customers, the electric department's current customer base has been expanding. General Mills has closed some of its plants and has consolidated its entire yogurt production to the Murfreesboro facility. Middle Tennessee State University has expanded and updated its campus. Both customers have recently increased their power contract demand levels. In partnership with TVA, Murfreesboro Electric Department (MED) has executed economic development incentive packages with General Mills, M Tek, Cosmolab Inc., Amazon, Wei Chuan USA Inc., The Kroger Company, and other smaller manufacturing customers. Additional incentive packages are under active consideration.

MED does not anticipate a local rate increase next year. However, TVA has announced a 1.5% rate increase for its FY 19 effective October 1 which the department will pass through to its customers.

TVA is driving towards sending price signals to match cost of usage with cost of generation. TVA's future rate design strategic direction is towards proper integration of renewable generation and demand response resources. MED expects a rate restructure in October 2019 to better align fixed cost recovery to bring demand and energy closer to costs.

As reported in prior years the Total Monthly Fuel Cost Adjustment provides some degree of uncertainty in the total rates consumer pay for electricity. This rate component covers TVA's actual out-of-pocket costs for fuel with no margin for either TVA or MED. Monthly forecasts for FY 19 are projected from 1.656 cents per kilowatt-hour to 1.892 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, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 77,713,956	\$ 166,234,186	\$ 243,948,142
Certificates of deposit	355,658		355,658
Investments	6,459,689		6,459,689
Receivables, net of allowance for uncollectibles	80,487,702	22,429,755	102,917,457
Internal balances	(11,394,009)	11,394,009	
Inventories	301,956	3,220,126	3,522,082
Net pension asset	504,344	4,436,753	4,941,097
Prepaid items and other assets	47,849	928,002	975,851
Restricted assets -			
Cash and cash equivalents	15,892,081	86,799	15,978,880
Certificate of deposit	877,834		877,834
Investments, at fair value	47,925,465		47,925,465
Capital assets -			
Land and construction in progress	334,680,292	30,899,706	365,579,998
Other capital assets, net of depreciation	505,014,046	546,147,799	1,051,161,845
Total Assets	\$ <u>1,058,866,863</u>	\$ <u>785,777,135</u>	\$ <u>1,844,643,998</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	\$ 248,649	\$ 1,113,313	\$ 1,361,962
Deferred outflows related to pensions	18,040,526	2,844,762	20,885,288
Deferred outflows related to OPEB	260,746		260,746
Total Deferred Outflows of Resources	\$ <u>18,549,921</u>	\$ <u>3,958,075</u>	\$ <u>22,507,996</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 19,544,914	\$ 30,059,888	\$ 49,604,802
Unearned revenue	3,452,898		3,452,898
Deposits held	4,131,368	11,317,660	15,449,028
Other deposits	35,976		35,976
Matured bond interest payable	806		806
Other liabilities	273,346	2,707,979	2,981,325
Long-term liabilities -			
Due within one year	34,474,561	14,042,527	48,517,088
Due in more than one year	276,735,270	105,961,738	382,697,008
OPEB liability	112,200,813	34,509,804	146,710,617
Net pension liability, due in more than one year	18,744,592	2,407,092	21,151,684
Total Liabilities	\$ <u>469,594,544</u>	\$ <u>201,006,688</u>	\$ <u>670,601,232</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred current property taxes	\$ 42,305,236		\$ 42,305,236
Deferred other revenue	12,558,291		12,558,291
Funds received in advance	201,000		201,000
Deferred inflows related to pensions	6,826,055	\$ 2,048,624	8,874,679
Deferred inflows related to OPEB	246,104		246,104
Total Deferred Inflows of Resources	\$ <u>62,136,686</u>	\$ <u>2,048,624</u>	\$ <u>64,185,310</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 610,531,493	\$ 460,941,457	\$ 1,071,472,950
Restricted for -			
Education	7,177,116		7,177,116
Capital activity and debt service		65,431	65,431
Highways and streets	3,767,622		3,767,622
Law enforcement	690,018		690,018
Other purposes	567,612	4,458,121	5,025,733
Perpetual care -			
Expendable	558,562		558,562
Nonexpendable	2,191,960		2,191,960
Unrestricted	(79,798,829)	121,214,889	41,416,060
Total Net Position	\$ <u>545,685,554</u>	\$ <u>586,679,898</u>	\$ <u>1,132,365,452</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2018

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
Governmental activities -							
General government	\$ 13,619,931	\$ 122,438	\$ 242,942		\$ (13,254,551)		\$ (13,254,551)
Police	37,535,711	262,156	290,093	\$ 8,974	(36,974,488)		(36,974,488)
Fire and rescue	21,534,619	1,050,785	122,885	851,689	(19,509,260)		(19,509,260)
City court	584,671	1,865,503			1,280,832		1,280,832
Engineering	15,534,820	286,241	25	7,352,253	(7,896,301)		(7,896,301)
State street aid	2,407,894		3,696,031		1,288,137		1,288,137
Planning	1,239,796	43,314			(1,196,482)		(1,196,482)
Building and codes	2,207,725	3,638,512			1,430,787		1,430,787
Solid waste	6,253,901	5,028			(6,248,873)		(6,248,873)
Transportation	3,086,388	110,577	1,522,782	122,388	(1,330,641)		(1,330,641)
Urban environmental	1,360,605	4,165	12,000		(1,344,440)		(1,344,440)
Public health, education and welfare	2,464,045				(2,464,045)		(2,464,045)
Community services	9,042,148	6,239,007	905,255	125,909	(1,771,977)		(1,771,977)
Recreation	17,859,156	3,969,558	340,268	1,185,987	(12,363,343)		(12,363,343)
Community/economic development	1,207,616		1,462,587		254,971		254,971
Education	80,877,363	138,117	75,327,213		(5,412,033)		(5,412,033)
Food service	5,974,186	366,075	6,593,024		984,913		984,913
Interest on long-term debt	6,213,882				(6,213,882)		(6,213,882)
Total governmental activities	\$ 229,004,457	\$ 18,101,476	\$ 90,515,105	\$ 9,647,200	\$ (110,740,676)		\$ (110,740,676)
Business-type activities -							
Water, sewer, and stormwater	\$ 42,239,385	\$ 47,422,308		\$ 18,135,871	\$ 23,318,794		\$ 23,318,794
Electric	161,721,756	174,059,044			12,337,288		12,337,288
Cemetery	505,399	539,170	\$ 114,403		148,174		148,174
Total business-type activities	\$ 204,466,540	\$ 222,020,522	\$ 114,403	\$ 18,135,871	\$ 35,804,256		\$ 35,804,256
Total primary government	\$ 433,470,997	\$ 240,121,998	\$ 90,629,508	\$ 27,783,071	\$ (110,740,676)	\$ 35,804,256	\$ (74,936,420)
General revenues -							
Taxes -							
Property taxes					\$ 42,327,419		\$ 42,327,419
Sales taxes					46,479,708		46,479,708
Beer and liquor taxes					4,870,243		4,870,243
Gross receipts tax					3,669,176		3,669,176
Hotel/motel tax					1,647,430		1,647,430
Gas and cable franchise taxes					2,930,622		2,930,622
Grants and contributions not restricted to specific programs					13,116,964		13,116,964
Unrestricted investment earnings					739,635	\$ 293,489	1,033,124
Miscellaneous					267,085		267,085
Contributions to permanent funds						95,102	95,102
Transfers					3,306,763	(3,306,763)	
Total general revenues, contributions, and transfers					\$ 119,355,045	\$ (2,918,172)	\$ 116,436,873
Change in net position					\$ 8,614,369	\$ 32,886,084	\$ 41,500,453
Net position - beginning, as previously reported					\$ 581,418,910	\$ 571,194,988	\$ 1,152,613,898
Prior period adjustment					(44,347,725)	(17,401,174)	(61,748,899)
Net position - beginning, as restated					\$ 537,071,185	\$ 553,793,814	\$ 1,090,864,999
Net position - ending					\$ 545,685,554	\$ 586,679,898	\$ 1,132,365,452

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2018

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF / Bond Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 48,435,042	\$ 7,790,012	\$ 2,089,784		\$ 5,795,355	\$ 64,110,193
Certificates of deposit					355,658	355,658
Investments	4,466,840					4,466,840
Receivables, net of allowance for uncollectibles -						
Taxes	42,304,352					42,304,352
Accounts		35,302			131,928	167,230
Other	2,770,854			\$ 822,845	10,379	3,604,078
Due from others	1,390,869				367,492	1,758,361
Due from other funds	4,278,775	7,158			124,156	4,410,089
Due from other governments	16,177,599	14,252,224			1,084,070	31,513,893
Program receivables, net	846,883					846,883
Prepaid items and deposits	44,231					44,231
Inventories	185,947				116,009	301,956
Restricted assets -						
Cash and cash equivalents	5,118,945			10,395,890	377,246	15,892,081
Certificates of deposit					377,834	377,834
Investments, at fair value				45,710,909	2,214,556	47,925,465
Total Assets	\$ 126,020,337	\$ 22,084,696	\$ 2,089,784	\$ 56,929,644	\$ 10,954,683	\$ 218,079,144
<u>LIABILITIES</u>						
Accounts payable	\$ 5,407,622	\$ 347,027		\$ 2,477,148	\$ 135,630	\$ 8,367,427
Accrued liabilities	3,534,766	4,833,147			614,217	8,982,130
Deposits held	4,131,368					4,131,368
Matured bond interest payable			\$ 806			806
Due to other funds		86,256		3,291,109	51,666	3,429,031
Due to other governments		245,824				245,824
Unearned revenue	3,891,379				42,720	3,934,099
Other deposits					35,976	35,976
Other liabilities	273,346					273,346
Total Liabilities	\$ 17,238,481	\$ 5,512,254	\$ 806	\$ 5,768,257	\$ 880,209	\$ 29,400,007
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	\$ 41,494,759					\$ 41,494,759
Unavailable revenue - in lieu of taxes	810,477					810,477
Unavailable revenue - court fines	1,003,184					1,003,184
Unavailable revenue - other taxes	426,295					426,295
Unavailable revenue - intergovernmental	309,322	\$ 10,875,872				11,185,194
Unavailable revenue - developer assessments				\$ 822,505		822,505
Unavailable revenue - program income	846,883					846,883
Unavailable revenue - other	163,273				\$ 13,031	176,304
Funds received in advance of timing requirements	201,000					201,000
Total Deferred Inflows of Resources	\$ 45,255,193	\$ 10,875,872		\$ 822,505	\$ 13,031	\$ 56,966,601
<u>FUND BALANCES</u>						
Nonspendable	\$ 230,178				\$ 2,307,969	\$ 2,538,147
Restricted	4,520,908			\$ 50,338,882	2,162,494	57,022,284
Committed	15,922	\$ 5,425,188			5,032,418	10,473,528
Assigned	5,440,249	271,382	\$ 2,088,978		558,562	8,359,171
Unassigned	53,319,406					53,319,406
Total Fund Balances	\$ 63,526,663	\$ 5,696,570	\$ 2,088,978	\$ 50,338,882	\$ 10,061,443	\$ 131,712,536
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 126,020,337	\$ 22,084,696	\$ 2,089,784	\$ 56,929,644	\$ 10,954,683	\$ 218,079,144

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2018

Total Governmental Fund Balances	\$ 131,712,536
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.	839,694,338
Internal service funds are used by management to charge costs of employee health insurance, workers' 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.	10,976,626
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.	(12,043,834)
Net pension assets are not available for current-period expenditures and, therefore, are not reported in the funds.	504,344
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of the related expense in future years as follows:	
Pensions	11,214,471
OPEB	14,642
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	2,631,924
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.	(439,019,493)
Net Position of Governmental Activities	<u>\$ 545,685,554</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, 2018

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF/Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues-						
Taxes	\$ 98,993,976					\$ 98,993,976
Intergovernmental	24,229,025	\$ 69,283,321			\$ 12,844,018	106,356,364
Charges for services	6,227,279	138,117			5,931,547	12,296,943
Donations	2,886,121					2,886,121
Interest and investment earnings	294,112		\$ 1,068	\$ 205,913	223,751	724,844
Licenses and permits	5,743,450					5,743,450
Miscellaneous	6,330,383	466,282		384,464	1,416,652	8,597,781
	<u>\$ 144,704,346</u>	<u>\$ 69,887,720</u>	<u>\$ 1,068</u>	<u>\$ 590,377</u>	<u>\$ 20,415,968</u>	<u>\$ 235,599,479</u>
Expenditures-						
Current -						
General government	\$ 12,127,724					\$ 12,127,724
Police	29,205,445				\$ 208,053	29,413,498
Fire and rescue	18,772,942					18,772,942
City Court	505,752					505,752
Engineering	6,536,397					6,536,397
State street aid	3,561,304					3,561,304
Planning	1,217,832					1,217,832
Building and codes	1,885,639					1,885,639
Solid waste	4,790,418					4,790,418
Transportation	2,903,408					2,903,408
Urban environmental	1,161,760					1,161,760
Public health, education and welfare	2,365,967					2,365,967
Community services	1,618,696				6,638,720	8,257,416
Recreation	13,099,353					13,099,353
Community/economic development	1,171,088					1,171,088
Education		\$ 72,333,705			4,984,594	77,318,299
Food Service					5,986,705	5,986,705
Capital outlay	7,819,468	1,592,632		\$ 47,025,845	3,323,950	59,761,895
Debt service -						
Principal			\$ 22,757,893		5,351,780	28,109,673
Interest			6,292,613		1,016,005	7,308,618
Debt issuance costs and fiscal agent fees			50,408	296,009		346,417
Other			6,780			6,780
	<u>\$ 108,743,193</u>	<u>\$ 73,926,337</u>	<u>\$ 29,107,694</u>	<u>\$ 47,321,854</u>	<u>\$ 27,509,807</u>	<u>\$ 286,608,885</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 35,961,153</u>	<u>\$ (4,038,617)</u>	<u>\$ (29,106,626)</u>	<u>\$ (46,731,477)</u>	<u>\$ (7,093,839)</u>	<u>\$ (51,009,406)</u>
Other Financing Sources (Uses)-						
Issuance of debt		\$ 334,095		\$ 70,771,946		\$ 71,106,041
Bond premium		22,515		4,762,309		4,784,824
Transfers in	\$ 3,147,660	5,362,597	\$ 34,608,999		\$ 6,407,204	49,526,460
Transfers out	(39,431,769)	(777,874)	(5,539,085)	(429,246)	(251,228)	(46,429,202)
	<u>\$ (36,284,109)</u>	<u>\$ 4,941,333</u>	<u>\$ 29,069,914</u>	<u>\$ 75,105,009</u>	<u>\$ 6,155,976</u>	<u>\$ 78,988,123</u>
Net change in fund balances	\$ (322,956)	\$ 902,716	\$ (36,712)	\$ 28,373,532	\$ (937,863)	\$ 27,978,717
Fund Balances at beginning of year	63,849,619	4,793,854	2,125,690	21,965,350	10,986,787	103,721,300
Change in reserve for inventory					12,519	12,519
Fund Balance at end of year	<u>\$ 63,526,663</u>	<u>\$ 5,696,570</u>	<u>\$ 2,088,978</u>	<u>\$ 50,338,882</u>	<u>\$ 10,061,443</u>	<u>\$ 131,712,536</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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 27,978,717
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.	33,926,597
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.	533,709
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	328,209
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.	(46,145,159)
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. Other items such as contributions to pension funds are expensed in the funds while an actuarially determined expense amount is included in the statement of activities.	(8,014,113)
Internal service funds are used by management to charge costs of employee health insurance, workers' 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.	1,710,262
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.	(1,703,853)
Change in Net Position of Governmental Activities	\$ <u><u>8,614,369</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	\$ 39,638,223	\$ 39,638,223	\$ 39,643,425	\$ 5,202
Public utilities	942,600	942,600	920,336	(22,264)
Murfreesboro Housing Authority	110,000	110,000		(110,000)
Other tax equivalents	600,000	600,000	710,009	110,009
Recovery of taxes deemed uncollectible	500,000	500,000	875,849	375,849
Penalty and interest on taxes	125,000	125,000	177,800	52,800
Sales tax	45,906,000	45,906,000	46,479,708	573,708
Beer tax	3,400,000	3,400,000	3,441,080	41,080
Liquor tax	1,300,000	1,300,000	1,326,012	26,012
Gross receipts tax	4,000,100	4,000,100	3,669,176	(330,924)
Beer privilege tax	30,000	30,000	31,900	1,900
Liquor privilege tax	64,000	64,000	71,251	7,251
Hotel/motel tax	1,650,000	1,650,000	1,647,430	(2,570)
	<u>\$ 98,265,923</u>	<u>\$ 98,265,923</u>	<u>\$ 98,993,976</u>	<u>\$ 728,053</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 76,000	\$ 76,000	\$ 71,300	\$ (4,700)
Gas and mechanical licenses	7,000	7,000	5,050	(1,950)
Building permits	2,500,000	2,500,000	2,461,617	(38,383)
Electrical permits	460,000	460,000	495,695	35,695
Plumbing permits	275,000	275,000	290,575	15,575
Excavating permits	58,000	58,000	50,600	(7,400)
Mechanical permits	175,000	175,000	172,833	(2,167)
Gas permits	48,000	48,000	56,880	8,880
Fireworks permits	5,000	5,000	7,500	2,500
Beer application fees	13,000	13,000	38,150	25,150
Court fines	1,750,000	1,750,000	1,119,987	(630,013)
Red light camera fees	670,000	670,000	896,475	226,475
Burglar alarm permits	83,000	83,000	51,520	(31,480)
Other fines and fees			25,268	25,268
	<u>\$ 6,120,000</u>	<u>\$ 6,120,000</u>	<u>\$ 5,743,450</u>	<u>\$ (376,550)</u>
Intergovernmental Revenues -				
Rutherford County	\$ 439,750	\$ 439,750	\$ 456,807	\$ 17,057
State sales tax allocation	8,866,300	8,866,300	9,479,021	612,721
State beer tax allocation	53,000	53,000	50,864	(2,136)
State gasoline tax allocation	3,839,800	3,839,800	3,917,699	77,899
State mixed drink tax	980,000	980,000	1,086,188	106,188
TVA gross receipts tax	1,250,000	1,250,000	1,237,287	(12,713)
State income tax allocation	1,001,485	1,001,485	852,590	(148,895)
State excise tax	150,000	150,000	191,379	41,379
State funds	442,900	442,900	734,176	291,276
Federal funds	11,299,870	11,409,095	6,223,014	(5,186,081)
	<u>\$ 28,323,105</u>	<u>\$ 28,432,330</u>	<u>\$ 24,229,025</u>	<u>\$ (4,203,305)</u>
Charges for services -				
Planning department	\$ 60,000	\$ 60,000	\$ 43,314	\$ (16,686)
Police department	65,700	75,192	50,684	(24,508)
Fire department	1,007,232	1,007,232	1,050,785	43,553
Street department	336,212	336,212	286,241	(49,971)
Building department	41,000	41,000	33,962	(7,038)
Urban Environmental department	2,500	2,500	4,165	1,665
Public Transit fares	128,000	128,000	110,577	(17,423)
Recreation - program income	1,965,290	2,115,290	2,269,820	154,530
Public Golf department - program income	2,060,897	2,060,897	1,699,738	(361,159)
Senior Citizens - program income	125,000	125,000	109,726	(15,274)
Solid Waste department	2,070,000	2,070,000	5,028	(2,064,972)
Other charges for services	278,790	278,790	563,239	284,449
	<u>\$ 8,140,621</u>	<u>\$ 8,300,113</u>	<u>\$ 6,227,279</u>	<u>\$ (2,072,834)</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous Revenues -				
Interest	\$ 177,025	\$ 177,025	\$ 294,112	\$ 117,087
Charges for use of property	398,600	398,600	478,501	79,901
Gas franchise revenue	925,000	925,000	1,209,110	284,110
Cable franchise revenue	1,850,000	1,850,000	1,721,512	(128,488)
Miscellaneous assessments - active funds	2,370,690	2,370,690	2,076,863	(293,827)
Community Development program income			77,805	77,805
Other agencies	50,000	331,365	320,620	(10,745)
Miscellaneous revenue	1,814,605	1,814,605	445,972	(1,368,633)
Donations received	1,674,155	1,834,647	2,886,121	1,051,474
	<u>\$ 9,260,075</u>	<u>\$ 9,701,932</u>	<u>\$ 9,510,616</u>	<u>\$ (191,316)</u>
TOTAL REVENUES	<u>\$ 150,109,724</u>	<u>\$ 150,820,298</u>	<u>\$ 144,704,346</u>	<u>\$ (6,115,952)</u>
Expenditures -				
General Government -				
Legislative Department -				
Salaries and wages	\$ 80,400	\$ 80,400	\$ 69,000	\$ 11,400
Employee benefits	73,663	73,663	70,066	3,597
Contractual services	73,500	73,500	78,078	(4,578)
Professional services	40,000	40,000	42,500	(2,500)
Training and travel	7,500	7,500	8,979	(1,479)
Other supplies	1,000	1,000	85	915
Capital outlay	7,500	7,500		7,500
Other miscellaneous	24,300	24,300	1,656	22,644
Total Legislative Department	<u>\$ 307,863</u>	<u>\$ 307,863</u>	<u>\$ 270,364</u>	<u>\$ 37,499</u>
Administration Department -				
Salaries and wages	\$ 485,307	\$ 606,307	\$ 583,524	\$ 22,783
Employee benefits	162,082	162,082	147,282	14,800
Contractual services	13,600	40,600	30,186	10,414
Utility services	36,800	36,800	36,546	254
Professional services			5,407	(5,407)
Repairs and maintenance	1,700	1,700	3,895	(2,195)
Training and travel	22,750	22,750	20,870	1,880
Administrative supplies	11,000	9,000	2,981	6,019
Other supplies	13,200	13,200	8,236	4,964
Insurance	791	791	1,534	(743)
Capital outlay		2,000	1,286	714
Other miscellaneous	14,000	14,000	19,214	(5,214)
Total Administration Department	<u>\$ 761,230</u>	<u>\$ 909,230</u>	<u>\$ 860,961</u>	<u>\$ 48,269</u>
Finance Department -				
Salaries and wages	\$ 915,083	\$ 915,083	\$ 898,736	\$ 16,347
Employee benefits	299,820	299,820	298,121	1,699
Contractual services	16,620	16,620	8,388	8,232
Utility services	3,200	3,200	1,970	1,230
Professional services	213,400	213,400	193,400	20,000
Repairs and maintenance	27,400	27,400	23,654	3,746
Training and travel	8,750	8,750	9,353	(603)
Administrative supplies	58,500	57,585	46,132	11,453
Other supplies			31	(31)
Insurance	350	350	314	36
Capital outlay	10,800	11,715	10,774	941
Other miscellaneous	3,100	3,100	1,172	1,928
Total Finance Department	<u>\$ 1,557,023</u>	<u>\$ 1,557,023</u>	<u>\$ 1,492,045</u>	<u>\$ 64,978</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government (continued) -				
Purchasing Department -				
Salaries and wages	\$ 135,861	\$ 135,861	\$ 135,954	\$ (93)
Employee benefits	31,143	31,143	31,883	(740)
Contractual services	12,000	12,000	4,486	7,514
Utility services	400	400	470	(70)
Professional services	18,500	18,500	17,000	1,500
Repairs and maintenance	1,000	1,000	746	254
Training and travel	4,250	4,250	2,271	1,979
Administrative supplies	2,600	2,600	5,469	(2,869)
Insurance	315	315	314	1
Capital outlay	3,500	3,500	350	3,150
Other miscellaneous	500	500		500
Total Purchasing Department	\$ 210,069	\$ 210,069	\$ 198,943	\$ 11,126
Legal Department -				
Salaries and wages	\$ 635,051	\$ 635,051	\$ 625,559	\$ 9,492
Employee benefits	222,952	222,952	228,462	(5,510)
Contractual services	48,700	48,700	25,864	22,836
Utility services	2,600	2,600	2,897	(297)
Professional services	25,000	25,000	15,186	9,814
Repairs and maintenance	3,000	3,000	1,972	1,028
Training and travel	9,700	9,700	2,665	7,035
Administrative supplies	6,400	6,400	4,229	2,171
Insurance			50	(50)
Capital outlay	3,300	3,300	2,417	883
Other miscellaneous	500	500	195	305
Total Legal Department	\$ 957,203	\$ 957,203	\$ 909,496	\$ 47,707
Information Technology Department -				
Salaries and wages	\$ 908,777	\$ 908,777	\$ 862,810	\$ 45,967
Employee benefits	406,675	406,675	388,873	17,802
Contractual services	212,090	212,090	29,613	182,477
Utility services	46,290	48,950	59,145	(10,195)
Professional services			519	(519)
Repairs and maintenance	922,000	922,000	446,253	475,747
Training and travel	17,000	17,000	12,856	4,144
Administrative supplies	26,100	226,100	296,783	(70,683)
Other supplies	700	700	558	142
Insurance			1,657	(1,657)
Capital outlay	597,500	397,500	212,485	185,015
Other miscellaneous			5,146	(5,146)
Total Information Technology Department	\$ 3,137,132	\$ 3,139,792	\$ 2,316,698	\$ 823,094
Human Resources Department -				
Salaries and wages	\$ 639,992	\$ 618,492	\$ 598,618	\$ 19,874
Employee benefits	251,640	251,640	204,400	47,240
Contractual services	34,280	34,280	8,612	25,668
Utility services	2,340	2,340	2,831	(491)
Professional services	448,500	448,500	105,103	343,397
Repairs and maintenance	11,100	11,100	9,404	1,696
Training and travel	42,750	42,750	9,413	33,337
Administrative supplies	21,155	21,155	30,498	(9,343)
Other supplies	1,300	1,300	250	1,050
Insurance			50	(50)
Capital outlay	5,500	27,000	24,327	2,673
Other miscellaneous	1,500	1,500	341	1,159
Total Human Resources Department	\$ 1,460,057	\$ 1,460,057	\$ 993,847	\$ 466,210

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government (continued) -				
Fleet Services Department -				
Salaries and wages	\$ 788,752	\$ 788,752	\$ 742,027	\$ 46,725
Employee benefits	373,172	373,172	359,078	14,094
Utility services	65,100	65,100	46,356	18,744
Professional services	500	500		500
Repairs and maintenance	623,600	623,600	514,621	108,979
Training and travel	12,500	12,500	3,897	8,603
Administrative supplies	3,000	3,000	2,441	559
Other supplies	1,180,500	1,180,500	1,250,491	(69,991)
Insurance	2,706	2,706	2,572	134
Chemicals	1,500	1,500		1,500
Capital outlay	54,880	54,880	40,108	14,772
Other miscellaneous	2,500	2,500	1,525	975
Allocation to other general fund departments	(2,598,010)	(2,598,010)	(2,438,870)	(159,140)
Total Fleet Services Department	\$ 510,700	\$ 510,700	\$ 524,246	\$ (13,546)
General Government Buildings Department -				
Salaries and wages	\$ 302,170	\$ 302,170	\$ 305,168	\$ (2,998)
Employee benefits	130,310	130,310	109,723	20,587
Contractual services	2,100	2,100	1,691	409
Utility services	204,950	204,950	143,791	61,159
Professional services	500	500		500
Repairs and maintenance	77,250	77,250	64,409	12,841
Training and travel	250	250		250
Administrative supplies	2,250	2,250	14,899	(12,649)
Other supplies	28,200	28,200	16,787	11,413
Insurance	3,859	3,859	920	2,939
Capital outlay	18,800	43,800	39,536	4,264
Other miscellaneous	5,000	5,000	422	4,578
Total General Government Buildings Department	\$ 775,639	\$ 800,639	\$ 697,346	\$ 103,293
Other General Government -				
Civic Plaza	\$ 74,452	\$ 74,452	\$ 62,346	\$ 12,106
City Hall parking garage	95,220	95,220	77,021	18,199
Employee benefits	2,310,479	2,310,479	2,418,975	(108,496)
County shared costs	515,000	515,000	5,509	509,491
Gateway	30,000	30,000	2,216	27,784
Insurance	680,862	680,862	680,863	(1)
Mixed drink tax allocation	490,000	490,000	539,355	(49,355)
Unforeseen miscellaneous and contingencies	500,000	183,952	6,150	177,802
Other miscellaneous	100,450	100,450	71,343	29,107
Total Other General Government	\$ 4,796,463	\$ 4,480,415	\$ 3,863,778	\$ 616,637
Total General Government	\$ 14,473,379	\$ 14,332,991	\$ 12,127,724	\$ 2,205,267
Police Department -				
Salaries and wages	\$ 18,372,538	\$ 18,358,320	\$ 17,570,564	\$ 787,756
Employee benefits	7,003,990	7,003,990	6,682,478	321,512
Contractual services	607,850	582,850	612,571	(29,721)
Utility services	678,920	678,920	890,214	(211,294)
Professional services	104,500	104,500	40,649	63,851
Repairs and maintenance	1,415,084	1,428,085	895,395	532,690
Training and travel	382,100	382,100	330,407	51,693
Administrative supplies	126,495	126,495	114,851	11,644
Other supplies	1,254,746	1,254,746	1,205,322	49,424
Chemicals	36,600	30,128	4,235	25,893
Fixed charges	63,257	63,257	88,230	(24,973)
Insurance	213,543	213,543	175,763	37,780
Grants and contributions	27,500	27,500	137,847	(110,347)
Capital outlay	178,340	337,861	240,169	97,692
Program activity	27,000	27,000	18,944	8,056
Other miscellaneous	305,170	305,170	197,806	107,364
Total Police Department	\$ 30,797,633	\$ 30,924,465	\$ 29,205,445	\$ 1,719,020

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire and Rescue Department -				
Salaries and wages	\$ 11,436,715	\$ 11,436,715	\$ 11,377,243	\$ 59,472
Employee benefits	5,224,623	5,224,623	4,896,764	327,859
Contractual services	68,800	43,800	42,808	992
Utility services	248,950	230,315	167,769	62,546
Professional services	48,068	48,068	49,043	(975)
Repairs and maintenance	559,300	570,259	538,669	31,590
Training and travel	116,570	116,570	135,623	(19,053)
Administrative supplies	31,500	48,055	42,251	5,804
Other supplies	743,358	743,358	621,039	122,319
Chemicals	7,000	7,000	5,940	1,060
Fixed charges	360	360	360	
Insurance	68,729	68,729	56,743	11,986
Grants and contributions	477,020	477,020	263,689	213,331
Capital outlay	267,580	574,065	560,656	13,409
Other miscellaneous	43,360	43,360	14,345	29,015
Total Fire and Rescue Department	\$ 19,341,933	\$ 19,632,297	\$ 18,772,942	\$ 859,355
City Court Department -				
Salaries and wages	\$ 281,150	\$ 281,150	\$ 267,052	\$ 14,098
Employee benefits	126,934	126,934	117,454	9,480
Contractual services	10,600	10,600	5,347	5,253
Utility services	2,200	2,200	1,273	927
Professional services	45,500	45,500	23,798	21,702
Repairs and maintenance	77,000	77,000	76,918	82
Training and travel	4,500	4,500	545	3,955
Administrative supplies	20,000	20,000	10,949	9,051
Grants and contributions	1,000	1,000	75	925
Capital outlay	4,000	4,000	2,341	1,659
Total City Court Department	\$ 572,884	\$ 572,884	\$ 505,752	\$ 67,132
Engineering Department -				
Engineering Division -				
Salaries and wages	\$ 1,144,365	\$ 1,084,365	\$ 1,118,436	\$ (34,071)
Employee benefits	457,695	457,695	449,372	8,323
Contractual services	5,000	5,000	3,123	1,877
Utility services	15,600	15,600	15,081	519
Professional services	40,000	100,000	93,197	6,803
Repairs and maintenance	10,100	10,100	6,477	3,623
Training and travel	16,000	16,000	6,407	9,593
Administrative supplies	4,500	4,500	6,869	(2,369)
Other supplies	13,100	13,100	15,358	(2,258)
Insurance	7,905	7,905	6,121	1,784
Capital outlay	16,000	16,000	4,462	11,538
Other miscellaneous	112,000	112,000	85,377	26,623
Total Engineering Division	\$ 1,842,265	\$ 1,842,265	\$ 1,810,280	\$ 31,985
Streets Division -				
Salaries and wages	\$ 1,326,597	\$ 1,326,597	\$ 1,226,380	\$ 100,217
Employee benefits	632,121	632,121	621,048	11,073
Contractual services	5,370	5,370	220	5,150
Utility services	2,026,000	2,026,000	2,011,671	14,329
Professional services	1,500	1,500		1,500
Repairs and maintenance	352,000	352,000	279,654	72,346
Training and travel	3,700	3,700	1,800	1,900
Administrative supplies	2,100	2,100	1,839	261
Other supplies	265,900	265,900	282,859	(16,959)
Chemicals	60,000	60,000	66,300	(6,300)
Fixed charges	8,500	8,500	15,996	(7,496)
Insurance	39,325	39,325	45,004	(5,679)
Capital outlay	56,600	56,600	49,612	6,988
Other miscellaneous	102,000	102,000	123,734	(21,734)
Total Street Division	\$ 4,881,713	\$ 4,881,713	\$ 4,726,117	\$ 155,596
Total Engineering Department	\$ 6,723,978	\$ 6,723,978	\$ 6,536,397	\$ 187,581

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Infrastructure Department				
Capital outlay	\$ 10,150,000	\$ 11,900,492	\$ 7,819,468	\$ 4,081,024
Total Infrastructure Department	\$ 10,150,000	\$ 11,900,492	\$ 7,819,468	\$ 4,081,024
State Street Aid Department -				
Utility services	\$ 75,000	\$ 75,000	\$ 22,901	\$ 52,099
Professional services	410,000	410,000	135,597	274,403
Repairs and maintenance	3,196,000	3,052,886	2,509,692	543,194
Capital outlay	750,000	893,114	893,114	
Total State Street Aid Department	\$ 4,431,000	\$ 4,431,000	\$ 3,561,304	\$ 869,696
Planning Department -				
Salaries and wages	\$ 752,765	\$ 699,765	\$ 663,866	\$ 35,899
Employee benefits	292,057	289,057	287,307	1,750
Contractual services	113,000	207,578	175,032	32,546
Utility services	6,600	10,000	8,991	1,009
Repairs and maintenance	6,000	6,000	4,110	1,890
Training and travel	17,000	17,000	11,626	5,374
Administrative supplies	11,000	52,337	59,676	(7,339)
Other supplies			1,417	(1,417)
Insurance	100	100	50	50
Capital outlay	30,400	30,400	4,330	26,070
Other miscellaneous	6,100	6,100	1,427	4,673
Total Planning Department	\$ 1,235,022	\$ 1,318,337	\$ 1,217,832	\$ 100,505
Building and Codes Department -				
Salaries and wages	\$ 1,347,983	\$ 1,338,615	\$ 1,269,288	\$ 69,327
Employee benefits	511,929	511,929	486,027	25,902
Contractual services	41,400	41,400	3,407	37,993
Utility services	12,300	12,300	14,111	(1,811)
Repairs and maintenance	13,500	13,500	12,137	1,363
Training and travel	80,700	80,700	69,673	11,027
Administrative supplies	20,500	20,500	17,509	2,991
Other supplies	2,250	2,250	3,105	(855)
Insurance	177	177	266	(89)
Capital outlay	14,400	23,768	7,277	16,491
Other miscellaneous	1,500	1,500	2,839	(1,339)
Total Building and Codes Department	\$ 2,046,639	\$ 2,046,639	\$ 1,885,639	\$ 161,000
Solid Waste Department -				
Salaries and wages	\$ 1,665,794	\$ 1,665,794	\$ 1,746,389	\$ (80,595)
Employee benefits	800,640	800,640	824,958	(24,318)
Contractual services	26,525	26,525	3,618	22,907
Utility services	69,000	69,000	189,505	(120,505)
Professional services	150,085	150,085	127,171	22,914
Repairs and maintenance	1,379,785	1,379,785	1,305,950	73,835
Training and travel	18,200	18,200	5,110	13,090
Administrative supplies	6,400	6,400	4,664	1,736
Other supplies	538,500	538,500	452,331	86,169
Insurance	126,867	126,867	100,774	26,093
Fixed charges	206,270	206,270	26,544	179,726
Capital outlay	107,000	107,000	358	106,642
Other miscellaneous	3,945	3,945	3,046	899
Total Solid Waste Department	\$ 5,099,011	\$ 5,099,011	\$ 4,790,418	\$ 308,593

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transportation Department -				
Traffic Division -				
Salaries and wages	\$ 474,551	\$ 456,551	\$ 393,772	\$ 62,779
Employee benefits	169,796	162,796	148,891	13,905
Contractual services	2,050	2,050	2,174	(124)
Utility services	7,925	7,925	3,432	4,493
Professional services		29,000	35,340	(6,340)
Repairs and maintenance	263,300	263,300	219,318	43,982
Training and travel	12,700	12,700	3,980	8,720
Administrative supplies	1,650	1,650	2,551	(901)
Other supplies	43,700	43,700	52,873	(9,173)
Insurance	3,678	3,678	3,457	221
Capital outlay	34,410	45,410	40,530	4,880
Other miscellaneous	167,000	167,000	16,395	150,605
Total Traffic Division	\$ 1,180,760	\$ 1,195,760	\$ 922,713	\$ 273,047
Public Transit Division -				
Salaries and wages	\$ 690,719	\$ 690,719	\$ 724,632	\$ (33,913)
Employee benefits	243,390	243,390	256,970	(13,580)
Contractual services	35,650	35,650	30,885	4,765
Utility services	12,740	12,740	9,430	3,310
Repairs and maintenance	339,000	339,000	327,195	11,805
Training and travel	8,100	8,100	3,737	4,363
Administrative supplies	6,200	6,200	2,846	3,354
Other supplies	120,300	120,300	110,333	9,967
Insurance	81,440	81,440	79,716	1,724
Capital outlay	360,500	360,500	418,140	(57,640)
Other miscellaneous	16,700	16,700	16,811	(111)
Total Public Transit Division	\$ 1,914,739	\$ 1,914,739	\$ 1,980,695	\$ (65,956)
Total Transportation Department	\$ 3,095,499	\$ 3,110,499	\$ 2,903,408	\$ 207,091
Urban Environmental Department -				
Salaries and wages	\$ 672,075	\$ 649,075	\$ 621,267	\$ 27,808
Employee benefits	332,628	332,628	297,539	35,089
Contractual services	50,550	50,550	51,420	(870)
Utility services	38,200	38,200	27,580	10,620
Professional services	150	150	145	5
Repairs and maintenance	50,792	48,792	36,387	12,405
Training and travel	9,000	3,300	1,666	1,634
Administrative supplies	4,000	4,000	4,240	(240)
Other supplies	37,000	37,000	49,179	(12,179)
Chemicals	44,100	44,100	25,672	18,428
Fixed charges	2,000	2,000	4,423	(2,423)
Insurance	6,472	6,472	7,388	(916)
Capital outlay	6,000	36,700	34,531	2,169
Other miscellaneous	1,000	1,000	323	677
Total Urban Environmental Department	\$ 1,253,967	\$ 1,253,967	\$ 1,161,760	\$ 92,207

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health, Education and Welfare -				
Linebaugh Public Library	\$ 1,161,791	\$ 1,161,791	\$ 1,161,791	
Rutherford County Chamber of Commerce	734,750	734,750	737,075	\$ (2,325)
Rutherford County Paws	70,000	70,000	70,000	
DHS - Rehabilitation Service	52,530	52,530	52,530	
Main Street Program	40,000	40,000	40,000	
Center for the Arts	25,000	25,000	25,000	
Discovery House	20,000	20,000	20,000	
Child Advocacy Center	17,500	17,500	16,120	1,380
Oaklands Association	20,000	20,000	20,000	
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	
Murfreesboro Symphony	15,000	15,000	15,000	
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	10,000	10,000	15,451	(5,451)
TSSAA	25,000	25,000	25,000	
Ethos Youth Ensemble	10,000	10,000	10,000	
Family 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	8,000	8,000	8,000	
Read to Succeed	10,000	10,000	10,000	
Portico Pregnancy Support Center	3,500	3,500	3,500	
Boys and Girls Club	7,500	7,500	7,500	
Folkfest	3,000	3,000	3,000	
Generation for Creation	2,500	2,500	2,500	
Greenhouse Ministries	10,000	10,000	10,000	
City Schools Foundation	2,500	2,500	2,500	
Transit Alliance	5,000	5,000	5,000	
Sexual Assault Service Program	2,500	2,500	2,500	
2nd Harvest Food Bank	5,000	5,000	5,000	
Special Olympics	2,000	2,000	2,000	
Rutherford County Soil Conservation	2,500	2,500	2,500	
Beesley Animal Foundation	3,000	3,000	3,000	
Leadership Rutherford	1,500	1,500	1,500	
Homeless Alliance Rutherford	15,000	15,000	10,000	5,000
Journey Home	2,500	2,500	2,500	
Total Public Health, Education and Welfare	\$ 2,364,571	\$ 2,364,571	\$ 2,365,967	\$ (1,396)
Community Services -				
Senior Citizens Department -				
Salaries and wages	\$ 631,197	\$ 631,197	\$ 522,473	\$ 108,724
Employee benefits	165,854	165,854	155,870	9,984
Contractual services	55,700	55,700	65,382	(9,682)
Utility services	55,000	55,000	51,930	3,070
Professional services	1,000	1,000	609	391
Repairs and maintenance	27,800	27,800	30,522	(2,722)
Training and travel	3,500	3,500	5,593	(2,093)
Administrative supplies	18,600	18,600	12,290	6,310
Other supplies	15,700	15,700	18,837	(3,137)
Insurance	916	916	911	5
Grants and contributions	1,000	1,000	841	159
Capital outlay	2,000	2,000	406	1,594
Program activity	79,500	79,500	51,551	27,949
Other miscellaneous	3,100	3,100	2,533	567
Total Senior Citizens Department	\$ 1,060,867	\$ 1,060,867	\$ 919,748	\$ 141,119

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community Services (continued) -				
Communications Department -				
Salaries and wages	\$ 417,553	\$ 417,553	\$ 385,932	\$ 31,621
Employee benefits	158,757	158,757	155,415	3,342
Contractual services	23,800	23,800	9,147	14,653
Utility services	6,100	3,440	3,412	28
Professional services	33,000	33,000	7,319	25,681
Repairs and maintenance	50,600	50,600	37,802	12,798
Training and travel	9,600	9,600	5,723	3,877
Administrative supplies	10,800	10,800	5,530	5,270
Other supplies	30,180	30,180	27,150	3,030
Insurance	758	758	581	177
Capital outlay	43,000	43,000	41,790	1,210
Other miscellaneous	39,200	39,200	19,147	20,053
Total Communications Department	\$ 823,348	\$ 820,688	\$ 698,948	\$ 121,740
Total Community Services	\$ 1,884,215	\$ 1,881,555	\$ 1,618,696	\$ 262,859
Recreation -				
Parks and Recreation Department -				
Salaries and wages	\$ 6,018,431	\$ 5,978,431	\$ 5,564,463	\$ 413,968
Employee benefits	1,621,167	1,621,167	1,531,099	90,068
Contractual services	36,100	186,100	193,785	(7,685)
Utility services	1,095,100	1,095,100	996,004	99,096
Professional services	136,800	136,800	38,837	97,963
Repairs and maintenance	1,364,550	1,364,550	1,182,096	182,454
Training and travel	43,685	51,100	49,808	1,292
Administrative supplies	39,950	39,950	31,861	8,089
Other supplies	316,000	316,000	314,613	1,387
Fixed charges	28,000	28,000	20,862	7,138
Insurance	32,347	32,347	27,882	4,465
Grants and contributions		60,000	69,632	(9,632)
Capital outlay	685,541	718,126	748,187	(30,061)
Program activity	337,250	337,250	299,624	37,626
Other miscellaneous	68,700	68,700	55,411	13,289
Total Parks and Recreation Department	\$ 11,823,621	\$ 12,033,621	\$ 11,124,164	\$ 909,457
Public Golf Department -				
Salaries and wages	\$ 1,001,463	\$ 1,001,463	\$ 906,235	\$ 95,228
Employee benefits	361,271	361,271	331,283	29,988
Contractual services	37,150	37,150	25,077	12,073
Utility services	76,160	76,160	68,889	7,271
Professional services	330	330	330	
Repairs and maintenance	117,250	122,250	93,470	28,780
Training and travel	4,350	4,350	1,644	2,706
Administrative supplies	3,750	3,750	4,456	(706)
Other supplies	313,250	313,250	302,919	10,331
Chemicals	95,500	95,500	79,098	16,402
Fixed charges	29,456	29,456	27,932	1,524
Insurance	635	635	1,007	(372)
Capital outlay	59,660	54,660	42,021	12,639
Program activity	35,450	35,450	26,307	9,143
Other miscellaneous	79,507	79,507	64,521	14,986
Total Public Golf Department	\$ 2,215,182	\$ 2,215,182	\$ 1,975,189	\$ 239,993
Total Recreation	\$ 14,038,803	\$ 14,248,803	\$ 13,099,353	\$ 1,149,450

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community Development Department -				
Administration	\$ 157,000	\$ 159,628	\$ 149,630	\$ 9,998
Housing rehabilitation	312,137	300,268	252,122	48,146
Affordable housing assistance	164,383	166,000	154,676	11,324
Property acquisition	241,000	311,000	297,863	13,137
Emergency Solutions Grant	161,250	198,875	198,573	302
Homeless assistance		12,000	12,000	
Job training		23,500	23,500	
Healthcare		34,724	34,724	
Other	120,000	54,000	48,000	6,000
Total Community Development Department	<u>\$ 1,155,770</u>	<u>\$ 1,259,995</u>	<u>\$ 1,171,088</u>	<u>\$ 88,907</u>
TOTAL EXPENDITURES	<u>\$ 118,664,304</u>	<u>\$ 121,101,484</u>	<u>\$ 108,743,193</u>	<u>\$ 12,358,291</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 31,445,420</u>	<u>\$ 29,718,814</u>	<u>\$ 35,961,153</u>	<u>\$ 6,242,339</u>
Other Financing Sources (Uses) -				
Murfreesboro Electric Department	\$ 3,300,000	\$ 3,300,000	\$ 3,147,660	\$ (152,340)
Debt service fund	(34,082,247)	(34,082,247)	(34,082,247)	
Murfreesboro City School System	(5,310,103)	(5,310,103)	(5,310,103)	
Drug fund	(100,000)	(100,000)	(39,419)	60,581
Total other financing sources (uses)	<u>\$ (36,192,350)</u>	<u>\$ (36,192,350)</u>	<u>\$ (36,284,109)</u>	<u>\$ (91,759)</u>
Net change in fund balance	\$ (4,746,930)	\$ (6,473,536)	\$ (322,956)	\$ 6,150,580
Fund Balance at beginning of year	<u>63,849,619</u>	<u>63,849,619</u>	<u>63,849,619</u>	
Fund Balance at end of year	<u>\$ 59,102,689</u>	<u>\$ 57,376,083</u>	<u>\$ 63,526,663</u>	<u>\$ 6,150,580</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

General Purpose School Fund

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Local intergovernmental revenues	\$ 26,050,353	\$ 26,262,000	\$ 26,355,903	\$ 93,903
State program revenues	41,180,553	41,180,553	42,903,093	1,722,540
Federal program revenues	45,000	45,000	24,325	(20,675)
Charges for services	77,000	77,000	138,117	61,117
Indigent children revenues	10,702	10,702	10,702	
Other local revenues	440,750	440,750	455,580	14,830
	<u>\$ 67,804,358</u>	<u>\$ 68,016,005</u>	<u>\$ 69,887,720</u>	<u>\$ 1,871,715</u>
Expenditures -				
Regular instruction	\$ 41,054,329	\$ 41,477,278	\$ 41,202,923	\$ 274,355
Special education	7,488,273	7,644,423	7,404,559	239,864
Student body educational		38,706	32,244	6,462
Attendance	152,743	152,743	140,682	12,061
Health services	674,696	730,446	705,922	24,524
Other student support	1,969,722	1,998,065	1,846,174	151,891
Regular instruction - support	2,163,359	2,251,653	2,109,022	142,631
Special education - support	1,536,185	1,625,873	1,528,185	97,688
Board of education	1,077,082	1,109,057	965,783	143,274
Office of superintendent	321,423	324,923	295,486	29,437
Office of principal	4,076,081	4,170,150	4,141,686	28,464
Fiscal services	534,600	538,980	522,767	16,213
Operation of plant	5,743,275	5,827,275	5,024,031	803,244
Maintenance of plant	2,198,931	2,254,631	1,744,761	509,870
Transportation	2,763,777	2,865,694	2,600,907	264,787
Information technology	1,434,989	1,435,989	1,211,181	224,808
Community services	504,510	506,730	454,584	52,146
Early childhood education	89,500	89,500	33,463	56,037
Indigent children	11,766	11,766	11,766	
Personnel services	366,387	372,495	357,579	14,916
Capital outlay	803,724	747,824	1,592,632	(844,808)
	<u>\$ 74,965,352</u>	<u>\$ 76,174,201</u>	<u>\$ 73,926,337</u>	<u>\$ 2,247,864</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (7,160,994)</u>	<u>\$ (8,158,196)</u>	<u>\$ (4,038,617)</u>	<u>\$ 4,119,579</u>
Other Financing Sources and (Uses) -				
Bond proceeds			\$ 334,095	\$ 334,095
Bond premiums			22,515	22,515
Transfers in	\$ 5,310,103	\$ 5,310,103	5,362,597	52,494
Transfers out	(727,552)	(822,909)	(777,874)	45,035
	<u>\$ 4,582,551</u>	<u>\$ 4,487,194</u>	<u>\$ 4,941,333</u>	<u>\$ 454,139</u>
Net change in fund balance	\$ (2,578,443)	\$ (3,671,002)	\$ 902,716	\$ 4,573,718
Fund Balance at beginning of year	4,793,854	4,793,854	4,793,854	
Fund Balance at end of year	<u>\$ 2,215,411</u>	<u>\$ 1,122,852</u>	<u>\$ 5,696,570</u>	<u>\$ 4,573,718</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Proprietary Funds

June 30, 2018

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
<u>ASSETS</u>					
Current Assets -					
Cash and cash equivalents	\$ 97,494,373	\$ 62,668,457	\$ 6,071,356	\$ 166,234,186	\$ 13,603,763
Investments					1,992,849
Accounts receivable	1,739,787	18,581,386	183,431	20,504,604	
Due from others					292,905
Due from other funds	510,689			510,689	385
Inventories	785,398	2,380,935	53,793	3,220,126	
Prepaid items and other assets	592,146	240,612	47,667	880,425	3,618
Total Current Assets	<u>\$ 101,122,393</u>	<u>\$ 83,871,390</u>	<u>\$ 6,356,247</u>	<u>\$ 191,350,030</u>	<u>\$ 15,893,520</u>
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 86,799			\$ 86,799	
Certificates of deposit					\$ 500,000
Conservation loans receivable		\$ 1,925,151		1,925,151	
Other non-current assets		47,577		47,577	
Net pension asset		4,436,753		4,436,753	
Capital assets -					
Land and construction in progress	20,868,083	7,473,579	\$ 2,558,044	30,899,706	
Other capital assets, net of depreciation	396,263,195	145,991,991	3,892,613	546,147,799	
Total Noncurrent Assets	<u>\$ 417,218,077</u>	<u>\$ 159,875,051</u>	<u>\$ 6,450,657</u>	<u>\$ 583,543,785</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 518,340,470</u>	<u>\$ 243,746,441</u>	<u>\$ 12,806,904</u>	<u>\$ 774,893,815</u>	<u>\$ 16,393,520</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows of resources related to pensions	\$ 1,524,384	\$ 1,228,689	\$ 91,689	\$ 2,844,762	
Deferred charge on refunding	1,092,141	21,172		1,113,313	
Total deferred outflows of resources	<u>\$ 2,616,525</u>	<u>\$ 1,249,861</u>	<u>\$ 91,689</u>	<u>\$ 3,958,075</u>	
Total assets and deferred outflows of resources	<u>\$ 520,956,995</u>	<u>\$ 244,996,302</u>	<u>\$ 12,898,593</u>	<u>\$ 778,851,890</u>	<u>\$ 16,393,520</u>
<u>LIABILITIES</u>					
Current Liabilities -					
Accounts payable	\$ 1,385,941	\$ 27,405,764	\$ 45,167	\$ 28,836,872	\$ 1,199,260
Accrued and withheld liabilities	596,634	550,534	75,848	1,223,016	27,947
Due to other funds	239,309		1,252,823	1,492,132	
Due to others					69
Deposits held	1,423,890	9,893,770		11,317,660	
Compensated absences	1,297,935			1,297,935	
Claims and judgments payable					1,619,000
Bonds and loans payable	11,629,592	1,115,000		12,744,592	
Total Current Liabilities	<u>\$ 16,573,301</u>	<u>\$ 38,965,068</u>	<u>\$ 1,373,838</u>	<u>\$ 56,912,207</u>	<u>\$ 2,846,276</u>
Noncurrent Liabilities -					
Compensated absences	\$ 600,040	\$ 1,597,882		\$ 2,197,922	
Claims and judgments payable					\$ 2,239,000
Net pension liability	2,270,524		\$ 136,568	2,407,092	
Total OPEB liability	20,125,251	13,363,707	1,020,846	34,509,804	
Bonds and loans payable	99,561,816	4,202,000		103,763,816	
Advances on conservation loans		1,997,026		1,997,026	
Other liabilities		710,953		710,953	
Total Noncurrent Liabilities	<u>\$ 122,557,631</u>	<u>\$ 21,871,568</u>	<u>\$ 1,157,414</u>	<u>\$ 145,586,613</u>	<u>\$ 2,239,000</u>
Total Liabilities	<u>\$ 139,130,932</u>	<u>\$ 60,836,636</u>	<u>\$ 2,531,252</u>	<u>\$ 202,498,820</u>	<u>\$ 5,085,276</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position (continued)

Proprietary Funds

June 30, 2018

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows of resources related to pensions	\$ 870,391	\$ 1,125,881	\$ 52,352	\$ 2,048,624	
Total deferred outflows of resources	\$ 870,391	\$ 1,125,881	\$ 52,352	\$ 2,048,624	
<u>NET POSITION</u>					
Net investment in capital assets	\$ 307,032,011	\$ 147,458,789	\$ 6,450,657	\$ 460,941,457	
Restricted for capital activity	28,414			28,414	
Restricted for matured bonds	37,017			37,017	
Restricted for employee benefits	21,368			21,368	
Restricted for pensions		4,436,753		4,436,753	
Unrestricted	73,836,862	31,138,243	3,864,332	108,839,437	\$ 11,308,244
Total Net Position	\$ 380,955,672	\$ 183,033,785	\$ 10,314,989	\$ 574,304,446	\$ 11,308,244
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 520,956,995	\$ 244,996,302	\$ 12,898,593	\$ 778,851,890	\$ 16,393,520
Total Proprietary Fund Net Position				\$ 574,304,446	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				11,118,192	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,257,260	
Net Position of Business-Type Activities				\$ 586,679,898	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues -					
Charges for services	\$ 44,450,615	\$ 174,059,044	\$ 3,510,863	\$ 222,020,522	\$ 20,326,451
Other revenues					588,417
	<u>\$ 44,450,615</u>	<u>\$ 174,059,044</u>	<u>\$ 3,510,863</u>	<u>\$ 222,020,522</u>	<u>\$ 20,914,868</u>
Operating Expenses -					
Power purchases		\$ 140,599,719		\$ 140,599,719	
Other operating expenses	\$ 21,921,958	9,795,167	\$ 2,679,265	34,396,390	\$ 487,975
Claims and administrative					18,477,413
Depreciation and amortization	15,805,845	7,553,530	605,405	23,964,780	
Maintenance and repairs		2,386,559		2,386,559	
Taxes and tax equivalents		1,329,386		1,329,386	
	<u>\$ 37,727,803</u>	<u>\$ 161,664,361</u>	<u>\$ 3,284,670</u>	<u>\$ 202,676,834</u>	<u>\$ 18,965,388</u>
Operating Income	<u>\$ 6,722,812</u>	<u>\$ 12,394,683</u>	<u>\$ 226,193</u>	<u>\$ 19,343,688</u>	<u>\$ 1,949,480</u>
Nonoperating Revenues -					
Interest	\$ 152,446	\$ 124,658	\$ 16,385	\$ 293,489	\$ 92,344
Unrealized gain on investment					56
	<u>\$ 152,446</u>	<u>\$ 124,658</u>	<u>\$ 16,385</u>	<u>\$ 293,489</u>	<u>\$ 92,400</u>
Nonoperating Expenses -					
Interest	\$ 1,976,772	\$ 130,395		\$ 2,107,167	
Bond costs	25,838			25,838	
Loss on disposal of assets	1,690,058		\$ 2,114	1,692,172	
	<u>\$ 3,692,668</u>	<u>\$ 130,395</u>	<u>\$ 2,114</u>	<u>\$ 3,825,177</u>	
Income Before Capital					
Contributions and Transfers	<u>\$ 3,182,590</u>	<u>\$ 12,388,946</u>	<u>\$ 240,464</u>	<u>\$ 15,812,000</u>	<u>\$ 2,041,880</u>
Capital contributions	\$ 18,135,871			\$ 18,135,871	
Transfers in			\$ 50,402	50,402	
Transfers out		\$ (3,147,660)		(3,147,660)	
	<u>\$ 18,135,871</u>	<u>\$ (3,147,660)</u>	<u>\$ 50,402</u>	<u>\$ 15,038,613</u>	
Change in Net Position	<u>\$ 21,318,461</u>	<u>\$ 9,241,286</u>	<u>\$ 290,866</u>	<u>\$ 30,850,613</u>	<u>\$ 2,041,880</u>
Net Position at beginning of year					
as previously stated	\$ 369,255,465	\$ 180,618,127	\$ 10,981,415	\$ 560,855,007	\$ 9,266,364
Prior period adjustment	(9,618,254)	(6,825,628)	(957,292)	(17,401,174)	
Net Position at beginning of year, as restated	<u>\$ 359,637,211</u>	<u>\$ 173,792,499</u>	<u>\$ 10,024,123</u>	<u>\$ 543,453,833</u>	<u>\$ 9,266,364</u>
Net Position at end of year	<u>\$ 380,955,672</u>	<u>\$ 183,033,785</u>	<u>\$ 10,314,989</u>	<u>\$ 574,304,446</u>	<u>\$ 11,308,244</u>
Change in Net Position				\$ 30,850,613	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				1,703,853	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				331,618	
Change in Net Position of Business-Type Activities				<u>\$ 32,886,084</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities -					
Cash received from customers	\$ 45,195,297	\$ 172,680,934	\$ 505,534	\$ 218,381,765	
Reimbursements from Murfreesboro Stormwater fund	6,711,258			6,711,258	
Reimbursements to the Murfreesboro Water Resources Department			(6,711,258)	(6,711,258)	
Cash payments to suppliers	(8,126,118)	(4,127,376)	(198,295)	(12,451,789)	
Cash payments to employees	(10,998,964)	(8,347,655)	(279,508)	(19,626,127)	\$ (318,323)
Cash payments to TVA for power		(138,544,656)		(138,544,656)	
Cash payments of property taxes		(913,837)		(913,837)	
Cash received from interfund services provided					20,324,179
Cash payments of claims and administrative expenses					(19,592,771)
Transfer of stormwater fees to the Murfreesboro Stormwater Fund	(2,085,781)			(2,085,781)	
Transfers of stormwater fees from the Murfreesboro Water Resources Department			2,085,781	2,085,781	
Other receipts (payments)					238,725
Net Cash Provided (Used) by Operating Activities	\$ 30,695,692	\$ 20,747,410	\$ (4,597,746)	\$ 46,845,356	\$ 651,810
Cash Flows from Noncapital Financing Activities -					
(Repays) advances on TVA conservation loans		\$ (111,844)		\$ (111,844)	
Transfers in			\$ 50,402	\$ 50,402	
Transfers out		(3,147,660)		(3,147,660)	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ (3,259,504)	\$ 50,402	\$ (3,209,102)	
Cash Flows from Capital and Related Financing Activities -					
Proceeds from state revolving loans	\$ 4,776,960			\$ 4,776,960	
Acquisition and construction of capital assets	(9,595,413)	\$ (17,756,339)	\$ (8,601)	(27,360,353)	
Net removal costs of capital assets		(394,494)		(394,494)	
Proceeds from sale of capital assets	48,624			48,624	
Principal payment on bonds and loans	(10,825,996)	(1,239,209)		(12,065,205)	
Bond costs and debt service expenses	(25,838)			(25,838)	
Proceeds from tap fees and special assessments	9,251,048			9,251,048	
Costs paid to abandon capital assets	(195,003)			(195,003)	
Interest paid on bonds and loans	(2,269,252)	(131,270)		(2,400,522)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (8,834,870)	\$ (19,521,312)	\$ (8,601)	\$ (28,364,783)	
Cash Flows From Investing Activities -					
Purchase of US Treasury Securities					\$ (1,984,334)
Interest received	\$ 152,446	\$ 124,658	\$ 16,385	\$ 293,489	83,885
Net Cash Provided (Used) by Investing Activities	\$ 152,446	\$ 124,658	\$ 16,385	\$ 293,489	\$ (1,900,449)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 22,013,268	\$ (1,908,748)	\$ (4,539,560)	\$ 15,564,960	\$ (1,248,639)
Cash and Cash Equivalents at Beginning of Year	75,567,904	64,577,205	10,610,916	150,756,025	14,852,402
Cash and Cash Equivalents at End of Year	\$ 97,581,172	\$ 62,668,457	\$ 6,071,356	\$ 166,320,985	\$ 13,603,763

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)
Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 6,722,812	\$ 12,394,683	\$ 226,193	\$ 19,343,688	\$ 1,949,480
Adjustments to reconcile net earnings to net cash					
provided (used) by operating activities -					
Depreciation and amortization	15,805,845	7,710,076	605,405	24,121,326	
Amortization of bond premium		(12,000)		(12,000)	
Provision for doubtful accounts	165,014			165,014	
Construction in progress expensed in current year	625,969		27,194	653,163	
Changes in assets and deferred outflows,					
and liabilities and deferred inflows -					
Accounts receivable	(147,728)	(1,930,770)	(33,636)	(2,112,134)	
Due from other funds	5,204,096			5,204,096	(238)
Inventory	3,410	(273,910)	4,691	(265,809)	
Prepaid items and other current assets	60,543	771,317	(6,245)	825,615	(191,021)
Conservation loans receivable		132,702		132,702	
Net pension asset		(344,423)		(344,423)	
Other noncurrent assets		5,556		5,556	
Deferred outflows related to pensions	1,151,641	(151,909)	74,938	1,074,670	
Accounts payable	(129,346)	1,688,756	(19,536)	1,539,874	(204,065)
Claims and judgments payable					(905,500)
Due to other funds	103,477		(5,489,752)	(5,386,275)	
Accrued and withheld liabilities	(54,151)	28,719	13,108	(12,324)	3,169
Due to others					(15)
Net pension liability	(1,393,587)		(91,584)	(1,485,171)	
Total OPEB liability	1,252,933	867,647	63,554	2,184,134	
Deposits	727,396	419,958		1,147,354	
Accrued compensated absences	119,284	33,838		153,122	
Deferred inflows related to pensions	478,084	(592,830)	27,924	(86,822)	
Net Cash Provided (Used) by Operating Activities	\$ <u>30,695,692</u>	\$ <u>20,747,410</u>	\$ <u>(4,597,746)</u>	\$ <u>46,845,356</u>	\$ <u>651,810</u>
Non-Cash Capital and Related Financing Activities -					
Developer contributions of systems	\$ 8,884,823			\$ 8,884,823	
Construction in progress included in accounts payable	485,559			485,559	
Capital asset transfers and acquisitions from other funds			\$ 562,030	562,030	
	\$ <u>9,370,382</u>		\$ <u>562,030</u>	\$ <u>9,932,412</u>	
Non-Cash Investing Activities -					
Reinvested investment earnings					\$ <u>8,515</u>
Reconciliation to Cash and Cash Equivalents					
Presented in Statement of Net Position -					
Cash and Cash Equivalents	\$ 97,494,373	\$ 62,668,457	\$ 6,071,356	\$ 166,234,186	\$ 13,603,763
Cash and Cash Equivalents - Restricted	86,799			86,799	
Cash and Cash Equivalents at End of Year	\$ <u>97,581,172</u>	\$ <u>62,668,457</u>	\$ <u>6,071,356</u>	\$ <u>166,320,985</u>	\$ <u>13,603,763</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	\$ 15,805,845	\$ 7,553,530	\$ 605,405	\$ 23,964,780	
Depreciation and amortization expense charged					
to operations and maintenance expense on					
Statement of Revenues, Expenses, and Changes					
in Net Position		156,546		156,546	
Depreciation and amortization expense per					
Statement of Cash Flows	\$ <u>15,805,845</u>	\$ <u>7,710,076</u>	\$ <u>605,405</u>	\$ <u>24,121,326</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Fiduciary Funds

June 30, 2018

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>	<u>School Activity Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,555,075	\$ 3,018	\$ 796,349
Certificates of deposit	2,664,365	161,956	10,000
Investments, at fair value -			
Mutual funds	121,283,629		
Municipal notes and bonds	1,049,971		
Corporate notes and bonds	15,130,672		
Common stock	19,604,078		
Accrued interest receivable	186,659		
Other receivables	576,373		8,826
Inventory			1,797
Other assets			4,002
	<u>\$ 164,050,822</u>	<u>\$ 164,974</u>	<u>\$ 820,974</u>
<u>LIABILITIES</u>			
Due to others	<u>\$ 46,267</u>		<u>\$ 820,974</u>
	<u>\$ 46,267</u>		<u>\$ 820,974</u>
<u>NET POSITION</u>			
Net Position -			
Restricted for pensions and other purposes	<u>\$ 164,004,555</u>	<u>\$ 164,974</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, 2018

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>
Additions -		
Contributions -		
Employer	\$ 5,227,857	
Investment income-		
Net appreciation in fair value of investments	\$ 6,634,219	
Interest	493,109	\$ 969
Dividends	4,841,601	
Total investment income	\$ 11,968,929	\$ 969
Less administrative expenses	(472,013)	
Net investment income	\$ 11,496,916	\$ 969
Total additions	\$ 16,724,773	\$ 969
Deductions -		
Benefits to participants	\$ 6,503,660	\$ -0-
Total deductions	\$ 6,503,660	\$ -0-
Net Increase	\$ 10,221,113	\$ 969
Net Position Held in Trust for Pension Benefits and Other-		
Beginning of year	153,783,442	164,005
End of year	\$ <u>164,004,555</u>	\$ <u>164,974</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements

June 30, 2018

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 resources 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, Tennessee

Evergreen Cemetery
519 Greenland Drive
Murfreesboro, Tennessee

Murfreesboro Electric Department
205 North Maple Street
Murfreesboro, Tennessee

Murfreesboro Water Resources Department
300 Northwest Broad Street
Murfreesboro, Tennessee

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.

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 resources function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 restricted, committed or assigned 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 Resources Fund (Water Resources Fund) – The Water Resources fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Murfreesboro Electric Department Fund (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 a *risk management fund* that accounts for revenues and costs associated with the City's self-funded liability and workers' compensation insurance programs, and an *insurance fund* that accounts for revenues and costs associated with the City's self-funded group health insurance plan.

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation – Fund Financial Statements (continued)

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. 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 Resources fund and the Electric Department fund and of the City's internal service funds are charges to customers for sales and services. The Water Resources 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 – Debt Service Fund and School Debt Service Fund

Special Revenue Funds – Airport Fund, Drug Enforcement Fund, General Purpose School Fund, Extended School Program Fund, School Nutrition Fund, and School Federal and State Program Fund.

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

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Basis of Accounting (continued)

Encumbrances – Encumbrances represent commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriation, is used by the General Purpose School Fund, the School Nutrition Fund, the School Federal and State Program Fund, 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. 75 - During the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”.

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension”, as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans”. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected payments to their actuarial present value, and attribute the present value to periods of employee service.

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 Resources 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 and the Water Resources Department are stated at average cost on a first-in, first-out basis. Inventories of the governmental funds are recorded at cost on the first-in, first-out basis. The costs of inventories in the governmental funds, except for the inventory of the School Nutrition Fund are recorded as expenditures when consumed. The inventory of the School Nutrition Fund is accounted for using the purchase method in the fund financial statements and is expensed when purchased. Adjustments are made to the beginning fund balance to record and report changes in this inventory.

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

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

	Governmental Funds			Proprietary Funds	
	General Fund	TMBF/Bond Fund	Other Governmental Funds	Murfreesboro Water Resources	Total
Restricted assets -					
Cash and cash equivalents	\$ 5,118,945	\$ 10,395,890	\$ 377,246	\$ 86,799	\$ 15,978,880
Certificates of deposit			377,834		377,834
Investments		45,710,909	2,214,556		47,925,465
	<u>\$ 5,118,945</u>	<u>\$ 56,106,799</u>	<u>\$ 2,969,636</u>	<u>\$ 86,799</u>	<u>\$ 64,282,179</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets – Governmental Activities – Certain proceeds from outside sources have been classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by outside sources. The general fund maintains separate bank accounts for the following restricted funds: Equitable sharing, police, 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 funds restricted for these purposes in the general fund at June 30, 2018 is \$1,820,700. Additionally, \$3,298,245 is restricted for state street aid.

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, 2018 is \$10,395,890. In addition, proceeds from the Series 2016 and 2018 General Obligation Bonds have been invested in U.S securities and are restricted for capital projects. At June 30, 2018, the balance of the investments restricted in this manner was \$45,710,909.

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 \$92,859 and \$377,834 in bank accounts and certificates of deposit, respectively, which were restricted in this manner at June 30, 2018. 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, 2018, \$50,402 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, 2018 is \$2,214,556.

In addition, included in restricted cash in the Capital Improvement and Contingency Fund is \$284,387 in county shared bond proceeds that are restricted for use solely to acquire property for and construct, equip and improve city schools. The funds are also required to be spent within three years of the date of its receipt.

Restricted Assets – Business-type Activities – The Water Resources Department has \$86,799 in cash restricted by outside sources. Of this amount \$21,368 is restricted for employee benefits, \$28,414 is restricted for capital projects and \$37,017 is restricted for the payment of matured bonds.

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 employers 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, 2018, the City of Murfreesboro's Risk Management Fund has \$500,000 in a certificate of deposit which is restricted in this manner.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets and Depreciation (continued) –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 \$24,109,326 for the year ended June 30, 2018. 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:

	<u>Total Proprietary Funds</u>
Depreciation and amortization on statement of cash flows	\$ 24,121,326
Depreciation and amortization on statement of revenues, expenses, and changes in net position	<u>23,964,780</u>
Difference (depreciation charged to other operating expense accounts)	\$ <u>156,546</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. Interest cost incurred and expensed during the year ended June 30, 2018 was \$130,395.

The Water Resources Department capitalizes interest costs related to the construction of capital assets acquired with tax exempt debt. There was no interest cost charged to capital assets in the fiscal year ended June 30, 2018. Interest cost incurred and expensed during the year ended June 30, 2018 was \$1,976,772.

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	10-50 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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Allowance for Uncollectible Accounts – The City's allowance for estimated uncollectible receivables at June 30, 2018 is as follows:

	<u>General Fund</u>	<u>Water Resources</u>	<u>Evergreen Cemetery</u>
Allowance for -			
Taxes Receivable	\$ 1,399,043		
Other	2,352,373		
Accounts Receivable		\$ 139,101	\$ 19,192

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 insurance 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, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

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 debt service expenditures.

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 reports deferred charge on refunding in this category. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to pensions and other post-employment benefits.

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 four 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, 2018, will not be available for collection until fiscal year 2019, beginning October 2018, and qualifies for reporting as deferred current property taxes 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). The last item relates to certain amounts related to pensions and other post-employment benefits that must be deferred.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position – In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components, net investment in capital assets, restricted net position and unrestricted net position.

Net Investment in Capital Assets – Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Restricted net position consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. The government-wide Statement of Net Position reports \$19,476,442 of restricted net position for the primary government, of which \$272,546 is restricted by enabling legislation and \$4,941,097 is restricted for pensions for the primary government and is included in restricted-other purposes on the Statement of Net Position.

Unrestricted net position – Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

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

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

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

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2018 are as follows:

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>TMBF/Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:						
Nonspendable						
Fuel inventory	\$ 90,927					\$ 90,927
Recreation inventory	95,020					95,020
Airport inventory					\$ 31,317	31,317
Cafeteria inventory					84,692	84,692
Prepays	44,231					44,231
Permanent fund					2,191,960	2,191,960
Restricted						
State road projects	111,579					111,579
Law enforcement	690,018				7,404	697,422
Recreation projects	63,268					63,268
State street aid	3,656,043					3,656,043
Capital projects				\$ 50,338,882		50,338,882
Education capital projects					284,387	284,387
Education					1,870,703	1,870,703

(continued)

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>TMBF/Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances: (continued)						
Committed						
State street aid	15,839					15,839
Law enforcement					466,136	466,136
Airport					751,366	751,366
Community development	83					83
Education		\$ 5,425,188				5,425,188
School nutrition					2,198,531	2,198,531
Capital improvement					1,065,431	1,065,431
Extended school program					550,954	550,954
Assigned						
Recreation projects	27,969					27,969
Education		271,382				271,382
Budgetary assignment	5,229,055					5,229,055
Debt service			\$ 2,088,978			2,088,978
Cemetery operations					558,562	558,562
Other	183,225					183,225
Unassigned	53,319,406					53,319,406
	<u>\$ 63,526,663</u>	<u>\$ 5,696,570</u>	<u>\$ 2,088,978</u>	<u>\$ 50,338,882</u>	<u>\$ 10,061,443</u>	<u>\$ 131,712,536</u>
	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>TMBF / Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Summary for Governmental Funds						
Balance Sheet						
Nonspendable	\$ 230,178				\$ 2,307,969	\$ 2,538,147
Restricted	4,520,908			\$ 50,338,882	2,162,494	57,022,284
Committed	15,922	\$ 5,425,188			5,032,418	10,473,528
Assigned	5,440,249	271,382	\$ 2,088,978		558,562	8,359,171
Unassigned	53,319,406					53,319,406
Total fund balances	<u>\$ 63,526,663</u>	<u>\$ 5,696,570</u>	<u>\$ 2,088,978</u>	<u>\$ 50,338,882</u>	<u>\$ 10,061,443</u>	<u>\$ 131,712,536</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

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.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures* established reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues. There were no tax abatements requiring disclosure under *Governmental Accounting Standards Board Statement 77*.

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 liabilities in the government-wide statements and in proprietary fund statements. The current portion of this liability 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.

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.

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

The governmental fund balance sheet includes a reconciliation between *total governmental fund balances* and *net position of 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 \$(439,019,493) difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

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

General Government -	
General Obligation refunding bonds	\$ (196,190,000)
Add: Unamortized Premium	(16,755,039)
Bank loan	(300,000)
TMBF loans payable	(77,067,501)
Accrued interest payable	(722,257)
Energy Efficient School Loans	(2,728,012)
Landfill post-closure costs	(1,059,000)
Compensated absences	(13,252,279)
Net pension liability	(18,744,592)
OPEB liability	(112,200,813)
Net adjustment	<u>\$ (439,019,493)</u>

Another element of that reconciliation explains that “amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.” The details of this \$11,214,471 difference are as follows:

Contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position in addition to certain other items:

Contributions to pension plans	\$ 8,305,075
Deferred experience income or (loss) on pension plans	1,553,426
Net difference between projected and actual earnings on investments	4,306,458
Changes in assumptions	3,106,841
Changes in proportion of net pension liability (asset)	768,726
Deferred outflows related to pensions	<u>\$ 18,040,526</u>

Certain amounts related to net pension liability are deferred and amortized over time. These are not reported in the funds:

Deferred experience income or (loss) on pension plans	\$ (6,783,385)
Net difference between projected and actual earnings on investments	(31,692)
Changes in proportion of net pension liability (asset)	(10,978)
Deferred inflows related to pensions	<u>\$ (6,826,055)</u>
Net adjustment	<u>\$ 11,214,471</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net 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.”

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

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

The details of this \$33,926,597 difference are as follows:

Capital outlay	\$	59,384,785
Depreciation		(25,458,188)
Net adjustment	\$	<u>33,926,597</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 \$533,709 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

	\$	(371,921)
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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	\$	<u>905,630</u> <u>533,709</u>
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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 \$(46,145,159) difference are as follows:

Debt issued or incurred	\$	(71,106,041)
Premium on bond issuance		(4,784,824)
Amortization of premium		1,682,814
Amortization of deferred outflow-refunding		(60,781)
Change in landfill liability		14,000
Principal repayments		<u>28,109,673</u>
Net adjustment	\$	<u>(46,145,159)</u>

In addition, “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 the governmental funds. Other items such as contributions to pension funds are expensed in the funds while an actuarially determined expense amount is included in the statement of activities.” The details of this \$ (8,014,113) difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

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

Change in compensated absences	\$ (982,549)
Change in accrued interest	(174,100)
Change in inventory - purchase method	12,519
Change in pension expense	
Actuarially determined pension expense	(7,024,236)
Other changes to pension liability (asset)	(5,528)
Contributions expensed per fund statements	8,305,075
Change in OPEB expense	
Actuarially determined OPEB expense	(9,671,040)
OPEB benefits expensed per fund statements	<u>1,525,746</u>
Net adjustment	<u>\$ (8,014,113)</u>

Note C – 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 D – CASH AND INVESTMENTS

Investments – As of June 30, 2018, the City had the following investments and maturities:

	Fair Value	Investment Maturities in Years		
		<1	1-5	6-10
General Fund -				
U.S. Government Bonds & Notes	\$ 4,466,840	\$ 2,480,790	\$ 1,986,050	
	<u>\$ 4,466,840</u>	<u>\$ 2,480,790</u>	<u>\$ 1,986,050</u>	
TMBF/Bond Fund -				
U.S. Government Bonds & Notes	\$ 45,710,909	\$ 45,747,469	\$ 1,963,440	
	<u>\$ 45,710,909</u>	<u>\$ 45,747,469</u>	<u>\$ 1,963,440</u>	
Risk Management Fund -				
U.S. Government Bonds & Notes	\$ 1,992,849	\$ 1,992,849		
	<u>\$ 1,992,849</u>	<u>\$ 1,992,849</u>		
Employee Pension Plan -				
Municipal Bonds	\$ 688,286		\$ 490,884	\$ 197,402
Corporate Bonds & Notes	8,788,719	\$ 1,220,551	5,440,936	2,137,232
Total	<u>\$ 9,477,005</u>	<u>\$ 1,220,551</u>	<u>\$ 5,931,820</u>	<u>\$ 2,334,634</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note D – CASH AND INVESTMENTS (continued)

Electric Department Pension Plan -

Municipal Bonds	\$ 361,685		\$ 204,600	\$ 157,085
Corporate Bonds & Notes	6,341,953	\$ 480,335	3,852,803	2,008,815
Total	<u>\$ 6,703,638</u>	<u>\$ 480,335</u>	<u>\$ 4,057,403</u>	<u>\$ 2,165,900</u>

Perpetual Care Cemetery Fund -

Corporate Bonds & Notes	\$ 1,274,383	\$ 200,347	\$ 878,258	\$ 195,778
Total	<u>\$ 1,274,383</u>	<u>\$ 200,347</u>	<u>\$ 878,258</u>	<u>\$ 195,778</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. See Note P for disclosures related to the fair value of investments.

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. In order to minimize custodial credit risk, all deposits with the financial institution are required to be secured in one or a combination of a) FDIC coverage, b) by designated collateral securities under a collateral agreement with the institution, or c) by the institution’s participation in the Tennessee Collateral Pool. At June 30, 2018, 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, 2018.

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 but follows the investment policy statutes of the State of Tennessee. Of the investment in corporate bonds and notes and municipal bonds and notes, \$8,788,719, \$6,341,953 and \$1,274,383 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.

Interest rate risk – The City manages interest rate risk through limiting maturities on investments. The following limits apply to original maturities on investments: a) no greater than 50% of the total general fund portfolio may be invested for periods longer than 2 years at any time and b) no amounts may be invested with original maturities for periods greater than prescribed by TCA Section 6-56-106.

Credit risk – It is the City’s policy to invest funds (with the exception of the Pension Funds) in accordance with state law including Tennessee Code Annotated (TCA) 6-56-106, which sets out authorized investments for Tennessee Municipalities. The prudent investor rule shall be applied in the context of managing the overall portfolio. The pension committee has an investment directive for its investments to maintain an overall credit quality of “A” for its portfolio. At June 30, 2018, 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note D – CASH AND INVESTMENTS (continued)

At June 30, 2018, the City had investments in corporate bonds and notes rated by Moody's as follows:

Moody's Rating	Fair Value: Corporate Bonds & Notes		
	City's Pension Plan	Electric Department Pension Plan	Perpetual Care Cemetery
A1	\$ 778,028	\$ 708,971	\$ 123,172
A2	564,708	201,250	150,380
A3	1,410,400	1,291,699	414,915
AAA	260,751		
AA1	322,749	192,686	
AA3	402,547	275,265	
BA1	321,959	98,380	
BAA1	2,623,762	1,820,215	289,241
BAA2	1,363,745	1,160,797	275,583
BAA3	521,371	495,490	21,092
NR	218,699	97,200	
	<u>\$ 8,788,719</u>	<u>\$ 6,341,953</u>	<u>\$ 1,274,383</u>

Moody's Rating	Fair Value: Municipal Bonds & Notes		
	City's Pension Plan	Electric Department Pension Plan	Perpetual Care Cemetery
AA2		\$ 157,085	
AA3	\$ 145,732	204,600	
NR	542,555		
	<u>\$ 688,287</u>	<u>\$ 361,685</u>	<u>\$ -</u>

NR=not rated

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

<u>Governmental activities</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets, not being depreciated -				
Land	\$ 265,053,346	\$ 5,006,189	\$ 164,803	\$ 269,894,732
Construction in progress	86,964,383	58,210,933	80,389,756	64,785,560
Subtotal	<u>\$ 352,017,729</u>	<u>\$ 63,217,122</u>	<u>\$ 80,554,559</u>	<u>\$ 334,680,292</u>
Capital assets, being depreciated -				
Buildings	\$ 175,174,675	\$ 44,223,099	\$ 221,342	\$ 219,176,432
Improvements other than buildings	93,893,875	9,314,445	41,285	103,167,035
Equipment	86,820,967	21,142,413	1,720,120	106,243,260
Computer software	3,829,740	104,791		3,934,531
Infrastructure	353,651,810	2,697,901		356,349,711
Subtotal	<u>\$ 713,371,067</u>	<u>\$ 77,482,649</u>	<u>\$ 1,982,747</u>	<u>\$ 788,870,969</u>
Less accumulated depreciation -				
Buildings	\$ (54,066,736)	\$ (4,875,495)	\$ (92,348)	\$ (58,849,883)
Improvements other than buildings	(44,967,983)	(4,274,902)	(30,736)	(49,212,149)
Equipment	(50,764,522)	(7,701,633)	(1,632,945)	(56,833,210)
Computer software	(1,537,152)	(427,196)		(1,964,348)
Infrastructure	(108,818,371)	(8,178,962)		(116,997,333)
Subtotal	<u>\$ (260,154,764)</u>	<u>\$ (25,458,188)</u>	<u>\$ (1,756,029)</u>	<u>\$ (283,856,923)</u>
Capital assets, being depreciated, net	<u>\$ 453,216,303</u>	<u>\$ 52,024,461</u>	<u>\$ 226,718</u>	<u>\$ 505,014,046</u>
Capital assets, net	<u>\$ 805,234,032</u>	<u>\$ 115,241,583</u>	<u>\$ 80,781,277</u>	<u>\$ 839,694,338</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note E – CAPITAL ASSETS (continued)

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

Governmental activities -		
General government	\$	909,357
Police		1,666,968
Fire and rescue		1,132,197
City Court		3,644
Engineering		8,566,185
Building and codes		2,221
Planning		1,715
Solid waste		973,757
Transportation		216,186
Urban environmental		49,403
Public health, education and welfare		98,078
Community services		487,063
Recreation		4,573,523
Education		<u>6,777,891</u>
Total governmental activities		
depreciation expense	\$	<u>25,458,188</u>

	<u>Balance</u>		<u>Adjustments/</u>	<u>Balance</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 17,363,959	\$ 804,841		\$ 18,168,800
Construction in progress	48,778,669	17,013,161	\$ 53,060,924	12,730,906
Subtotal	<u>\$ 66,142,628</u>	<u>\$ 17,818,002</u>	<u>\$ 53,060,924</u>	<u>\$ 30,899,706</u>
Capital assets, being depreciated -				
Structures and improvements	\$ 118,126,828	\$ 8,723,255	\$ (47,890)	\$ 126,897,973
Transmission and distribution				
mains	360,721,858	13,279,237	1,953,379	372,047,716
Electric plant	191,171,449	19,965,050	4,956,398	206,180,101
Equipment	72,084,173	30,316,270	2,744,931	99,655,512
Subtotal	<u>\$ 742,104,308</u>	<u>\$ 72,283,812</u>	<u>\$ 9,606,818</u>	<u>\$ 804,781,302</u>
Less: accumulated depreciation -				
Structures and improvements	\$ (41,800,385)	\$ (3,394,467)	\$ 118	\$ (45,194,970)
Transmission and distribution				
mains	(101,078,294)	(7,488,163)	(700,724)	(107,865,733)
Electric plant	(62,249,326)	(7,303,249)	(5,166,184)	(64,386,391)
Equipment	(37,841,335)	(5,935,447)	(2,590,373)	(41,186,409)
	<u>\$ (242,969,340)</u>	<u>\$ (24,121,326)</u>	<u>\$ (8,457,163)</u>	<u>\$ (258,633,503)</u>
Capital assets, being depreciated, net	<u>\$ 499,134,968</u>	<u>\$ 48,162,486</u>	<u>\$ 1,149,655</u>	<u>\$ 546,147,799</u>
Capital assets, net	<u>\$ 565,277,596</u>	<u>\$ 65,980,488</u>	<u>\$ 54,210,579</u>	<u>\$ 577,047,505</u>

The beginning balances of certain capital asset classifications were reclassified for consistency with the current year presentation.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note E – 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, 2018 are \$579,202.

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

Business-type activities:

Water Resources	\$ 15,805,845
Electric	7,710,076
Cemetery	26,391
Stormwater fund	579,014
Total business-type activities depreciation expense	<u>\$ 24,121,326</u>

Note F – LONG-TERM LIABILITIES

General Obligation Refunding Bonds and General Obligation 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 date of June 30, 2029 and bearing fixed rates ranging from 1.00% to 5.00%. On April 25, 2016, the City issued \$79,000,000 in general obligation bonds with a maturity date of June 1, 2031 bearing fixed rates ranging from 2.00% to 5.00%.

On August 16, 2016, the City issued \$27,430,000 in General Obligation Refunding Bonds, Series 2016B at a premium of \$3,741,565 to refund \$30,943,000 in Tennessee Municipal Bond Fund Loan, Series 2010.

On April 10, 2018, the City issued \$71,000,000 in General Obligation Bonds, Series 2018 at a premium of \$4,784,824 to fund certain capital projects. These general obligation bonds are set to mature June 1, 2033, bearing interest rates ranging from 2.95% to 5.00%.

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 16,055,000	\$ 7,468,875
2020	14,430,000	6,663,000
2021	13,170,000	5,992,600
2022	13,825,000	5,330,350
2023	14,460,000	4,693,850
2024-2028	74,085,000	14,489,675
2029-2033	50,165,000	3,928,390
	<u>\$ 196,190,000</u>	<u>\$ 48,566,740</u>

Revenue and Tax Refunding Bonds – During the year ended June 30, 2010, the Electric Department and the Water Resources 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 (2009 Tax and Revenue 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 2019-2021 and bear

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note F – LONG-TERM LIABILITIES (continued)

Revenue and Tax Refunding Bonds (continued) – interest at fixed rates ranging from 2.00% to 3.38%. The maturities for the revenue and tax bonds for the Water Resources Department range from 2019-2026 and bear interest at rates ranging from 2.00% to 4.00%. The Water Resources Department partially refunded the 2009 Tax and Revenue Refunding bonds with 2016 Tax and Revenue Refunding Bonds in the amount of \$17,015,000 leaving an unrefunded balance on the 2009 Tax and Revenue Refunding Bonds of \$7,105,000 which mature in the fiscal year end 2019. The bonds are secured by a pledge of net revenues from operations. During the year ended June 30, 2013, the Water Resources 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 2019 through 2021 at a fixed rate of 1.31%.

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%	\$ 1,110,000
Water Resources Department – Series 2009	2.00-5.00%	2,475,000
Water Resources Department – Series 2013	1.31%	11,090,000
Water Resources Department – Series 2016	1.31%	<u>16,815,000</u>
		<u>\$ 31,490,000</u>

Maturities of the revenue bonds are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,585,000	\$ 962,129
2020	6,535,000	774,314
2021	6,710,000	590,386
2022	2,705,000	399,250
2023	2,830,000	264,000
2024-2026	<u>6,125,000</u>	<u>217,800</u>
	<u>\$ 31,490,000</u>	<u>\$ 3,207,879</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	\$ 45,323,907
Governmental activities	2.17%	28,623,000
Governmental activities	2.07%	1,609,594
Governmental activities	1.25%	<u>1,511,000</u>
		\$ 77,067,501
Business-type activities	Variable	<u>29,920,000</u>
		\$ <u>106,987,501</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note F – LONG-TERM LIABILITIES (continued)

Tennessee Municipal Bond Fund Loans (continued) – Annual debt service requirements to maturity are as follows:

TMBF Loans Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 14,886,594	\$ 1,509,837	\$ 3,385,000	\$ 378,701
2020	13,751,000	1,217,618	3,535,000	336,311
2021	13,328,907	951,594	3,691,000	292,058
2022	7,343,000	693,902	3,854,000	245,867
2023	7,632,000	543,145	4,026,000	197,649
2024-2028	20,126,000	922,776	11,429,000	372,895
	<u>\$ 77,067,501</u>	<u>\$ 5,838,872</u>	<u>\$ 29,920,000</u>	<u>\$ 1,823,481</u>

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.

In the fiscal year ended June 30, 2017, the City received \$2,140,835 in loan proceeds from the State to provide funding for a qualifying capital outlay project to improve the energy efficiency of certain Murfreesboro City Schools. The loan bears an interest rate of .75% and is payable in monthly amounts of \$15,551, including principal and interest, and maturing May 1, 2029.

Annual debt service requirements for the three Energy Efficient School Loans to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 369,795	\$ 13,965
2020	371,094	12,666
2021	372,403	11,357
2022	315,431	10,038
2023	234,573	8,709
2024-2028	909,801	23,259
2029	154,915	533
	<u>\$ 2,728,012</u>	<u>\$ 80,527</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 with a maturity date of June 30, 2020 and bearing a fixed interest rate of 1.60%.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note F – LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 155,000	\$ 3,560
2020	145,000	1,160
	<u>\$ 300,000</u>	<u>\$ 4,720</u>

State Revolving Loans – The Water Resources Department has five revolving loan agreements with the State of Tennessee for various capital projects. During the year ended June 30, 2018, the Water Resources Department borrowed a total of \$4,776,960 from the State of Tennessee on one of these revolving loans. The total outstanding balance of the revolving loans at June 30, 2018 is \$53,328,452. These loans bear interest at annual interest rates ranging from .93% to 1.30%. Interest is due and payable on a monthly basis. Under terms of the revolving loans the Department has agreed to defer principal payments until the projects are substantially completed.

Annual principal maturities and interest payments related to the State of Tennessee revolving loans are as follows:

Year Ending June 30,	State Revolving Loans	
	Principal	Interest
2019	\$ 2,738,592	\$ 637,224
2020	2,770,236	605,580
2021	2,802,264	573,552
2022	2,834,688	541,128
2023	2,867,472	508,344
2024-2028	14,843,160	2,035,920
2029-2033	15,723,504	1,155,576
2034-2035	8,748,536	243,274
	<u>\$ 53,328,452</u>	<u>\$ 6,300,598</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, 2018, the Department did not make any plant purchases. Currently, the amount due on prior purchases total \$710,953 as of June 30, 2018.

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, \$3,858,000 of internal service funds claims and judgments are included in the amounts in the table below.

For governmental activities, the general fund liquidates approximately 99% of the liabilities for pension-related debt, postemployment benefits and compensated absences with the remaining 1% 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, 2018

Note F – LONG-TERM LIABILITIES (continued)

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>	<u>One Year</u>
<i>Governmental Activities -</i>					
General Obligation bonds	\$ 137,655,000	\$ 71,000,000	\$ 12,465,000	\$ 196,190,000	\$ 16,055,000
Add: Premium on bonds	13,653,029	4,784,824	1,682,814	16,755,039	
	<u>\$ 151,308,029</u>	<u>\$ 75,784,824</u>	<u>\$ 14,147,814</u>	<u>\$ 212,945,039</u>	<u>\$ 16,055,000</u>
Tennessee Municipal Bond Fund Loans	91,918,460	106,041	14,957,000	77,067,501	14,886,594
Bank Loan	620,000		320,000	300,000	155,000
Energy Efficient School Loan	3,095,685		367,673	2,728,012	369,795
	<u>\$ 246,942,174</u>	<u>\$ 75,890,865</u>	<u>\$ 29,792,487</u>	<u>\$ 293,040,552</u>	<u>\$ 31,466,389</u>
Estimated landfill closure costs	1,073,000		14,000	1,059,000	22,000
Compensated absences	12,269,730	3,698,728	2,716,179	13,252,279	1,367,172
Claims and judgments	4,763,500	2,342,382	3,247,882	3,858,000	1,619,000
	<u>\$ 265,048,404</u>	<u>\$ 81,931,975</u>	<u>\$ 35,770,548</u>	<u>\$ 311,209,831</u>	<u>\$ 34,474,561</u>
OPEB Liability *	104,282,601	9,694,705	1,776,493	112,200,813	
Governmental activity -					
Long-term liabilities	<u>\$ 369,331,005</u>	<u>\$ 91,626,680</u>	<u>\$ 37,547,041</u>	<u>\$ 423,410,644</u>	<u>\$ 34,474,561</u>
<i>Business-type Activities -</i>					
Revenue Bonds	\$ 37,910,000		\$ 6,420,000	\$ 31,490,000	\$ 6,585,000
Matured bonds payable	36,000			36,000	36,000
Add: premium on refunding	2,290,140		556,184	1,733,956	
	<u>\$ 40,236,140</u>		<u>\$ 6,976,184</u>	<u>\$ 33,259,956</u>	<u>\$ 6,621,000</u>
State revolving loans	50,785,488	\$ 4,776,960	2,233,996	53,328,452	2,738,592
Tennessee Municipal Bond Fund Loans	33,161,000		3,241,000	29,920,000	3,385,000
Compensated absences	3,342,735	566,390	413,268	3,495,857	1,297,935
	<u>\$ 127,525,363</u>	<u>\$ 5,343,350</u>	<u>\$ 12,864,448</u>	<u>\$ 120,004,265</u>	<u>\$ 14,042,527</u>
OPEB Liability	32,325,670	2,842,439	658,305	34,509,804	
Business-type activity -					
Long-term liabilities	<u>\$ 159,851,033</u>	<u>\$ 8,185,789</u>	<u>\$ 13,522,753</u>	<u>\$ 154,514,069</u>	<u>\$ 14,042,527</u>

* The beginning OPEB Liability has been restated for the implementation of GASB 75.

Note G – CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2018, outstanding funds advanced by TVA totaled \$1,997,026 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, 2018, the outstanding receivables for loans made from these funds amounted to \$1,925,151.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – 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, a 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 Resources department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by Pinnacle Financial Partners who serves as trustee 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 Employees' Pension Plan.

As of June 30, 2018, 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, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (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 65th 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 55th 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.

Contributions - 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, 2017, the actuarial valuation date, was 12.32%. The contribution rate for the fiscal year ended June 30, 2018 was 12.32%.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (continued)

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

Retirees and beneficiaries currently receiving benefits	261
Terminated employees entitled to deferred benefits	260
Active participants	<u>630</u>
	<u>1,151</u>

Investment Policy – The City adopted a formal Investment Policy statement in May of 2015 for the fiscal year ended June 30, 2017, the date of the actuarial valuation. It is the pension committee’s primary investment objectives for the overall plan to achieve 1) a long-term annualized investment return, net of fees, equivalent or superior to the plan’s current discount rate of 7.25% 2) an average annual total return equal or exceeding the blended target policy index benchmark, when measured over three year rolling time periods; and 3) an average annual total return that is consistently above the median performance of an appropriate peer manager universe. The pension committee has retained Chartwell Consulting to advise in this regard and to monitor the plan’s investments to ensure that they are meeting the pension committee’s policy range for each type of investment. In pursuing its long-term performance objectives, the risk tolerance of the plan shall be considered moderate. Volatility of annual returns, including losses in value, may be tolerated provided there are reasonable expectations the plan can achieve its long-term objectives. In order to help achieve the Performance Objectives with moderate risk (volatility), the Pension Committee shall diversify plan assets by asset classes in accordance with a Strategic Target Asset Mix. The Strategic Target Asset Mix for the year ended June 30, 2017 (the measurement date) was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Large cap	18.0 %
Small/Mid cap	10.0 %
Global markets	7.0 %
Foreign equity	9.0 %
Emerging markets	6.0 %
Nat. resources equity	5.0 %
Global real estate	7.0 %
US core bonds	18.0 %
US high yield bonds	7.0 %
Global bonds	12.0 %
Cash equivalents	<u>1.0 %</u>
	100.0 %

At June 30, 2017, the measurement date, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 11.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (continued)

Investment Rate of Return – The investment rate of return is 7.25% per annum, compounded annually. The long-term expected rate of return on pension plan investments was determined using a modified 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 Real Rate of Return</u>
US small/midcap Equity	8.40%
US large cap equity	7.83%
International equity	7.64%
Emerging markets equity	8.69%
Cash equivalent	3.23%
Core US bonds	4.42%
Global bonds	3.47%
High yield bonds	6.20%
Natural resources	5.02%
Global real estate	6.69%

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

Paragraph 29 of GASB Statement 68 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 current contribution policy requires contributions of normal cost plus a closed amortization of the unfunded liabilities (not to exceed 30 years from when the unfunded liability was created). The discount rate utilized assumes that contributions from the employer will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the pension funding policy of the City of Murfreesboro and as required to be paid by state statute. Based on these assumptions and the actuarial methodology adopted, the employer's fiduciary net position is expected to remain positive and to be available to make projected future benefit payments of current active and inactive members and to cover administrative expenses. 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (continued)

Schedule of Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2016	\$ 142,447,694	\$ 117,166,386	\$ 25,281,308
Service cost	\$ 2,814,115		\$ 2,814,115
Interest	10,355,800		10,355,800
Difference between expected and actual experience	(411,159)		(411,159)
Contributions - employer		\$ 4,118,541	(4,118,541)
Net investment income		13,789,565	(13,789,565)
Benefit payments, including refund of employee contributions	(4,846,388)	(4,846,388)	
Administrative expense		(321,756)	321,756
Net changes	\$ 7,912,368	\$ 12,739,962	\$ (4,827,594)
Balance at June 30, 2017	\$ 150,360,062	\$ 129,906,348	\$ 20,453,714

Note: June 30, 2017 is the measurement date and valuation date for the reporting date June 30, 2018.

As of the measurement date, plan fiduciary net position as a percentage of total pension liability is 86.40%.

The breakdown of the net pension liability of this plan between governmental activities and business-type activities is as follows:

	Governmental Activities	Business-type Activities	Total
Net pension (asset) liability	\$ 18,046,622	\$ 2,407,092	\$ 20,453,714

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 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net pension (asset) liability	\$ 39,593,146	\$ 20,453,714	\$ 4,241,962

Actuarial assumptions – the total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (continued)

Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.25 %
Salary increases	4.00 %
Investment rate of return	7.25 %, net of investment expense, including inflation
Cost of Living Adjustments	None
Mortality	RP 2000 Combined Mortality Table with mortality improvement through the valuation date

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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2018, the recognized pension expense is \$6,343,450.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension expense	\$ 5,478,607	\$ 864,843	\$ 6,343,450

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Experience gains or losses	\$ 611,902	\$ 70,527	\$ 521,533	\$ 922,743
Net difference between projected and actual earnings on investments	4,262,165	928,123		
Contributions made subsequent to measurement date	3,510,434	617,423		
	<u>\$ 8,384,501</u>	<u>\$ 1,616,073</u>	<u>\$ 521,533</u>	<u>\$ 922,743</u>

Contributions made subsequent to the measurement date of \$3,510,434 and \$617,423 for governmental activities and business-type activities, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Investment gains or losses are amortized over 5 years. Experience gains or losses and changes in actuarial assumptions are amortized over the average working lifetime of all participants. Plan amendments are recognized immediately.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2018 will be recognized in pension expense as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

City of Murfreesboro Employees' Pension Plan – Defined Benefit (continued)

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2019	\$ 1,228,161	\$ 80,135
2020	2,850,392	433,182
2021	1,093,075	51,953
2022	(868,439)	(371,500)
2023	49,345	(117,871)
	<u>\$ 4,352,534</u>	<u>\$ 75,899</u>

In the table above, positive amounts will increase net pension expense, while negative amounts will decrease net pension expense.

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 contributions and the employer contribution for the year ended June 30, 2018 is \$1,432,963 (including rollovers to the plan in the amount of \$26,416). For the year ended June 30, 2018, forfeited balances of terminated participants' nonvested accounts were used or to be used to reduce the City's contributions in the amount of \$144,534.

Murfreesboro Electric Department Employee Pension

Plan Description - The Murfreesboro Electric Department (the 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 employees of the Murfreesboro Electric Department who have attained the age of twenty-five and completed at least one year of service.

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 (Pinnacle) 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.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

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.

Contributions, Membership and Funding Requirements -

Current membership in the plan was comprised of the following as of the June 30, 2018, the actuarial valuation date:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to deferred benefits	13
Active participants	<u>53</u>
	<u><u>112</u></u>

Contributions – The Board of Trustees establishes and may amend the contribution requirements of the Department. The contribution is based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Department adopted a funding policy as required by recent State of Tennessee legislation. The funding policy states that the Department will contribute at least the actuarially determined contribution as described in the funding policy. Employees are not allowed to contribute to the plan. For the year ended June 30, 2018, the Department's annual contribution was \$1,100,000.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

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

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

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

Investment Policy – The plan has an agreement with Pinnacle Financial Partners (Pinnacle) 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.

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.

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.82%.

Actuarial assumptions – The total pension asset was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions:

Investment rate of return	7.0%	net of pension plan investment expenses including inflation
Projected salary increases	4.0%	per annum to normal retirement
Inflation rate	2.25%	per annum, compounded annually

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, 2018 valuation are selected by the Department. No changes were made to the actuarial assumptions from the previous year.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity- Small Cap	32 - 65%	9.25 %
Domestic Equity – Large Cap	32 - 65%	7.21 %
Domestic Equity – Mid Cap	32 - 65%	9.25 %
International Equity	0 - 18%	6.79 %
International Equity – Emerging Markets	0 - 18%	10.11 %
Fixed Income	35 - 45%	4.59 %
Real Estate	1 - 10%	8.79 %
Cash	0 - 10%	2.99 %

Discount rate – The discount rate used to measure the total pension liability was 7.0%. As an alternative to projecting the pension plan’s net position based upon projected contributions, benefit payments and 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 20-year closed amortization from July 1, 2005 of the unfunded liabilities. 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 active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of net pension (asset) to changes in the discount rate – The following represents the net pension (asset) liability of the Department, calculated using the discount rate of 7 percent, as well as what the Department’s net pension liability (asset) 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	\$ (1,999,660)	\$ (4,436,753)	\$ (6,514,290)

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Department pension plan financial report. The pension plan’s fiduciary net position has been determined on the same basis used by the Department.

Net Pension Asset – The employer’s net pension asset was measured as of June 30, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2018.

The components of the net pension (asset) liability of Murfreesboro Electric Department at June 30, 2018 were as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2017	\$ 19,784,764	\$ 23,877,094	\$ (4,092,330)
Service cost	\$ 365,423		\$ 365,423
Interest	1,373,668		1,373,668
Difference between expected and actual experience	422,696		422,696
Contributions - employer		\$ 1,100,000	(1,100,000)
Net investment income		1,517,686	(1,517,686)
Benefit payments, including refund of employee contributions	(1,052,713)	(1,052,713)	
Administrative expenses		(111,476)	111,476
Net changes	\$ 1,109,074	\$ 1,453,497	\$ (344,423)
Balance at June 30, 2018	\$ 20,893,838	\$ 25,330,591	\$ (4,436,753)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2018, the recognized negative pension expense is \$(86,162). At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 813,990	\$ 59,774
Changes in assumptions		1,066,107
Net difference between projected and actual earnings on investments	414,699	
	\$ 1,228,689	\$ 1,125,881

Investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2018 will be recognized in pension expense as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

Year Ending June 30	Total
2019	\$ 28,963
2020	(155,388)
2021	40,091
2022	189,142
	<u>\$ 102,808</u>

In the table above, positive amounts will increase net pension expense, while negative amounts will decrease net pension expense.

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 requires a four percent of pay minimum 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, 2018 is \$191,209. For the year ended June 30, 2018, no forfeited balances of terminated participants' nonvested accounts were used to reduce the Department's contributions.

Tennessee Consolidated Retirement System

Teacher Legacy Pension Plan

Plan Description – Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Murfreesboro City Schools are provided with pensions through the Teachers Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by TCRS. The Teacher Legacy Pension plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teachers Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½ percent. A 1 percent COLA is granted if the CPI change is between ½ and 1 percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Murfreesboro City Schools for the year ended June 30, 2018 to the Teacher Legacy Pension Plan were \$2,838,188 which is 9.08 percent of covered payroll. The employer rate, when combined with the member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liability (Asset) – At June 30, 2018, the Murfreesboro City Schools reported an asset of \$(291,790) for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Murfreesboro City Schools' portion of the net pension asset was based on Murfreesboro City Schools' share of contributions to the pension plan relative to the contribution of all participating LEAs. At the measurement date of June 30, 2017, the Murfreesboro City Schools' proportion was .891816 percent. The proportion measured as of June 30, 2016 was .888061 percent.

Pension Expense – For the year ended June 30, 2018, Murfreesboro City Schools recognized pension expense of \$247,574.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2018, Murfreesboro City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 175,910	\$ 6,024,036
Changes in assumptions	2,471,268	
Net difference between projected and actual earnings on pension plan investments	44,293	
Changes in proportion of net pension liability (asset)	768,726	
LEA's contributions subsequent to measurement date of June 30, 2017	2,838,188	
	<u>\$ 6,298,385</u>	<u>\$ 6,024,036</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

Murfreesboro City Schools' employer contributions of \$2,838,188 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	<u>Total</u>
2019	\$ (1,843,687)
2020	1,141,352
2021	(507,774)
2022	<u>(1,353,730)</u>
	<u>\$ (2,563,839)</u>

In the table above, positive amounts will increase net pension expense, while negative amounts will decrease net pension expense.

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Projected salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.05 percent
Inflation rate	2.50 percent
Cost-of-Living Adjustment	2.25 percent

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes in assumptions – In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 7.25 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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 the proportionate share of net pension liability (asset) to changes in the discount rate – The following presents Murfreesboro City Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Murfreesboro City Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Murfreesboro City Schools' proportionate share of the net pension (asset) liability	\$ 26,181,635	\$ (291,790)	\$ (22,173,815)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report. The pension plan’s fiduciary net position has been determined on the same basis used by the pension plan.

At June 30, 2018, Murfreesboro City Schools reported a payable of \$236,528 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2018.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan

Plan description – Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of the Murfreesboro City Schools are provided pensions through the Teachers Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership as of June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37.

The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with unreduced benefits at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½ percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at a rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018 to the Teacher Retirement Plan were \$304,229 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets) – At June 30, 2018, Murfreesboro City Schools reported an asset of \$(212,554) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial value as of that date.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Murfreesboro City Schools' proportion of the net pension asset was based on Murfreesboro City Schools' share of contributions to the pension plan relative to the contributions of all participating LEA's. At the measurement date of June 30, 2017, Murfreesboro City Schools' proportion was .805632 percent. The proportion measured at June 30, 2016 was .733835 percent.

Pension Expense – For the year ended June 30, 2018, Murfreesboro City Schools recognized pension expense of \$95,423.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2018, Murfreesboro City Schools reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,449	\$ 15,986
Net difference between projected and actual earnings on pension plan investments		11,437
Changes in assumptions	18,674	
Changes in proportion of net pension liability (asset)		10,978
Murfreesboro City Schools' contributions subsequent to the measurement date of June 30, 2017	304,229	
	<u>\$ 330,352</u>	<u>\$ 38,401</u>

Murfreesboro City Schools' employer contributions of \$304,229 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2019	\$ (2,001)
2020	(2,001)
2021	(2,656)
2022	(5,598)
2023	(205)
Thereafter	183
	<u>\$ (12,278)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Projected salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Inflation rate	2.5 percent
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes in assumptions – In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 7.25 percent based on a blending of the factors described above.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Discount rate – The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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 the proportionate share of net pension liability (asset) to changes in the discount rate – The following presents Murfreesboro City Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Murfreesboro City Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>6.25%</u>	<u>Current Rate</u> <u>7.25%</u>	<u>1% Increase</u> <u>8.25%</u>
Murfreesboro City Schools' proportionate share of the net pension (asset) liability	\$ 42,407	\$ (212,554)	\$ (399,571)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report. The pension plan’s fiduciary net position has been determined on the same basis used by the pension plan.

At June 30, 2018, Murfreesboro City Schools reported a payable of \$26,601 for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2018.

Public Employee Retirement Plan

Plan description – Employees of Murfreesboro City Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plan of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by state statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms – At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	253
Inactive employees entitled to but not yet receiving benefits	298
Active employees	479
Total	<u><u>1,030</u></u>

Contributions – Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Murfreesboro City Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, employer contributions for Murfreesboro City Schools were \$1,652,224 at a base rate of 12.17 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Murfreesboro City Schools' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Murfreesboro City Schools' net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Projected salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Inflation rate	2.5 percent
Cost-of-Living Adjustment	2.25 percent

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

Changes in assumptions – In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate – The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from Murfreesboro City Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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.

Net pension (asset) liability - The components of the net pension (asset) liability of Public Employee Retirement Plan at June 30, 2017, the measurement date, were as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2016	\$ 26,101,582	\$ 25,078,777	\$ 1,022,805
Service cost	\$ 949,471		\$ 949,471
Interest	1,985,448		1,985,448
Difference between expected and actual experience	362,286		362,286
Changes in assumptions	719,715		719,715
Contributions - employer		\$ 1,511,862	(1,511,862)
Contributions - employee			-
Net investment income		2,865,818	(2,865,818)
Benefit payments, including refund of employee contributions	(1,156,821)	(1,156,821)	
Administrative expenses		(40,907)	40,907
Other changes		4,982	(4,982)
Net changes	\$ 2,860,099	\$ 3,184,934	\$ (324,835)
Balance at June 30, 2017	\$ 28,961,681	\$ 28,263,711	\$ 697,970

Sensitivity of net pension liability (asset) to changes in the discount rate – The following represents the net pension (asset) liability of the Murfreesboro City Schools calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Murfreesboro City Schools' net pension liability (asset)	\$ 4,591,729	\$ 697,970	\$ (2,532,229)

Pension expense – For the year ended June 30, 2018 Murfreesboro City Schools recognized pension expense of \$1,202,632 for the public employee pension plan.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2018, Murfreesboro City Schools reported deferred outflows of resources related to pensions from the following sources:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 758,165	\$ 221,830
Net difference between projected and actual earnings on pension plan investments		20,255
Changes in assumptions	616,899	
Contributions subsequent to the measurement date of June 30, 2017	1,652,224	
	<u>\$ 3,027,288</u>	<u>\$ 242,085</u>

The amount shown for “Contributions subsequent to the measurement date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	<u>Total</u>
2019	\$ 124,662
2020	485,100
2021	187,608
2022	26,457
2023	154,571
Thereafter	154,581
	<u>\$ 1,132,979</u>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

At June 30, 2018, Murfreesboro City Schools reported a payable of \$129,453 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2018.

Reconciliation of all plans to the amounts presented on the Statement of Net Position - The aggregate amount for all pension plans for (1) pension assets, (2) pension liabilities, (3) deferred outflows of resources related to pensions, (4) deferred inflows of resources related to pensions, and (5) pension expenses/expenditures for the fiscal year ended June 30, 2018 associated with the net pension liability/asset are summarized below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Pension Asset		
Murfreesboro Electric Department		
Employee Pension Plan		\$ 4,436,753
Teacher Legacy Pension Plan	\$ 291,790	
Teacher Retirement Plan	212,554	
	<u>\$ 504,344</u>	<u>\$ 4,436,753</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note H – EMPLOYEE PENSION PLANS (continued)

Reconciliation of all plans to the amounts presented on the Statement of Net Position (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred Outflows Related to Pensions		
City of Murfreesboro Employees' Pension Plan	\$ 8,384,501	\$ 1,616,073
Murfreesboro Electric Department Employee Pension Plan		1,228,689
Teacher Legacy Pension Plan	6,298,385	
Teacher Retirement Plan	330,352	
Public Employee Retirement Plan	<u>3,027,288</u>	
	\$ <u>18,040,526</u>	\$ <u>2,844,762</u>
Net Pension Liability		
City of Murfreesboro Employees' Pension Plan	\$ 18,046,622	\$ 2,407,092
Public Employee Retirement Plan	<u>697,970</u>	
	\$ <u>18,744,592</u>	\$ <u>2,407,092</u>
Deferred Inflows Related to Pensions		
City of Murfreesboro Employees' Pension Plan	\$ 521,533	\$ 922,743
Murfreesboro Electric Department Employee Pension Plan		1,125,881
Teacher Legacy Pension Plan	6,024,036	
Teacher Retirement Plan	38,401	
Public Employee Retirement Plan	<u>242,085</u>	
	\$ <u>6,826,055</u>	\$ <u>2,048,624</u>
Pension Expense/Expenditures		
City of Murfreesboro Employees' Pension Plan	\$ 5,478,607	\$ 864,843
Murfreesboro Electric Department Employee Pension Plan		(86,162)
Teacher Legacy Pension Plan	247,574	
Teacher Retirement Plan	95,423	
Public Employee Retirement Plan	<u>1,202,632</u>	
	\$ <u>7,024,236</u>	\$ <u>778,681</u>

Note I – 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, 2018

Note I – 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 J – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 Resources, offers retirees postemployment healthcare benefits, under a single employer defined benefit OPEB plan, on an annual basis with the option to cancel, modify, or reduce benefits by authority of the Mayor and City Council.

The OPEB plans are not administered through a trust that is within the scope of GASB No. 74, *Financial Reporting for Postemployment Benefits Other than Pension Plans*.

The following is a summary of each of these plans:

City of Murfreesboro Administered OPEB Plan

Plan Description – Each year, as part of its annual budgeting process, the City Council decides whether to provide eligible retirees and dependent medical coverage for the upcoming fiscal year. It adopts a resolution describing the benefit it intends to provide. Whether the benefit is offered, and the value and terms of the benefit, are subject to change at any time as the benefit has never been adopted by ordinance, including the ordinance establishing the Employees' Revised Pension Trust Agreement, or by contract with any employee group so as to create a vested right to it. The City may alter, amend or discontinue this benefit at any time.

Police and Firefighters are eligible to retire at age 55 with a minimum of five (5) years of participation in the plan.

General employees are eligible to retire at age 65 with a minimum of five (5) years of participation in the plan, or at age 55 with thirty (30) years of pension eligible service; or at age 62 with twenty (20) years of pension eligible service, or at age 55 with twenty-five (25) years of pension eligible service with an actuarially reduced retirement benefit.

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.

The plan does not have assets set aside in a trust to fund benefits as the plan is funded on a pay-as-you-go basis.

Total OPEB Liability –

The plan's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Methods- The total OPEB liability on the June 30, 2018, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

City of Murfreesboro Administered OPEB Plan (continued)

Actuarial Assumptions and Methods (continued)

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.98%
Inflation Rate	2.5%
Salary Increases	4.00%
Healthcare Cost Trend Rate	
Medical	8.00% graded down to 5.00% over 10 years
Administrative Fees	5.00% increase per annum
Stop Loss	10.00% increase per annum
Retirees share of Benefit	
Related Cost	20%
Future Participation Rates	95 % of future eligible employees are assumed to elect medical coverage upon retirement and 95% are assumed to elect coverage for a spouse upon retirement

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018.

Mortality rates for the plan were based on the Mortality Table RP-2000 projected to 2018.

The actuarial assumptions used for the June 30, 2018 fiscal year end were based on plan data and costs presented by the City of Murfreesboro with concurrence by the actuary.

Changes in City Administered Plan's collective total OPEB liability are as follows:

	<u>City Administered Plan</u>		Collective Total OPEB Liability
	<u>City</u>	<u>Water Resources Department</u>	
Balance at June 30, 2017	\$ 99,055,237	\$ 19,829,610	\$ 118,884,847
Changes for the year:			
Service Cost	\$ 6,111,465	\$ 1,071,530	\$ 7,182,995
Interest	3,096,270	611,919	3,708,189
Benefit payments	(1,265,000)	(366,962)	(1,631,962)
Total changes	\$ 7,942,735	\$ 1,316,487	\$ 9,259,222
Balance at June 30, 2018	\$ 106,997,972	\$ 21,146,097	\$ 128,144,069

Employees Covered by OPEB -The number of participants of the City Administered Plan as of June 30, 2018, the valuation date of OPEB valuation for the plan follows.

Active Employees Eligible for Retirement Benefits	937
Active Employees Not Eligible for Retirement Benefits	109
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	189
Total	<u>1046</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

City of Murfreesboro Administered OPEB Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2018, the City's collective OPEB expense recognized by the plan was \$10,891,184 of which \$9,207,735 was recognized by the Governmental Activities and \$1,683,449 was recognized by the Business-type Activities. At June 30, 2018, there were no deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

Sensitivity of the City's Collective Total OPEB Liability to Changes in the Discount Rate – The following presents the City's collective total OPEB liability calculated using the discount rate of 2.98 percent, as well as what the City's collective total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.98 %) or one percentage point higher (3.98 %) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.98%	2.98%	3.98%
Total OPEB Liability	\$ 154,076,700	\$ 128,144,069	\$ 107,624,860

Sensitivity of the City's Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the City's collective total OPEB liability calculated using the healthcare cost trend assumption of 8.0 % decreasing to 5.0% over 10 years, as well as what the City's collective total OPEB liability would be if it was calculated using a trend assumption that is one percentage-point lower or one percentage-point higher than the assumed trend rate:

	1% 7% decreasing to 4% over 10 years	Current Healthcare Cost Trend Rate	1% 9% decreasing to 6% over 10 years
	8% decreasing to 5% over 10 years	8% decreasing to 5% over 10 years	9% decreasing to 6% over 10 years
Total OPEB Liability	\$ 104,332,748	\$ 128,144,069	\$ 159,671,594

Murfreesboro Electric Department Administered OPEB Plan

Plan Description – In addition to the pension benefits described in Note H, the Murfreesboro Electric Department provides certain healthcare and life insurance benefits for retirees under a single employer defined benefit OPEB plan. Substantially all of the Department's employees are eligible for life insurance coverage paid by the employer. Employees who are actively employed and have been employed for at least one month ("member") are eligible to receive up to \$10,000 in life insurance benefit in the event of death. After 90 days of service, actively employed members are eligible for \$50,000 life insurance benefits. Employees are eligible for four times their annual salary after one year, not to exceed \$550,000. Upon retirement, each member is entitled to a \$5,000 life insurance benefit. Members and their spouses may become eligible for health care benefits if they reach normal retirement age (60) or reach age 55 and have 10 years of service. The benefit terms provide for payment of 90% of health insurance premiums for non-Medicare eligible retirees and their spouses and 90% of the supplemental premiums for Medicare eligible retirees. Retirees pay 100% of spousal coverage after five years.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro Electric Department Administered OPEB Plan (continued)

The plan does not have assets set aside in a trust to fund benefits as the plan is funded on a pay-as-you-go basis.

Total OPEB Liability –The plan’s total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Methods. The total OPEB liability on the June 30, 2018, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.23%
Inflation Rate	2.50%
Salary Increases	4.00%
Healthcare Cost Trend Rate	
Medical	8.00% graded uniformly to 5.00% over 10 years
Retirees share of Benefit	
Related Cost	10%
Future Participation Rates	100% of future eligible retirees are assumed to elect medical coverage upon retirement

The discount rate was based on the S&P Municipal Bond Index as of June 30, 2017.

Mortality rates for the plan were based on the RP-2014 Mortality Table for males and females with improvements under MP-2017.

The actuarial assumptions used for the June 30, 2018 fiscal year end were based on plan data and costs presented by the City of Murfreesboro with concurrence by the actuary.

Changes in the Murfreesboro Electric Department’s total OPEB liability are as follows:

	Murfreesboro Electric Department Total OPEB Liability
Balance at June 30, 2017	\$ <u>12,496,060</u>
Changes for the year:	
Service Cost	\$ 740,848
Interest	418,142
Benefit payments	<u>(291,343)</u>
Total changes	\$ <u>867,647</u>
Balance at June 30, 2018	\$ <u><u>13,363,707</u></u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro Electric Department Administered OPEB Plan (continued)

Employees Covered by OPEB -The number of participants of the Murfreesboro Electric Department plan as of June 30, 2018, the valuation date of OPEB plan is as follows.

	Murfreesboro Electric Department
Active Employees Eligible for Retirement Benefits	84
Active Employees Not Eligible for Retirement Benefits	-
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	33
Total	<u>117</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2018, the Murfreesboro Electric Department’s OPEB expense recognized by the plan was \$1,158,990. At June 30, 2018, there were no deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

Sensitivity of the Murfreesboro Electric Department’s Total OPEB Liability to Changes in the Discount Rate – The following presents the Murfreesboro Electric Department’s total OPEB liability calculated using the discount rate of 3.23 percent, as well as what the Murfreesboro Electric Department’s total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.23%) or one percentage point higher (4.23%) than the current rate:

	1% Decrease	Current Discount Rate 3.23%	1% Increase
Total OPEB Liability	\$ 15,757,828	\$ 13,363,707	\$ 11,462,331

Sensitivity of the Murfreesboro Electric Department’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Murfreesboro Electric Department’s total OPEB liability calculated using the healthcare cost trend assumption of 8.0 %, as well as what the Murfreesboro Electric Department’s total OPEB liability would be if it was calculated using a trend assumption that is one percentage-point lower or one percentage-point higher than the assumed trend rate:

	1% 7% decreasing to 4% over 10 years	Current Health Care Cost Trend Rate 8% decreasing to 5% over 10 years	1% 9% decreasing to 6% over 10 years
Total OPEB Liability	\$ 11,173,541	\$ 13,363,707	\$ 16,245,791

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools

Closed Teacher Group Insurance Plan

Plan Description – Employees of Murfreesboro City Schools who are hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However for accounting purposes, this plan will be treated as a single employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This Plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided – The Murfreesboro City Schools offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits.

Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree’s premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by OPEB -The number of participants of the Murfreesboro City Schools as of June 30, 2017, the valuation date of OPEB liability for the TGOP is as follows:

	Murfreesboro City Schools TGOP
Active Employees Eligible for Retirement Benefits	959
Active Employees Not Eligible for Retirement Benefits	-
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	53
Total	<u>1012</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their developed policies. During the current reporting period, the Murfreesboro City Schools paid \$260,746 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability -The plan’s total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)

Closed Teacher Group Insurance Plan (continued)

Actuarial Assumptions and Methods - The collective total OPEB liability on the June 30, 2017, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.56%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Healthcare Cost Trend Rate	
Medical	7.5% for 2018, decreasing annually to an ultimate rate of 3.71% for 2050 and later years
Retirees share of Benefit	
Related Cost	Members are required to make monthly contributions in order to maintain their coverage. For purposes of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS).

These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probability of participants dying before and after retirement. The mortality tables employed in this valuation are taken from the RP-2014 Health Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load. The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants.

The discount rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-year Municipal GO AA index.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)

Closed Teacher Group Insurance Plan (continued)

Changes in the Closed Teacher Group Insurance Plan collective total OPEB liability are as follows:

	Total OPEB Liability
Balance at June 30, 2016	\$ <u>7,974,523</u>
Changes for the year:	
Service Cost	\$ 500,795
Interest	242,095
Changes in assumptions	(411,541)
Benefit payments	<u>(368,759)</u>
Total changes	\$ <u>(37,410)</u>
Balance at June 30, 2017	\$ <u><u>7,937,113</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,734,272
Employer's proportionate share of the collective total OPEB liability	5,202,841
Employer's proportion of the collective total OPEB liability	65.55%

The Murfreesboro City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Murfreesboro City Schools' proportionate share of collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0% from the measurement date. Murfreesboro City Schools recognized \$243,484 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Murfreesboro City Schools' retirees.

Changes in assumptions – The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumptions decreased the total OPEB liability.

OPEB Expense - For the fiscal year ended June 30, 2018, the OPEB expense recognized by the City for the TGOP was \$463,305.

Deferred outflows of resources and deferred inflows of Resources – For the fiscal year ended June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)
Closed Teacher Group Insurance Plan (continued)

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Changes in assumptions		\$	246,104
Benefits paid after the measurement date	260,746		
	<u>\$ 260,746</u>	\$	<u>246,104</u>

The amount shown for “Benefits paid after the measurement date,” will be recognized as a reduction (increase) to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2019	\$ (23,664)
2020	(23,664)
2021	(23,664)
2022	(23,664)
2023	(23,664)
Thereafter	(127,784)
	<u>\$ (246,104)</u>

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the collective total OPEB liability related to TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate.

	1%	Current Discount Rate	1%
	Decrease		Increase
	<u>2.56%</u>	<u>3.56%</u>	<u>4.56%</u>
Total OPEB Liability	\$ 5,628,264	\$ 5,202,841	\$ 4,800,039

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)

Closed Teacher Group Insurance Plan (continued)

Sensitivity of the Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50% decreasing to 2.71%) or 1-percentage-point higher (8.50% decreasing to 4.71%) than the current healthcare cost trend rate.

	1% 6.50% decreasing to 2.71%	Current Healthcare Cost Trend Rate 7.50% decreasing to 3.71%	1% 8.50% decreasing to 4.71%
Total OPEB Liability	\$ 4,550,957	\$ 5,202,841	\$ 5,983,900

Closed Tennessee Plan

Plan Description – Employees of Murfreesboro City Schools who are hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However for accounting purposes, this plan will be treated as a single employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided – The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retiree teachers and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-0201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in the plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in the trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by OPEB -The number of participants of the Murfreesboro City Schools as of July 1, 2017, the valuation date of OPEB liability for the TNP is as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

	Murfreesboro City Schools TNP
Active Employees Eligible for Retirement Benefits	624
Active Employees Not Eligible for Retirement Benefits	71
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	100
Total	<u>795</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their own developed policies. During the current reporting period, the Murfreesboro City Schools did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability -The plan's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Methods - The collective total OPEB liability on the June 30, 2017, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.56%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Healthcare Cost Trend Rate	
Medical	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS).

These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probability of participants dying before and after retirement. The mortality tables employed in this valuation are taken from the RP-2014 Health Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

The discount rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-year Municipal GO AA index.

Changes in the Closed Tennessee Plan collective total OPEB liability are as follows:

	Total OPEB Liability
Balance at June 30, 2016	\$ <u>2,022,547</u>
Changes for the year:	
Service Cost	\$ 57,915
Interest	59,979
Changes in assumptions	(200,897)
Benefit payments	<u>(52,800)</u>
Total changes	\$ <u>(135,803)</u>
Balance at June 30, 2017	\$ <u><u>1,886,744</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,886,744
Employer's proportionate share of the collective total OPEB liability	-
Employer's proportion of the collective total OPEB liability	0.00%

The Murfreesboro City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Murfreesboro City Schools' proportionate share of collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0% from the measurement date. Murfreesboro City Schools recognized \$99,631 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNP for Murfreesboro City Schools' retirees.

Changes in assumptions – The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumptions decreased the total collective OPEB liability.

OPEB Expense - For the fiscal year ended June 30, 2018, the OPEB expense recognized by the City for the TNP was \$99,631.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The aggregate amount for all OPEB plans for (1) total liabilities, (2) deferred outflows of resources related to OPEB, (3) deferred inflows of resources related to OPEB, and 4) OPEB expenses/expenditures for the fiscal year ended June 30, 2018 associated with the total OPEB liability is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred Outflows Related to OPEB Plans		
Closed Teacher Group Insurance Plan	\$ 260,746	
	<u>\$ 260,746</u>	
Total OPEB Liability		
City of Murfreesboro Administered OPEB Plan	\$ 106,997,972	\$ 21,146,097
Murfreesboro Electric Department Administered OPEB Plan		13,363,707
Closed Teacher Group Insurance Plan	5,202,841	
	<u>\$ 112,200,813</u>	<u>\$ 34,509,804</u>
Deferred Inflows Related to OPEB Plans		
Closed Teacher Group Insurance Plan	\$ 246,104	
	<u>\$ 246,104</u>	
OPEB Expense/Expenditures		
City of Murfreesboro Administered OPEB Plan	\$ 9,207,735	\$ 1,683,449
Murfreesboro Electric Department Administered OPEB Plan		1,158,990
Closed Teacher Group Insurance Plan	463,305	
	<u>\$ 9,671,040</u>	<u>\$ 2,842,439</u>
OPEB Expense - Special Funding Situation		
Closed TN Plan	\$ 99,631 *	
	<u>\$ 99,631</u>	

* The City recognized \$99,631 in revenue for support provided by nonemployer contributing entities for benefits paid to the Closed TN Plan for Murfreesboro City Schools retired employees.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note K – 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	\$ 2,045,496
Investments, at fair value	135,966,795
Accrued interest receivable	131,567
Due from others	576,373
	<u>\$ 138,720,231</u>
Liabilities -	
Due to others	\$ 46,267
Net Position -	
Held in trust for pension benefits	<u>\$ 138,673,964</u>

STATEMENT OF CHANGES IN NET POSITION

Additions -	
Employer contributions	\$ 4,127,857
Net investment income	10,090,706
	<u>\$ 14,218,563</u>
Deductions -	
Benefits to participants	\$ 5,450,947
	<u>\$ 5,450,947</u>
Net increase	<u>\$ 8,767,616</u>
Net Position Held in Trust for Pension Benefits -	
Beginning of year	\$ 129,906,348
End of year	<u>\$ 138,673,964</u>

Note L – 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 \$14,000. The City's engineer estimates that additional costs required will approximate \$1,059,000. 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 11, 2014, was entered into between the City and the State of Tennessee in the amount of \$1,423,024. 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note L – COMMITMENTS AND CONTINGENCIES (contingencies)

Construction – The City has entered into agreements as follows:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
Energy Systems Improvement Contract	\$ 8,423,034	\$ 8,332,568	\$ 90,466
Fire Department - Two Rescue Trucks	1,199,269	1,137,058	62,211
Lytle Street Improvements Phase 2	4,654,215	4,236,825	417,390
Middle TN Blvd Widening	14,171,292	9,531,205	4,640,087
Public Safety Communications Equipment	11,370,000	9,096,000	2,274,000
Stones River Greenway Phase 4	5,443,200	854,154	4,589,046
Stones River Greenway Trailheads	117,590	11,760	105,830
West Park	2,000,000	959,519	1,040,481
Fire Station #4	5,699,182	3,353,407	2,345,775
Southwest Elementary School Site Work	1,509,547	180,248	1,329,299
	<u>\$ 54,587,329</u>	<u>\$ 37,692,744</u>	<u>\$ 16,894,585</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, 2018 approximate \$950,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

The Murfreesboro Water Resources Department has commitments for construction contracts at June 30, 2018 in the amount of \$7,575,960 and the Stormwater Fund has commitments for construction contracts at June 30, 2018 in the amount of \$196,404.

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 amounts may result from negotiated settlements or the award of additional amounts. The City intends to vigorously litigate these cases and does not believe that any additional amounts awarded would be material to the financial statements.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note M – 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 \$1,008,569 for the year ended June 30, 2018.

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 \$4,254,735, respectively. Accumulated depreciation at June 30, 2018 was \$1,635,212. The Chamber moved into the building in December 2010. The final completion date was January 31, 2011. Upon the completion of construction of the Leased Premises or occupancy by the Chamber, the Chamber was obligated to pay the City rent. This rent was based on the final cost to the City of the facility in excess of funds received from grants not to exceed \$1,500,000. The Chamber made a lump sum initial payment of \$400,000 in January 2011. In addition to the lump sum payment, the Chamber is to pay the City \$5,764 per month for fifteen years. The \$400,000 lump sum amount received has been deferred and is being amortized as lease income over the same 15 year period.

The future minimum lease receipts are as follows:

Year Ending June 30	Total
2019	\$ 69,166
2020	69,166
2021	69,166
2022	69,166
2023	69,166
Thereafter	172,916
	<u>\$ 518,746</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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note N – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2018, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Water Resources fund	\$ 239,309	
Nonmajor enterprise funds	741,749	
TMBF/Bond fund	3,291,109	
General purpose school fund	6,608	
	<u>\$ 4,278,775</u>	
General Purpose School Fund		
General fund		\$ 6,608
Nonmajor governmental funds	\$ 7,158	79,648
	<u>\$ 7,158</u>	<u>\$ 86,256</u>
TMBF/Bond Fund		
General fund		\$ 3,291,109
		<u>\$ 3,291,109</u>
Internal Service Fund		
Nonmajor enterprise funds	\$ 385	
	<u>\$ 385</u>	
Nonmajor Governmental Funds		
General purpose school fund	\$ 79,648	\$ 7,158
Nonmajor governmental funds	44,508	44,508
	<u>\$ 124,156</u>	<u>\$ 51,666</u>
Water Resources Fund		
General fund		\$ 239,309
Nonmajor enterprise funds	\$ 510,689	
	<u>\$ 510,689</u>	<u>\$ 239,309</u>
Nonmajor Enterprise Funds		
General fund		\$ 741,749
Water Resources fund		510,689
Internal service fund		385
		<u>\$ 1,252,823</u>
	<u>\$ 4,921,163</u>	<u>\$ 4,921,163</u>

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.

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, 2018

Note N – INTERFUND TRANSACTIONS (continued)

Interfund transfers during the year ended June 30, 2018 were as follows:

	Transfer From						Total
	General	General	Debt Service	TMBF/Bond	Nonmajor	Electric	
	Fund	Purpose School Fund	Fund	Fund	Governmental Funds	Department Fund	
General Fund						\$ 3,147,660	\$ 3,147,660
General Purpose							
School Fund	\$ 5,310,103			\$ 52,494			5,362,597
Debt Service Fund	34,082,247			376,752	\$ 150,000		34,608,999
Nonmajor							
Governmental Funds	39,419	\$ 777,874	\$ 5,539,085		50,826		6,407,204
Nonmajor							
Enterprise Fund					50,402		50,402
	<u>\$ 39,431,769</u>	<u>\$ 777,874</u>	<u>\$ 5,539,085</u>	<u>\$ 429,246</u>	<u>\$ 251,228</u>	<u>\$ 3,147,660</u>	<u>\$ 49,576,862</u>

Note O – 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. Subsequent to the fiscal year ended June 30, 2018, the City no longer provides workers' compensation and general liability coverage for the Murfreesboro City Schools. On August 15, 2018 and September 1, 2018, the Murfreesboro City Schools joined the Tennessee Risk Management Trust for workers' compensation and general liability, respectively. Claims incurred prior to those dates will continue to be the responsibility of the City's self-insurance programs.

Claims paid during the fiscal year ended June 30, 2018 were \$3,247,882. Specific claims for workers' compensation in excess of \$500,000 (firefighters, police, and first responders in excess of \$750,000) up to statutory limits, in Tennessee, (unlimited) are covered under an excess insurance policy effective April 1, 2014. Claims for fire and casualty coverage in excess of \$100,000 are covered through commercial insurance up to a maximum of \$400 million. Claims for law enforcement are covered by commercial insurance with a \$25,000 deductible. Claims against public transportation are covered by commercial insurance with a \$10,000 deductible. Claims against the municipal airport are covered by commercial insurance with a \$10,000 deductible. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued.

Group Health – The City provides medical insurance through a group self-insurance program plan. Blue Cross Blue Shield of Tennessee acted as the administrator of the plan for the fiscal year ended June 30, 2018. Insurance premiums are paid into the Insurance Fund from various City funds and the Water Resources Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. The City also has a stop loss policy with a specific deductible of \$150,000 and an aggregate specific deductible of \$200,000. Administrative costs and claims for the fiscal year ended June 30, 2018 were \$14,255,739.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note O – RISK MANAGEMENT PROGRAM (continued)

Claims Liability –The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2018 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, 2018 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Change in Estimate</u>	<u>Claim Payments</u>	<u>Liability at End</u>
Risk Management Fund -				
2017	\$ 7,508,500	\$ 1,479,947	\$ 4,224,947	\$ 4,763,500
2018	\$ 4,763,500	\$ 2,342,382	\$ 3,247,882	\$ 3,858,000
Insurance Fund -				
2017	\$ 696,841	\$ 14,248,468	\$ 13,724,025	\$ 1,221,284
2018	\$ 1,221,284	\$ 14,255,739	\$ 14,572,022	\$ 905,001

Note P – FAIR VALUE MEASUREMENTS

GASB 72, *Fair Value Measurement and Application*, provides the frame work for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City's investments measured and reported at fair value on a recurring basis are classified according to the following hierarchy:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 –These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities that are not active, or other than quoted prices that are not observable.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

All of the City's investments at June 30, 2018, other than U.S government and municipal obligations, are classified as Level 1 investments and are valued directly from a predetermined primary external pricing vendor. U.S. government securities and municipal obligations are classified as Level 2 investments and are valued at fair value based on a pricing matrix. Quoted prices for similar securities can be observed in active markets.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note P – FAIR VALUE MEASUREMENTS (continued)

The fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1 inputs)	Significant Observable Inputs (Level 2 inputs)
General Fund		
U.S. Government notes and bonds		\$ 4,466,840
		<u>\$ 4,466,840</u>
TMBF/Bond Fund		
U.S. Government notes and bonds		\$ 45,710,909
		<u>\$ 45,710,909</u>
Risk Management Fund		
U.S. Government notes and bonds		\$ 1,992,849
		<u>\$ 1,992,849</u>
Employee Pension Plan		
Mutual funds	\$ 105,991,591	
Municipal notes and bonds		\$ 688,286
Corporate notes and bonds	8,788,719	
Common/preferred stock	19,604,078	
	<u>\$ 134,384,388</u>	<u>\$ 688,286</u>
Electric Department Pension Plan		
Mutual funds	\$ 15,292,038	
Municipal notes and bonds		\$ 361,685
Corporate notes and bonds	6,341,953	
	<u>\$ 21,633,991</u>	<u>\$ 361,685</u>
Perpetual Care Cemetery Fund		
Mutual funds	\$ 940,173	
Corporate notes and bonds	1,274,383	
	<u>\$ 2,214,556</u>	

Note Q – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2018, the City implemented GASB statement 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. GASB No. 75 requires the cumulative effect of applying the new standards be reported as a restatement of the governmental employer’s beginning net position for the earliest period restated. A summary of the prior period adjustments are reflected in the table below:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2018

Note Q – PRIOR PERIOD ADJUSTMENT (continued)

	<u>Government-wide</u>		<u>Governmental Funds</u>	<u>Proprietary Funds</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>		
Accounting change - GASB No. 75	\$ 44,347,725	\$ (17,401,174)		\$ (17,401,174)
Total prior period adjustments	<u>\$ 44,347,725</u>	<u>\$ (17,401,174)</u>	<u>\$ -</u>	<u>\$ (17,401,174)</u>

Note R – SUBSEQUENT EVENT

In May and June of 2018, the City Council passed a resolution expressing official intent to fund certain expenditures related to the planning, construction and equipping of the Doug Young Public Safety Training Facility and a new elementary school for the Murfreesboro City Schools, respectively. These expenditures are to be funded by notes, bonds, or other indebtedness to be issued or incurred by the City of Murfreesboro in the amount of \$1,400,000 and \$33,000,000, respectively. Additionally, subsequent to June 30, 2018, City Council passed resolutions expressing official intent to fund certain other public work projects including the self-contained breathing apparatuses for the fire rescue department and additional funds for the construction of the Doug Young Public Safety Training Facility and related expenditures totaling approximately \$800,000 and \$500,000, respectively. No agreements have been signed at the issuance of the report to incur this debt; but the City plans to issue debt during the 2019 fiscal year end for these projects. The projects are underway and are currently being funded by the general fund in expectation of being reimbursed by this debt issuance.

Also, in December of 2018, the City Council passed a budget ordinance increasing the budgeted use of general fund balance by \$2,050,390 for the fiscal year ended June 30, 2019.



CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Employees' Pension Plan

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

City of Murfreesboro Employees' Pension Plan -	FYE	FYE	FYE	FYE
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 2,955,999	\$ 2,925,747	\$ 2,830,251	\$ 2,814,115
Interest	8,695,137	9,267,726	9,748,217	10,355,800
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	188,248	(1,315,180)	357,290	(411,159)
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(3,743,995)</u>	<u>(4,078,708)</u>	<u>(4,231,956)</u>	<u>(4,846,388)</u>
Net Change in Total Pension Liability	\$ 8,095,389	\$ 6,799,585	\$ 8,703,802	\$ 7,912,368
Total Pension Liability - beginning	<u>118,848,917</u>	<u>126,944,306</u>	<u>133,743,891</u>	<u>142,447,693</u>
Total Pension Liability - ending (a)	\$ <u><u>126,944,306</u></u>	\$ <u><u>133,743,891</u></u>	\$ <u><u>142,447,693</u></u>	\$ <u><u>150,360,061</u></u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 4,468,963	\$ 4,468,997	\$ 4,609,441	\$ 4,118,541
Contributions - member	-	-	-	-
Net investment income	17,416,539	(1,849,412)	(3,199,937)	13,789,565
Benefit payments, including refunds of member contributions	(3,743,995)	(4,078,708)	(4,231,956)	(4,846,388)
Administrative expense	-	-	(333,078)	(321,756)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	\$ 18,141,507	\$ (1,459,123)	\$ (3,155,530)	\$ 12,739,962
 Plan Fiduciary Net Position - beginning	<u>103,639,531</u>	<u>121,781,038</u>	<u>120,321,915</u>	<u>117,166,385</u>
Plan Fiduciary Net Position - ending (b)	\$ <u><u>121,781,038</u></u>	\$ <u><u>120,321,915</u></u>	\$ <u><u>117,166,385</u></u>	\$ <u><u>129,906,347</u></u>
 City's Net Pension Liability ending (a) - (b)	\$ <u><u>5,163,268</u></u>	\$ <u><u>13,421,976</u></u>	\$ <u><u>25,281,308</u></u>	\$ <u><u>20,453,714</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.9%	90.0%	82.3%	86.4%
 Covered Payroll	\$ 36,996,942	\$ 36,691,273	\$ 37,414,294	\$ 33,429,716
 City's Net Pension Liability as a Percentage of Covered Payroll	14.0%	36.6%	67.6%	61.2%

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

CITY OF MURFREESBORO, TENNESSEE

**Required Supplementary Information
Murfreesboro Electric Department Employee Pension Plan**

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

Murfreesboro Electric Department Employee Pension Plan -	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Total Pension Liability					
Service cost	\$ 460,924	\$ 402,454	\$ 400,801	\$ 372,911	\$ 365,423
Interest	1,322,046	1,366,114	1,229,644	1,314,126	1,373,668
Changes in benefit terms	-	-	39,499	-	-
Differences between expected and actual experience	(358,659)	287,323	464,559	171,897	422,696
Changes in assumptions	-	(3,198,319)	-	-	-
Benefit payments, including refunds of member contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)
Net Change in Total Pension Liability	\$ 712,198	\$ (1,902,935)	\$ 1,284,045	\$ 909,945	\$ 1,109,074
Total Pension Liability - beginning	<u>18,781,511</u>	<u>19,493,709</u>	<u>17,590,774</u>	<u>18,874,819</u>	<u>19,784,764</u>
Total Pension Liability - ending (a)	<u>\$ 19,493,709</u>	<u>\$ 17,590,774</u>	<u>\$ 18,874,819</u>	<u>\$ 19,784,764</u>	<u>\$ 20,893,838</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,100,000
Contributions - member	-	-	-	-	-
Net investment income	2,744,581	227,180	36,383	2,250,394	1,517,686
Benefit payments, including refunds of member contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)
Administrative expense	(84,031)	(92,549)	(92,726)	(100,835)	(111,476)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 3,148,437	\$ 574,124	\$ 293,199	\$ 2,500,570	\$ 1,453,497
Plan Fiduciary Net Position - beginning	<u>17,360,764</u>	<u>20,509,201</u>	<u>21,083,325</u>	<u>21,376,524</u>	<u>23,877,094</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 20,509,201</u>	<u>\$ 21,083,325</u>	<u>\$ 21,376,524</u>	<u>\$ 23,877,094</u>	<u>\$ 25,330,591</u>
Net Pension Liability (Asset) ending (a) - (b)	<u>\$ (1,015,492)</u>	<u>\$ (3,492,551)</u>	<u>\$ (2,501,705)</u>	<u>\$ (4,092,330)</u>	<u>\$ (4,436,753)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.2%	119.9%	113.3%	120.7%	121.2%
Covered Payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447
Net Pension Liability as a Percentage of Covered Payroll	0.0%	0.0%	0.0%	0.0%	0.0%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Retirement Plan of TCRS

Schedule of Proportionate Share of Net Pension Liability (Asset)
Last 10 Fiscal Years (1)

Teacher Retirement Plan of TCRS	FYE 2015	FYE 2016	FYE 2017
Murfreesboro City School's proportionate share of the net pension liability (asset)	-0.62903%	-0.73384%	-0.80563%
Murfreesboro City School's proportion of the net pension liability (asset)	\$ (25,306)	\$ (76,395)	\$ (212,554)
Murfreesboro City School's covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134
Murfreesboro City School's proportionate share of the net pension asset as a percentage of its covered payroll	-1.94%	-2.37%	-4.17%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Legacy Pension Plan of TCRS

Schedule of Proportionate Share of Net Pension Liability (Asset)
Last 10 Fiscal Years (1)

Teacher Legacy Pension Plan of TCRS	FYE	FYE	FYE	FYE
	2014	2015	2016	2017
Murfreesboro City School's proportionate share of the net pension liability (asset)	0.78223%	0.82060%	0.88806%	0.89182%
Murfreesboro City School's proportion of the net pension liability (asset)	\$ (127,108)	\$ 336,145	\$ 5,549,890	\$ (291,790)
Murfreesboro City Schools' covered payroll	\$ 30,702,294	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854
Murfreesboro City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.92%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Public Employee Pension Plan of TCRS

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS
Last 10 Fiscal Years (1)

Public Employee Pension Plan of TCRS	FYE	FYE	FYE	FYE
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 581,710	\$ 771,103	\$ 843,186	\$ 949,471
Interest	1,603,649	1,749,663	1,831,406	1,985,448
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	545,205	(443,662)	398,851	362,286
Changes in assumptions	-	-	-	719,715
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)
Net Change in Total Pension Liability	\$ 1,808,071	\$ 1,053,392	\$ 1,978,599	\$ 2,860,099
Total Pension Liability - beginning	21,261,520	23,069,591	24,122,983	26,101,582
Total Pension Liability - ending (a)	\$ 23,069,591	\$ 24,122,983	\$ 26,101,582	\$ 28,961,681
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,110,112	\$ 1,135,640	\$ 1,384,686	\$ 1,511,862
Contributions - member	-	95	88	
Net investment income	3,300,207	722,386	647,279	2,865,818
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)
Administrative expense	(13,867)	(19,806)	(33,706)	(40,907)
Other	-	-	-	4,982
Net Change in Plan Fiduciary Net Position	\$ 3,473,959	\$ 814,603	\$ 903,503	\$ 3,184,934
Plan Fiduciary Net Position - beginning	19,886,712	23,360,671	24,175,274	25,078,777
Plan Fiduciary Net Position - ending (b)	\$ 23,360,671	\$ 24,175,274	\$ 25,078,777	\$ 28,263,711
Net Pension Liability (Asset) - ending (a)-(b)	\$ (291,080)	\$ (52,291)	\$ 1,022,805	\$ 697,970
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.3%	100.2%	96.1%	97.6%
Covered Payroll	\$ 9,151,773	\$ 9,331,470	\$ 11,418,781	\$ 12,422,881
Net Pension Liability as a Percentage of Covered Payroll	3.2%	0.6%	9.0%	5.6%

Changes in assumptions: In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost of living adjustment, salary growth and mortality improvements.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Employees' Pension Plan

Schedule of Contributions
Last 10 Fiscal Years (1)

City of Murfreesboro Employees' Pension Plan -	FYE	FYE	FYE	FYE	FYE
	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 4,468,963	\$ 4,160,790	\$ 4,242,781	\$ 3,914,619	\$ 4,107,754
Contributions in relation to the actuarially determined contribution	<u>4,468,963</u>	<u>4,468,997</u>	<u>4,609,440</u>	<u>4,118,541</u>	<u>4,127,857</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (308,207)</u>	<u>\$ (366,659)</u>	<u>\$ (203,922)</u>	<u>\$ (20,103)</u>
 Covered payroll	 \$ 36,996,942	 \$ 36,691,273	 \$ 37,414,294	 \$ 33,429,713	 \$ 33,505,333
 Contributions as a percentage of covered payroll	 12.1%	 12.2%	 12.3%	 12.3%	 12.3%

Notes to Schedule

Valuation date: July 1, 2016

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, closed not to exceed 30 years
Remaining amortization period	25 years
Asset valuation method	Five year smoothing method
Inflation	2.25%
Salary increases	4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Retirement age	Graded scale starting at age 55 with 100% at age 67 for general employees and age 65 for fire and police employees
Mortality	RP 2000 Combined Mortality Table with Mortality Improvement to the Valuation Date
Cost of Living Adjustments	None

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Murfreesboro Electric Department Employee Pension Plan

Schedule of Contributions
Last 10 Fiscal Years (1)

**Murfreesboro Electric Department Employee
Pension Plan -**

	FYE	FYE	FYE	FYE	FYE
	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 602,257	\$ 430,626	\$ 428,857	\$ 399,015	\$ 499,073
Contributions in relation to the actuarially determined contribution	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,300,000</u>	<u>1,100,000</u>
Contribution deficiency (excess)	<u><u>\$ (597,743)</u></u>	<u><u>\$ (769,374)</u></u>	<u><u>\$ (771,143)</u></u>	<u><u>\$ (900,985)</u></u>	<u><u>\$ (600,927)</u></u>
Covered payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447
Contributions as a percentage of covered payroll	26.1%	26.3%	27.2%	29.6%	26.1%

Notes to Schedule

Valuation date: June 30, 2018

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Entry Age Normal with the unfunded liability reestablished each year
Amortization method	Level dollar amortization of unfunded liabilities
Remaining amortization periods	20 years, closed period effective July 1, 2005 30 years, closed period effective July 1, 2005
Asset valuation method	Fair Value
Inflation	2.25% per annum, compounded annually
Salary increases	4.00 % per annum to normal retirement
Investment rate of return	7.00% per annum, compounded annually
Retirement age	Participants may retire on the first day of month coincident with or next following reaching age 55 and completion of 10 years of service
Mortality	RP 2000 Combined Mortality Table reflects mortality improvement through the valuation date using mortality improvement scale AA

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Retirement Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years (1)

Teacher Retirement Plan of TCRS	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Contractually required contribution	\$ 32,673	\$ 80,826	\$ 211,507	\$ 304,229
Contributions in relation to the contractually required contribution	<u>52,279</u>	<u>129,156</u>	<u>211,507</u>	<u>304,229</u>
Contribution deficiency (excess)	<u>\$ (19,606)</u>	<u>\$ (48,330)</u>	<u>\$ -</u>	<u>\$ -</u>
Murfreesboro City Schools' covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134	\$ 7,605,672
Contributions as a percentage of Murfreesboro City Schools' covered payroll	4.0%	4.0%	4.1%	4.0%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Legacy Pension Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years (1)

Teacher Legacy Pension Plan of TCRS	FYE	FYE	FYE	FYE	FYE
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 2,726,364	\$ 2,777,010	\$ 2,897,973	\$ 2,849,884	\$ 2,838,188
Contributions in relation to the contractually required contribution	<u>2,726,364</u>	<u>2,777,010</u>	<u>2,897,973</u>	<u>2,849,884</u>	<u>2,838,188</u>
Contribution deficiency (excess)	\$ <u>-</u>				
Murfreesboro City Schools' covered payroll	\$ 30,702,254	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854	\$ 31,257,581
Contributions as a percentage of Murfreesboro City Schools' covered payroll	8.9%	9.0%	9.0%	9.0%	9.0%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Public Employee Pension Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years (1)

Public Employee Pension Plan of TCRS	FYE	FYE	FYE	FYE	FYE
	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,110,112	\$ 1,135,640	\$ 1,382,677	\$ 1,470,869	\$ 1,652,224
Contributions in relation to the actuarially determined contribution	<u>1,110,112</u>	<u>1,135,640</u>	<u>1,382,677</u>	<u>1,511,862</u>	<u>1,652,224</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,993)</u>	<u>\$ -</u>
 Covered payroll	 \$ 9,151,773	 \$ 9,331,470	 \$ 11,362,212	 \$ 12,422,881	 \$ 13,576,200
 Contributions as a percentage of covered payroll	 12.1%	 12.2%	 12.2%	 12.2%	 12.2%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10-year smoothed within a 20 % corridor to market value
Inflation	3.00%
Salary increases	Graded salary ranges from 8.97 to 3.71 % based on age, including inflation
Investment rate of return	7.5% , net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.50%

(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 -	<u>FYE</u> <u>2014</u>	<u>FYE</u> <u>2015</u>	<u>FYE</u> <u>2016</u>	<u>FYE</u> <u>2017</u>	<u>FYE</u> <u>2018</u>
Annual money-weighted rate of return, net of investment expense	16.75%	-1.50%	2.00%	11.73%	7.97%
Murfreesboro Electric Department Employees' Pension Plan -	<u>FYE</u> <u>2014</u>	<u>FYE</u> <u>2015</u>	<u>FYE</u> <u>2016</u>	<u>FYE</u> <u>2017</u>	<u>FYE</u> <u>2018</u>
Annual money-weighted rate of return, net of investment expense	15.27%	1.09%	0.17%	10.49%	6.82%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Administered OPEB Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years (1)

City of Murfreesboro Administered OPEB Plan -	FYE
	2018
Total OPEB Liability	
Service cost	\$ 7,182,995
Interest	3,708,189
Changes in benefit terms	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(1,631,962)
Net Change in Total OPEB Liability	\$ 9,259,222
Total OPEB Liability - beginning	118,884,847
Total OPEB Liability - ending	\$ 128,144,069
Covered-Employee Payroll	\$ 46,867,676
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	273.4%

Notes to Schedule -

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

There were no changes in assumptions during the measurement period.

There were no benefit changes during the measurement period.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Murfreesboro Electric Department Administered OPEB Plan

Schedule of Changes in the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years (1)

Murfreesboro Electric Department Administered OPEB Plan -	FYE
	2018
Total OPEB Liability	
Service cost	\$ 740,848
Interest	418,142
Changes in benefit terms	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(291,343) *
Net Change in Total OPEB Liability	\$ 867,647
Total OPEB Liability - beginning	12,496,060
Total OPEB Liability - ending	<u>\$ 13,363,707</u>
Covered-Employee Payroll	\$ 6,116,371
Total OPEB Liability as a Percentage of Covered-Employee Payroll	218.5%

* Projected

Notes to Schedule -

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

There were no changes in assumptions during the measurement period.

There were no benefit changes during the measurement period.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Closed Teacher Group OPEB Plan

Schedule of Changes in the Proportionate Share of Collective OPEB Liability
and Related Ratios
Last 10 Fiscal Years (1)

Closed Teacher Group OPEB Plan -

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 500,795
Interest	242,095
Changes in benefit terms	-
Changes in assumptions	(411,541)
Benefit payments, including refunds of member contributions	<u>(368,759)</u>
Net Change in Total OPEB Liability	\$ (37,410)
Total OPEB Liability - beginning	7,974,523
Total OPEB Liability - ending	<u><u>7,937,113</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,734,272
Employer's proportionate share of the collective total OPEB liability	\$ 5,202,841
Covered-Employee Payroll	\$ 39,364,000
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	13.22%

Notes to Schedule -

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions and other inputs include the change in the discount rate from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Closed Tennessee OPEB Plan

Schedule of Changes in the Proportionate Share of Collective OPEB Liability
and Related Ratios
Last 10 Fiscal Years (1)

Closed Tennessee OPEB Plan -

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 57,915
Interest	59,979
Changes in benefit terms	-
Changes in assumptions	(200,897)
Benefit payments, including refunds of member contributions	<u>(52,800)</u>
Net Change in Total OPEB Liability	\$ (135,803)
Total OPEB Liability - beginning	2,022,547
Total OPEB Liability - ending	<u><u>1,886,744</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,886,744
Employer's proportionate share of the collective total OPEB liability	\$ -
Covered-Employee Payroll	\$ 39,364,000
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	NA

Notes to Schedule -

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions and other inputs include the change in the discount rate from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

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



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, 2018

	Total Special Revenue Funds	Capital Improvement and Contingency Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,022,346	\$ 773,009		\$ 5,795,355
Certificates of deposit	355,658			355,658
Due from other funds	124,156			124,156
Due from other governments	1,084,070			1,084,070
Accounts receivable, net	77,034		\$ 54,894	131,928
Due from others		367,492		367,492
Other receivables			10,379	10,379
Inventory	116,009			116,009
Cash and cash equivalents		284,387	92,859	377,246
Certificates of deposit			377,834	377,834
Investments, at fair value			2,214,556	2,214,556
	<u>\$ 6,779,273</u>	<u>\$ 1,424,888</u>	<u>\$ 2,750,522</u>	<u>\$ 10,954,683</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities-				
Accounts payable	\$ 68,138	\$ 67,492		\$ 135,630
Accrued liabilities	614,217			614,217
Due to other funds	51,666			51,666
Unearned revenue	35,142	7,578		42,720
Other deposits	35,976			35,976
	<u>\$ 805,139</u>	<u>\$ 75,070</u>		<u>\$ 880,209</u>
Deferred Inflows of Resources-				
Unavailable revenue	\$ 13,031			\$ 13,031
	<u>\$ 13,031</u>			<u>\$ 13,031</u>
Fund Balances-				
Nonspendable	\$ 116,009		\$ 2,191,960	\$ 2,307,969
Restricted	1,878,107	\$ 284,387		2,162,494
Committed	3,966,987	1,065,431		5,032,418
Assigned			558,562	558,562
	<u>\$ 5,961,103</u>	<u>\$ 1,349,818</u>	<u>\$ 2,750,522</u>	<u>\$ 10,061,443</u>
	<u>\$ 6,779,273</u>	<u>\$ 1,424,888</u>	<u>\$ 2,750,522</u>	<u>\$ 10,954,683</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

	<u>Total Special Revenue Funds</u>	<u>Capital Improvement and Contingency Fund</u>	<u>School Debt Service Fund</u>	<u>Permanent Fund Perpetual Care Cemetery Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues-					
Intergovernmental	\$ 12,744,018	\$ 100,000			\$ 12,844,018
Charges for services	5,931,547				5,931,547
Interest and investment earnings	11,673	2,573		\$ 209,505	223,751
Miscellaneous	324,160	1,092,492			1,416,652
	<u>\$ 19,011,398</u>	<u>\$ 1,195,065</u>		<u>\$ 209,505</u>	<u>\$ 20,415,968</u>
Expenditures -					
Current-					
Police	\$ 208,053				\$ 208,053
Community services	6,638,720				6,638,720
Education	4,984,594				4,984,594
Food service	5,986,705				5,986,705
Capital outlay	565,466	\$ 2,758,484			3,323,950
Debt service -					
Principal			\$ 5,351,780		5,351,780
Interest			1,016,005		1,016,005
	<u>\$ 18,383,538</u>	<u>\$ 2,758,484</u>	<u>\$ 6,367,785</u>		<u>\$ 27,509,807</u>
Excess of Revenues Over (Under)					
Expenditures	<u>\$ 627,860</u>	<u>\$ (1,563,419)</u>	<u>\$ (6,367,785)</u>	<u>\$ 209,505</u>	<u>\$ (7,093,839)</u>
Other Sources (Uses) -					
Transfers in	\$ 39,419		\$ 6,367,785		\$ 6,407,204
Transfers out	(200,826)			\$ (50,402)	(251,228)
	<u>\$ (161,407)</u>		<u>\$ 6,367,785</u>	<u>\$ (50,402)</u>	<u>\$ 6,155,976</u>
Net change in fund balances	\$ 466,453	\$ (1,563,419)	\$ -0-	\$ 159,103	\$ (937,863)
Fund Balances at beginning of year	5,482,131	2,913,237	-0-	2,591,419	10,986,787
Change in reserve for inventory	12,519				12,519
Fund Balances at end of year	<u>\$ 5,961,103</u>	<u>\$ 1,349,818</u>	<u>\$ -0-</u>	<u>\$ 2,750,522</u>	<u>\$ 10,061,443</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 Nutrition Fund accounts for the revenues and expenditures of the cafeteria operations for all of the schools.

School Federal and State Programs Fund accounts for revenues and expenditures associated with state and federally financed school programs.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2018

	<u>Airport</u>	<u>Drug Enforcement</u>	<u>Extended School Program</u>	<u>School Nutrition</u>	<u>School Federal and State Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 749,752	\$ 509,835	\$ 374,504	\$ 2,271,308	\$ 1,116,947	\$ 5,022,346
Certificates of deposit			355,658			355,658
Due from other funds			44,508		79,648	124,156
Due from other governments	50,734	2,353	23,623		1,007,360	1,084,070
Accounts receivable, net	69,053		7,981			77,034
Inventory	31,317			84,692		116,009
	<u>\$ 900,856</u>	<u>\$ 512,188</u>	<u>\$ 806,274</u>	<u>\$ 2,356,000</u>	<u>\$ 2,203,955</u>	<u>\$ 6,779,273</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities-						
Accounts payable	\$ 64,632	\$ 3,506				\$ 68,138
Accrued liabilities	17,565		\$ 242,289	\$ 72,777	\$ 281,586	614,217
Due to other funds					51,666	51,666
Unearned revenue		35,142				35,142
Deposits	35,976					35,976
	<u>\$ 118,173</u>	<u>\$ 38,648</u>	<u>\$ 242,289</u>	<u>\$ 72,777</u>	<u>\$ 333,252</u>	<u>\$ 805,139</u>
Deferred Inflows of Resources-						
Unavailable revenue - other			\$ 13,031			\$ 13,031
			<u>\$ 13,031</u>			<u>\$ 13,031</u>
Fund Balances-						
Nonspendable	\$ 31,317			\$ 84,692		\$ 116,009
Restricted		\$ 7,404			\$ 1,870,703	1,878,107
Committed	751,366	466,136	\$ 550,954	2,198,531		3,966,987
	<u>\$ 782,683</u>	<u>\$ 473,540</u>	<u>\$ 550,954</u>	<u>\$ 2,283,223</u>	<u>\$ 1,870,703</u>	<u>\$ 5,961,103</u>
	<u>\$ 900,856</u>	<u>\$ 512,188</u>	<u>\$ 806,274</u>	<u>\$ 2,356,000</u>	<u>\$ 2,203,955</u>	<u>\$ 6,779,273</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

	<u>Airport</u>	<u>Drug Enforcement</u>	<u>Extended School Program</u>	<u>School Nutrition</u>	<u>School Federal and State Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues-						
Intergovernmental	\$ 56,264		\$ 34,817	\$ 6,593,024	\$ 6,059,913	\$ 12,744,018
Charges for services	1,711,602		3,853,870	366,075		5,931,547
Interest	7,688	\$ 3,985				11,673
Miscellaneous	570	211,472	112,118			324,160
	<u>\$ 1,776,124</u>	<u>\$ 215,457</u>	<u>\$ 4,000,805</u>	<u>\$ 6,959,099</u>	<u>\$ 6,059,913</u>	<u>\$ 19,011,398</u>
Expenditures-						
Education					\$ 4,984,594	\$ 4,984,594
Police		\$ 208,053				208,053
Community services	\$ 1,485,916		\$ 4,670,501		482,303	6,638,720
Food service				\$ 5,986,705		5,986,705
Capital outlay	34,635		152,397		378,434	565,466
	<u>\$ 1,520,551</u>	<u>\$ 208,053</u>	<u>\$ 4,822,898</u>	<u>\$ 5,986,705</u>	<u>\$ 5,845,331</u>	<u>\$ 18,383,538</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 255,573</u>	<u>\$ 7,404</u>	<u>\$ (822,093)</u>	<u>\$ 972,394</u>	<u>\$ 214,582</u>	<u>\$ 627,860</u>
Other Sources (Uses)-						
Transfers in		\$ 39,419				\$ 39,419
Transfers out	\$ (150,000)				\$ (50,826)	(200,826)
	<u>\$ (150,000)</u>	<u>\$ 39,419</u>			<u>\$ (50,826)</u>	<u>\$ (161,407)</u>
Net change in fund balances	\$ 105,573	\$ 46,823	\$ (822,093)	\$ 972,394	\$ 163,756	\$ 466,453
Fund Balances at beginning of year	677,110	426,717	1,373,047	1,298,310	1,706,947	5,482,131
Change in reserve for inventory				12,519		12,519
Fund Balances at end of year	<u>\$ 782,683</u>	<u>\$ 473,540</u>	<u>\$ 550,954</u>	<u>\$ 2,283,223</u>	<u>\$ 1,870,703</u>	<u>\$ 5,961,103</u>

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State funds	\$ 470,450	\$ 470,450	\$ 35,240	\$ (435,210)
Federal funds	360,000	360,000	21,024	(338,976)
Interest	900	900	7,688	6,788
Rental income	517,934	517,934	530,068	12,134
Fuel sales	950,000	950,000	1,181,534	231,534
Miscellaneous	200	200	570	370
	<u>\$ 2,299,484</u>	<u>\$ 2,299,484</u>	<u>\$ 1,776,124</u>	<u>\$ (523,360)</u>
Expenditures -				
Salaries and wages	\$ 183,706	\$ 183,706	\$ 167,599	\$ 16,107
Employee benefits	57,395	57,395	56,461	934
Contractual services	3,700	3,700	3,924	(224)
Utility services	41,150	41,150	45,531	(4,381)
Professional services	14,745	14,745	19,100	(4,355)
Repairs and maintenance	95,000	119,500	110,961	8,539
Training and travel	7,300	7,300	3,406	3,894
Administrative supplies	4,550	7,578	7,397	181
Other supplies	833,000	1,029,972	1,012,895	17,077
Fixed charges other	10,000	10,000	9,603	397
Insurance	17,917	23,687	21,683	2,004
Other miscellaneous	24,500	24,500	27,356	(2,856)
Capital outlay	843,375	613,105	34,635	578,470
	<u>\$ 2,136,338</u>	<u>\$ 2,136,338</u>	<u>\$ 1,520,551</u>	<u>\$ 615,787</u>
Excess of Revenues Over (Under) Expenditures	\$ 163,146	\$ 163,146	\$ 255,573	\$ 92,427
Other Financing Sources and (Uses) -				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	
Net change in fund balance	\$ 13,146	\$ 13,146	\$ 105,573	\$ 92,427
Fund Balance at beginning of year	<u>677,110</u>	<u>677,110</u>	<u>677,110</u>	
Fund Balance at end of year	<u>\$ 690,256</u>	<u>\$ 690,256</u>	<u>\$ 782,683</u>	<u>\$ 92,427</u>

CITY OF MURFREESBORO, TENNESSEE

Drug Enforcement Fund

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 105,000	\$ 105,000	\$ 39,420	\$ (65,580)
Seizure awards	100,000	100,000	170,395	70,395
Interest	700	700	3,985	3,285
Miscellaneous	19,600	19,600	1,657	(17,943)
	<u>\$ 225,300</u>	<u>\$ 225,300</u>	<u>\$ 215,457</u>	<u>\$ (9,843)</u>
Expenditures -				
Salaries and wages	\$ 75,000	\$ 75,000	\$ 68,881	\$ 6,119
Utility services	23,900	23,900	24,105	(205)
Professional services	5,000	5,000		5,000
Repairs and maintenance	62,500	62,500	26,002	36,498
Training and travel	20,100	20,100	15,199	4,901
Administrative supplies	3,350	3,350	2,376	974
Other supplies	2,500	2,500	713	1,787
Fixed charges	2,500	2,500		2,500
Other miscellaneous	89,000	89,000	70,777	18,223
	<u>\$ 283,850</u>	<u>\$ 283,850</u>	<u>\$ 208,053</u>	<u>\$ 75,797</u>
Excess of Revenues Over (Under) Expenditures	\$ (58,550)	\$ (58,550)	\$ 7,404	\$ 65,954
Other Financing Sources -				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>39,419</u>	<u>(60,581)</u>
Net change in fund balance	\$ 41,450	\$ 41,450	\$ 46,823	\$ 5,373
Fund Balance at beginning of year	<u>426,717</u>	<u>426,717</u>	<u>426,717</u>	
Fund Balance at end of year	<u>\$ 468,167</u>	<u>\$ 468,167</u>	<u>\$ 473,540</u>	<u>\$ 5,373</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues -				
State funds			\$ 34,817	\$ 34,817
Charges for services	\$ 3,526,742	\$ 3,526,742	3,853,870	327,128
Other local revenues	6,800	6,800	112,118	105,318
	<u>\$ 3,533,542</u>	<u>\$ 3,533,542</u>	<u>\$ 4,000,805</u>	<u>\$ 467,263</u>
Expenditures -				
Community services	\$ 3,455,457	\$ 4,388,130	\$ 4,670,501	\$ (282,371)
Capital outlay	25,000	135,000	152,397	(17,397)
	<u>\$ 3,480,457</u>	<u>\$ 4,523,130</u>	<u>\$ 4,822,898</u>	<u>\$ (299,768)</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 53,085	\$ (989,588)	\$ (822,093)	\$ 167,495
Fund Balance at beginning of year	<u>1,373,047</u>	<u>1,373,047</u>	<u>1,373,047</u>	
Fund Balance at end of year	<u>\$ 1,426,132</u>	<u>\$ 383,459</u>	<u>\$ 550,954</u>	<u>\$ 167,495</u>

CITY OF MURFREESBORO, TENNESSEE

School Nutrition Fund

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 5,588,884	\$ 6,386,319	\$ 6,048,405	\$ (337,914)
State program revenues	45,000	45,000	141,039	96,039
USDA Commodities		403,580	403,580	
Charges for services	<u>251,711</u>	<u>242,691</u>	<u>366,075</u>	<u>123,384</u>
	<u>\$ 5,885,595</u>	<u>\$ 7,077,590</u>	<u>\$ 6,959,099</u>	<u>\$ (118,491)</u>
Expenditures -				
Food service	\$ 6,034,355	\$ 6,051,855	\$ 5,583,125	\$ 468,730
USDA commodities		<u>403,580</u>	<u>403,580</u>	
	<u>\$ 6,034,355</u>	<u>\$ 6,455,435</u>	<u>\$ 5,986,705</u>	<u>\$ 468,730</u>
Excess of Revenues Over (Under) Expenditures	\$ (148,760)	\$ 622,155	\$ 972,394	\$ 350,239
Fund Balance at beginning of year	1,298,310	1,298,310	1,298,310	
Change in reserve for inventory			<u>12,519</u>	<u>12,519</u>
Fund Balance at end of year	<u>\$ 1,149,550</u>	<u>\$ 1,920,465</u>	<u>\$ 2,283,223</u>	<u>\$ 362,758</u>

CITY OF MURFREESBORO, TENNESSEE

School Federal and State Program Fund

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State program revenues	\$ 1,193,652	\$ 1,235,352	\$ 1,235,352	
Federal program revenues	<u>4,586,496</u>	<u>5,497,662</u>	<u>4,824,561</u>	\$ <u>(673,101)</u>
	\$ <u>5,780,148</u>	\$ <u>6,733,014</u>	\$ <u>6,059,913</u>	\$ <u>(673,101)</u>
Expenditures -				
Regular instruction	\$ 1,630,855	\$ 1,905,093	\$ 1,448,110	\$ 456,983
Special education	1,053,012	1,150,355	1,037,766	112,589
Health services	100,000	100,000	100,000	
Other student support	24,013	70,469	20,256	50,213
Regular instruction - support	915,242	1,375,229	794,781	580,448
Special education - support	445,344	478,101	491,269	(13,168)
Community services	482,100	482,303	482,303	
Transportation			1,000	(1,000)
Early childhood education	1,085,652	1,127,352	1,091,412	35,940
Capital outlay			<u>378,434</u>	<u>(378,434)</u>
	\$ <u>5,736,218</u>	\$ <u>6,688,902</u>	\$ <u>5,845,331</u>	\$ <u>843,571</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 43,930	\$ 44,112	\$ 214,582	\$ 170,470
Other Financing Sources (Uses)				
Transfers out	<u>(43,930)</u>	<u>(44,112)</u>	<u>(50,826)</u>	<u>(6,714)</u>
Net change in fund balance	\$ - 0 -	\$ - 0 -	\$ 163,756	\$ 163,756
Fund Balance at beginning of year	<u>1,706,947</u>	<u>1,706,947</u>	<u>1,706,947</u>	
Fund Balance at end of year	\$ <u>1,706,947</u>	\$ <u>1,706,947</u>	\$ <u>1,870,703</u>	\$ <u>163,756</u>

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 200,000	\$ 200,000	\$ 205,913	\$ 5,913
Miscellaneous income	100,000	100,000	384,464	284,464
	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 590,377</u>	<u>\$ 290,377</u>
Expenditures-				
Capital outlay and other projects	\$ 72,000,000	\$ 72,000,000	\$ 47,025,845	\$ 24,974,155
Debt issuance costs			296,009	(296,009)
	<u>\$ 72,000,000</u>	<u>\$ 72,000,000</u>	<u>\$ 47,321,854</u>	<u>\$ 24,678,146</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (71,700,000)</u>	<u>\$ (71,700,000)</u>	<u>\$ (46,731,477)</u>	<u>\$ 24,968,523</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 56,000,000	\$ 56,000,000	\$ 70,771,946	\$ 14,771,946
Bond Premium			4,762,309	4,762,309
Transfers out	(100,000)	(100,000)	(429,246)	(329,246)
	<u>\$ 55,900,000</u>	<u>\$ 55,900,000</u>	<u>\$ 75,105,009</u>	<u>\$ 19,205,009</u>
Net change in fund balance	\$ (15,800,000)	\$ (15,800,000)	\$ 28,373,532	\$ 44,173,532
Fund Balance at beginning of year	21,965,350	21,965,350	21,965,350	
Fund Balance at end of year	<u>\$ 6,165,350</u>	<u>\$ 6,165,350</u>	<u>\$ 50,338,882</u>	<u>\$ 44,173,532</u>

NONMAJOR CAPITAL PROJECTS FUND

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

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
County shared bond funds	\$ 750,000	\$ 750,000		\$ (750,000)
State funds			\$ 100,000	100,000
Interest income	500	500	2,573	2,073
Revenues from other agencies	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,092,492</u>	<u>(7,508)</u>
	<u>\$ 1,850,500</u>	<u>\$ 1,850,500</u>	<u>\$ 1,195,065</u>	<u>\$ (655,435)</u>
Expenditures-				
Capital outlay and other projects	\$ 4,657,600	\$ 4,657,600	\$ 2,758,484	\$ 1,899,116
Miscellaneous	<u>500</u>	<u>500</u>	<u></u>	<u>500</u>
	<u>\$ 4,658,100</u>	<u>\$ 4,658,100</u>	<u>\$ 2,758,484</u>	<u>\$ 1,899,616</u>
Excess of Revenues Over (Under) Expenditures	\$ (2,807,600)	\$ (2,807,600)	\$ (1,563,419)	\$ 1,244,181
Fund Balance at beginning of year	<u>2,913,237</u>	<u>2,913,237</u>	<u>2,913,237</u>	<u></u>
Fund Balance at end of year	<u>\$ 105,637</u>	<u>\$ 105,637</u>	<u>\$ 1,349,818</u>	<u>\$ 1,244,181</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest earned	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,068</u>	\$ <u>1,068</u>
Expenditures -				
Principal retirement	\$ <u>28,110,508</u>	\$ <u>28,110,508</u>	\$ <u>22,757,893</u>	\$ <u>5,352,615</u>
Interest	<u>7,866,396</u>	<u>7,866,396</u>	<u>6,292,613</u>	<u>1,573,783</u>
Debt issuance costs and fiscal agent fees	<u>100,000</u>	<u>100,000</u>	<u>50,408</u>	<u>49,592</u>
Other	<u>5,000</u>	<u>5,000</u>	<u>6,780</u>	<u>(1,780)</u>
	\$ <u>36,081,904</u>	\$ <u>36,081,904</u>	\$ <u>29,107,694</u>	\$ <u>6,974,210</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(36,081,904)</u>	\$ <u>(36,081,904)</u>	\$ <u>(29,106,626)</u>	\$ <u>6,975,278</u>
Other Financing Sources (Uses) -				
Transfers in	\$ <u>35,155,156</u>	\$ <u>35,155,156</u>	\$ <u>34,608,999</u>	\$ <u>(546,157)</u>
Transfers out			<u>(5,539,085)</u>	<u>(5,539,085)</u>
	\$ <u>35,155,156</u>	\$ <u>35,155,156</u>	\$ <u>29,069,914</u>	\$ <u>(6,085,242)</u>
Net change in fund balance	\$ <u>(926,748)</u>	\$ <u>(926,748)</u>	\$ <u>(36,712)</u>	\$ <u>890,036</u>
Fund Balance at beginning of year	<u>2,125,690</u>	<u>2,125,690</u>	<u>2,125,690</u>	
Fund Balance at end of year	\$ <u>1,198,942</u>	\$ <u>1,198,942</u>	\$ <u>2,088,978</u>	\$ <u>890,036</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest earned	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenditures -				
Principal retirement	\$ 5,351,780	\$ 5,351,780	\$ 5,351,780	
Interest	<u>1,022,692</u>	<u>1,022,692</u>	<u>1,016,005</u>	\$ <u>6,687</u>
	\$ <u>6,374,472</u>	\$ <u>6,374,472</u>	\$ <u>6,367,785</u>	\$ <u>6,687</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(6,374,472)</u>	\$ <u>(6,374,472)</u>	\$ <u>(6,367,785)</u>	\$ <u>(6,687)</u>
Other Financing Sources (Uses) -				
Transfers in	\$ <u>6,374,472</u>	\$ <u>6,374,472</u>	\$ <u>6,367,785</u>	\$ <u>(6,687)</u>
	\$ <u>6,374,472</u>	\$ <u>6,374,472</u>	\$ <u>6,367,785</u>	\$ <u>(6,687)</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Fund Balance at beginning of year	<u>-0-</u>	<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 Resources Department customer base.

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 Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2018

	<u>Murfreesboro</u> <u>Stormwater</u> <u>Fund</u>	<u>Evergreen</u> <u>Cemetery</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets -			
Cash and cash equivalents	\$ 5,856,604	\$ 214,752	\$ 6,071,356
Accounts receivable		183,431	183,431
Inventories		53,793	53,793
Prepaid items	45,263	2,404	47,667
Total Current Assets	<u>\$ 5,901,867</u>	<u>\$ 454,380</u>	<u>\$ 6,356,247</u>
Noncurrent Assets -			
Land and construction in progress	\$ 2,557,109	\$ 935	\$ 2,558,044
Other capital assets, net of depreciation	3,739,485	153,128	3,892,613
Total Noncurrent Assets	<u>\$ 6,296,594</u>	<u>\$ 154,063</u>	<u>\$ 6,450,657</u>
Total Assets	<u>\$ 12,198,461</u>	<u>\$ 608,443</u>	<u>\$ 12,806,904</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	\$ 91,689		\$ 91,689
Total Deferred Outflows of Resources	<u>\$ 91,689</u>		<u>\$ 91,689</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,290,150</u>	<u>\$ 608,443</u>	<u>\$ 12,898,593</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities -			
Accounts payable	\$ 39,178	\$ 5,989	\$ 45,167
Accrued and withheld liabilities	75,848		75,848
Due to other funds	1,252,823		1,252,823
Total Current Liabilities	<u>\$ 1,367,849</u>	<u>\$ 5,989</u>	<u>\$ 1,373,838</u>
Long-term Liabilities -			
Net pension liability	\$ 136,568		\$ 136,568
Total OPEB liability	1,020,846		1,020,846
Total Long-term Liabilities	<u>\$ 1,157,414</u>		<u>\$ 1,157,414</u>
Total Liabilities	<u>\$ 2,525,263</u>	<u>\$ 5,989</u>	<u>\$ 2,531,252</u>
<u>DEFERRED INTFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	\$ 52,352		\$ 52,352
Total Deferred Inflows of Resources	<u>\$ 52,352</u>		<u>\$ 52,352</u>
Net Position -			
Investment in capital assets	\$ 6,296,594	\$ 154,063	\$ 6,450,657
Unrestricted	3,415,941	448,391	3,864,332
Total Net Position	<u>\$ 9,712,535</u>	<u>\$ 602,454</u>	<u>\$ 10,314,989</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 12,290,150</u>	<u>\$ 608,443</u>	<u>\$ 12,898,593</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

	<u>Murfreesboro Stormwater Fund</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Operating Revenues -			
Charges for services	\$ 2,971,693	\$ 539,170	\$ 3,510,863
Operating Expenses -			
Operating expenses	\$ 2,191,615	\$ 487,650	\$ 2,679,265
Depreciation expense	579,014	26,391	605,405
	<u>\$ 2,770,629</u>	<u>\$ 514,041</u>	<u>\$ 3,284,670</u>
Operating Income (Loss)	<u>\$ 201,064</u>	<u>\$ 25,129</u>	<u>\$ 226,193</u>
Nonoperating Revenues (Expenses) -			
Interest	\$ 13,010	\$ 3,375	\$ 16,385
Loss on disposal of utility plant	(2,114)		(2,114)
Total non-operating revenues (expenses)	<u>\$ 10,896</u>	<u>\$ 3,375</u>	<u>\$ 14,271</u>
Income (Loss) Before Transfers	\$ 211,960	\$ 28,504	\$ 240,464
Transfers in	<u> </u>	<u>50,402</u>	<u>50,402</u>
Change in Net Position	<u>\$ 211,960</u>	<u>\$ 78,906</u>	<u>\$ 290,866</u>
Net Position at beginning of year as previously stated	\$ 10,457,867	\$ 523,548	\$ 10,981,415
Prior period adjustment	(957,292)		(957,292)
Net Position at beginning of year as restated	<u>\$ 9,500,575</u>	<u>\$ 523,548</u>	<u>\$ 10,024,123</u>
Net Position at end of year	<u>\$ 9,712,535</u>	<u>\$ 602,454</u>	<u>\$ 10,314,989</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2018

	Murfreesboro Stormwater Fund	Evergreen Cemetery	Totals
Cash Flows from Operating Activities -			
Cash received from customers		\$ 505,534	\$ 505,534
Cash payments to suppliers		(198,295)	(198,295)
Cash payments to employees		(279,508)	(279,508)
Transfers of stormwater fees from the Murfreesboro Water Resources Department	\$ 2,085,781		2,085,781
Reimbursements to the Murfreesboro Water Resources Department	<u>(6,711,258)</u>		<u>(6,711,258)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(4,625,477)</u>	\$ <u>27,731</u>	\$ <u>(4,597,746)</u>
Cash Flows from Noncapital Financing Activities -			
Transfers in		\$ <u>50,402</u>	\$ <u>50,402</u>
Net Cash Provided (Used) by Noncapital Financing Activities		\$ <u>50,402</u>	\$ <u>50,402</u>
Cash Flows From Capital and Related Financing Activities -			
Acquisition and construction of capital assets		\$ <u>(8,601)</u>	\$ <u>(8,601)</u>
Net Cash Used by Capital and Related Financing Activities		\$ <u>(8,601)</u>	\$ <u>(8,601)</u>
Cash Flows From Investing Activities -			
Interest received	\$ <u>13,010</u>	\$ <u>3,375</u>	\$ <u>16,385</u>
Net Cash Provided by Investing Activities	\$ <u>13,010</u>	\$ <u>3,375</u>	\$ <u>16,385</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (4,612,467)	\$ 72,907	\$ (4,539,560)
Cash and Cash Equivalents at Beginning of Year	<u>10,469,071</u>	<u>141,845</u>	<u>10,610,916</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>5,856,604</u></u>	\$ <u><u>214,752</u></u>	\$ <u><u>6,071,356</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 201,064	\$ 25,129	\$ 226,193
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	579,014	26,391	605,405
Construction in progress expensed in current year	27,194		27,194
Changes in assets and liabilities -			
Accounts receivable		(33,636)	(33,636)
Inventory		4,691	4,691
Prepaid expenses	(6,245)		(6,245)
Deferred outflows of resources	74,938		74,938
Accounts payable	(25,525)	5,989	(19,536)
Accrued and withheld liabilities	13,941	(833)	13,108
Due to other funds	(5,489,752)		(5,489,752)
Net pension liability	(91,584)		(91,584)
Total OPEB liability	63,554		63,554
Deferred inflows of resources	27,924		27,924
Net Cash Provided (Used) by Operating Activities	\$ <u>(4,625,477)</u>	\$ <u>27,731</u>	\$ <u>(4,597,746)</u>
Non-Cash Capital and Related Financing Activities -			
Capital assets acquired with due to other funds	\$ <u>562,030</u>		\$ <u>562,030</u>
	\$ <u>562,030</u>		\$ <u>562,030</u>

INTERNAL SERVICE FUNDS

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Net Position
Internal Service Funds

June 30, 2018

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets -			
Cash and cash equivalents	\$ 8,859,384	\$ 4,744,379	\$ 13,603,763
Investments		1,992,849	1,992,849
Due from others	278,984	13,921	292,905
Due from other funds	385		385
Prepaid item	3,618		3,618
Total Current Assets	<u>\$ 9,142,371</u>	<u>\$ 6,751,149</u>	<u>\$ 15,893,520</u>
Noncurrent Assets -			
Restricted assets -			
Certificates of deposit		<u>\$ 500,000</u>	<u>\$ 500,000</u>
Total Noncurrent Assets		<u>\$ 500,000</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 9,142,371</u>	<u>\$ 7,251,149</u>	<u>\$ 16,393,520</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities -			
Accounts payable	\$ 905,001	\$ 294,259	\$ 1,199,260
Accrued and withheld liabilities		27,947	27,947
Due to others		69	69
Claims and judgments payable		<u>1,619,000</u>	<u>1,619,000</u>
Total Current Liabilities	<u>\$ 905,001</u>	<u>\$ 1,941,275</u>	<u>\$ 2,846,276</u>
Noncurrent Liabilities -			
Claims and judgments payable		<u>2,239,000</u>	<u>2,239,000</u>
Total Liabilities	<u>\$ 905,001</u>	<u>\$ 4,180,275</u>	<u>\$ 5,085,276</u>
Net Position -			
Unrestricted	<u>\$ 8,237,370</u>	<u>\$ 3,070,874</u>	<u>\$ 11,308,244</u>
Total Net Position	<u>\$ 8,237,370</u>	<u>\$ 3,070,874</u>	<u>\$ 11,308,244</u>
Total Liabilities and Net Position	<u>\$ 9,142,371</u>	<u>\$ 7,251,149</u>	<u>\$ 16,393,520</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Operating Revenues -			
Premiums from City departments	\$ 13,917,151	\$ 3,680,548	\$ 17,597,699
Premiums from others	2,726,718	2,034	2,728,752
Miscellaneous	588,417		588,417
	<u>\$ 17,232,286</u>	<u>\$ 3,682,582</u>	<u>\$ 20,914,868</u>
Operating Expenses -			
Claims and administrative expense	\$ 15,393,466	\$ 3,083,947	\$ 18,477,413
Administrative support services		150,000	150,000
Salaries and wages		246,564	246,564
Employee benefits		71,759	71,759
Contractual services		5,714	5,714
Utility Services		2,195	2,195
Professional services		4,750	4,750
Repairs and maintenance		975	975
Training and travel		3,364	3,364
Administrative supplies		1,850	1,850
Capital outlay		228	228
Miscellaneous		576	576
	<u>\$ 15,393,466</u>	<u>\$ 3,571,922</u>	<u>\$ 18,965,388</u>
Operating Income (Loss)	<u>\$ 1,838,820</u>	<u>\$ 110,660</u>	<u>\$ 1,949,480</u>
Nonoperating Revenue -			
Interest earned	\$ 53,812	\$ 38,532	\$ 92,344
Unrealized gain on investment		56	56
	<u>\$ 53,812</u>	<u>\$ 38,588</u>	<u>\$ 92,400</u>
Change in Net Position	\$ 1,892,632	\$ 149,248	\$ 2,041,880
Net Position at beginning of year	6,344,738	2,921,626	9,266,364
Net Position at end of year	<u>\$ 8,237,370</u>	<u>\$ 3,070,874</u>	<u>\$ 11,308,244</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2018

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Cash Flows From Operating Activities-			
Cash received from interfund services provided	\$ 16,643,631	\$ 3,680,548	\$ 20,324,179
Cash payments to employees		(318,323)	(318,323)
Cash payments of claims and administrative expenses	(15,713,367)	(3,879,404)	(19,592,771)
Other receipts	406,343	2,034	408,377
Other payments		(169,652)	(169,652)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,336,607</u>	<u>\$ (684,797)</u>	<u>\$ 651,810</u>
Cash Flows From Investing Activities-			
Purchase of US Treasury Securities		\$ (1,984,334)	\$ (1,984,334)
Interest received	<u>\$ 53,812</u>	<u>30,073</u>	<u>83,885</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 53,812</u>	<u>\$ (1,954,261)</u>	<u>\$ (1,900,449)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,390,419	\$ (2,639,058)	\$ (1,248,639)
Cash and Cash Equivalents at Beginning of Year	7,468,965	7,383,437	14,852,402
Cash and Cash Equivalents at End of Year	<u>\$ 8,859,384</u>	<u>\$ 4,744,379</u>	<u>\$ 13,603,763</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,838,820	\$ 110,660	\$ 1,949,480
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Changes in assets and liabilities -			
Due from other funds	(238)		(238)
Due from others	(182,074)	(5,329)	(187,403)
Prepaid items	(3,618)		(3,618)
Accounts payable	(316,283)	112,218	(204,065)
Claims and judgments payable		(905,500)	(905,500)
Accrued wages		3,169	3,169
Due to others		(15)	(15)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,336,607</u>	<u>\$ (684,797)</u>	<u>\$ 651,810</u>
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position -			
Cash and Cash Equivalents	<u>\$ 8,859,384</u>	<u>\$ 4,744,379</u>	<u>\$ 13,603,763</u>
Non-Cash Investing Activities -			
Reinvested investment earnings		<u>\$ 8,515</u>	<u>\$ 8,515</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, 2018

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Employee Pension</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,045,496	\$ 1,509,579	\$ 3,555,075
Investments, at fair value -			
Certificates of deposit	894,121	1,770,244	2,664,365
Mutual funds	105,991,591	15,292,038	121,283,629
Municipal notes and bonds	688,286	361,685	1,049,971
Corporate notes and bonds	8,788,719	6,341,953	15,130,672
Common/preferred stock	19,604,078		19,604,078
Accrued interest receivable	131,567	55,092	186,659
Due from others	576,373		576,373
	<u>\$ 138,720,231</u>	<u>\$ 25,330,591</u>	<u>\$ 164,050,822</u>
<u>LIABILITIES</u>			
Due to others	\$ 46,267		\$ 46,267
	<u>\$ 46,267</u>		<u>\$ 46,267</u>
<u>NET POSITION</u>			
Net Position -			
Restricted for pensions	<u>\$ 138,673,964</u>	<u>\$ 25,330,591</u>	<u>\$ 164,004,555</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds

Year Ended June 30, 2018

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Employee Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ 4,127,857	\$ 1,100,000	\$ 5,227,857
Investment income-			
Net appreciation in fair value of investments	\$ 5,679,595	\$ 954,624	\$ 6,634,219
Interest	275,178	217,931	493,109
Dividends	4,496,470	345,131	4,841,601
Total investment income	\$ 10,451,243	\$ 1,517,686	\$ 11,968,929
Less administrative expenses	(360,537)	(111,476)	(472,013)
Net investment income	\$ 10,090,706	\$ 1,406,210	\$ 11,496,916
Total additions	\$ 14,218,563	\$ 2,506,210	\$ 16,724,773
Deductions -			
Benefits to participants	\$ 5,450,947	\$ 1,052,713	\$ 6,503,660
Total deductions	\$ 5,450,947	\$ 1,052,713	\$ 6,503,660
Net Increase	\$ 8,767,616	\$ 1,453,497	\$ 10,221,113
Net Position Restricted for Pensions			
Beginning of year	129,906,348	23,877,094	153,783,442
End of year	\$ 138,673,964	\$ 25,330,591	\$ 164,004,555

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 817,691	\$ 1,708,676	\$ 1,730,018	\$ 796,349
Certificates of deposit	10,000			10,000
Other receivables	6,493	8,826	6,493	8,826
Inventory	1,797			1,797
Other assets		4,002		4,002
Total Assets	<u>\$ 835,981</u>	<u>\$ 1,721,504</u>	<u>\$ 1,736,511</u>	<u>\$ 820,974</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 835,981</u>	<u>\$ 1,710,029</u>	<u>\$ 1,725,036</u>	<u>\$ 820,974</u>
Total Liabilities	<u>\$ 835,981</u>	<u>\$ 1,710,029</u>	<u>\$ 1,725,036</u>	<u>\$ 820,974</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, 2018

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Funds -			
Extended School Program Fund			
Pinnacle Financial Partners	0.30 %	03/03/2019	\$ 100,000
Pinnacle Financial Partners	0.25	09/19/2018	127,829
Pinnacle Financial Partners	0.25	09/19/2018	127,829
			<u>\$ 355,658</u>
Permanent Fund -			
BMW Bank North America CD	2.05 %	09/13/2018	\$ 25,001
Capital One Bank FDIC Insured CD	2.35	08/26/2020	128,666
Synchrony Bank CD	2.00	05/09/2019	24,929
Goldman Sachs Bank FDIC Insured CD	2.20	02/04/2021	24,549
State Bank of India FDIC Insured CD	2.25	10/15/2019	49,689
Sonabank CD	2.00	11/27/2018	25,000
First Internet Bank CD	2.15	02/11/2021	50,000
Synovus Bank CD (formerly World's Foremost Bank CD)	2.00	05/25/2021	50,000
			<u>\$ 377,834</u>
Internal Service Funds -			
Risk Management Fund			
Franklin Synergy Bank	1.40 %	09/23/2019	<u>\$ 500,000</u>
Fiduciary Funds -			
Employees' Pension Trust Fund			
Goldman Sachs FDIC Insured CD	2.00 %	05/28/2019	\$ 224,172
Goldman Sachs FDIC Insured CD	2.45	09/02/2021	196,848
Goldman Sachs FDIC Insured CD	2.20	01/14/2020	99,374
State Bank of India CD	2.15	12/16/2019	148,727
SonaBank CD	2.00	11/27/2018	100,000
Synovus Bank CD (Formerly World's Foremost Bank CD)	2.45	05/15/2023	125,000
			<u>\$ 894,121</u>
Electric Department Employee Pension Fund			
American Express Bank CD	2.20 %	11/20/2019	\$ 148,952
American Federal Bank CD	2.45	09/30/2022	145,708
BMO Harris Bank NA CD	2.30	06/14/2019	247,844
Discover Bank FDIC Insured CD	2.15	09/17/2019	109,569
Enterprise Bank PA CD	2.25	06/14/2019	247,725
Goldman Sachs FDIC Insured CD	2.00	05/28/2019	99,632
Goldman Sachs Bank FDIC Insured CD	2.20	01/14/2020	124,217
State Bank of India CD	2.15	12/16/2019	148,726
Wells Fargo Bank NA CD	2.35	07/15/2019	247,871
Synovus Bank CD (Formerly World's Foremost Bank CD)	2.00	05/25/2021	250,000
			<u>\$ 1,770,244</u>
Extended School Program Private Purpose Trust Fund			
Pinnacle Financial Partners	0.30 %	03/06/2019	<u>\$ 161,956</u>
School Activity Agency Fund			
Pinnacle Financial Partners	0.30 %	03/22/2019	<u>\$ 10,000</u>
Total Certificates of Deposit			<u>\$ 4,069,813</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2018

	Interest Rate		Maturity Date	Fair Value
General Fund -				
US Treasury Notes	2.500	%	05/31/2020	\$ 999,530
US Treasury Notes	1.500		11/30/2019	986,520
US Treasury Notes	1.000		11/30/2018	995,550
US Treasury Notes	1.250		05/31/2019	1,485,240
				<u>\$ 4,466,840</u>
TMBF/Bond Fund -				
Federal Home Loan Bank Discount OID	1.840	%	08/15/2018	\$ 1,995,300
Federal Home Loan Bank Discount OID	1.840		08/15/2018	2,992,950
Federal Home Loan Bank Discount OID	1.800		07/17/2018	2,997,660
US Treasury Bills OID	1.710		08/16/2018	3,990,880
US Treasury Bills OID	1.840		10/11/2018	2,983,770
US Treasury Bills OID	1.640		07/12/2018	2,998,590
US Treasury Notes	0.750		08/15/2019	1,963,440
US Treasury Notes	1.000		09/15/2018	3,992,320
US Treasury Notes	1.250		11/15/2018	2,990,970
US Treasury Notes	1.250		12/15/2018	2,988,270
US Treasury Notes	1.125		01/15/2019	1,988,760
US Treasury Notes	0.750		02/15/2019	1,981,880
US Treasury Notes	1.000		03/15/2019	1,982,580
US Treasury Notes	0.875		04/15/2019	1,977,740
US Treasury Notes	0.875		05/15/2019	1,974,840
US Treasury Notes	0.875		06/15/2019	3,944,080
US Treasury Notes	0.750		07/15/2019	1,966,879
				<u>\$ 45,710,909</u>
Risk Management Fund -				
US Treasury Notes	1.625	%	04/30/2019	\$ 497,130
US Treasury Notes	1.125		01/15/2019	497,190
US Treasury Notes	1.375		07/31/2018	499,820
US Treasury Notes	1.250		10/31/2018	498,709
				<u>\$ 1,992,849</u>
Employees' Pension Trust Fund -				
Jackson TN Energy Rev Taxable	2.650	%	04/01/2021	\$ 345,153
Jackson TN Energy Rev Taxable	3.200		04/01/2024	197,402
Salt Lake City, Utah Redeve Agv	4.411		04/01/2022	145,731
AT&T, Inc.	2.375		11/27/2018	239,755
Abbvie, Inc.	2.000		11/06/2018	99,704
Actavis Services	3.800		03/15/2025	131,092
Aetna Inc. Senior Bond	2.750		11/15/2022	168,044
American Express Co. Bond	3.625		12/05/2024	98,491
American Tower Corporation	3.400		02/15/2019	100,269
American Water Cao Corp Callable	3.850		03/01/2024	101,310
Amgen Inc. Senior Bond	3.875		11/15/2021	101,434
Apple Inc. Senior Debt	2.400		05/03/2023	322,749
Autozone Inc. Bond	2.875		01/15/2023	241,130
BP Capital Markets Senior	3.561		11/01/2021	403,900
BP Capital Markets SR Bond	2.237		05/10/2019	199,214
Bank of America Corp	4.000		04/01/2024	252,190
Becton Dickinson & Co Callable	3.250		11/12/2020	198,984
Biogen, Inc.	2.900		09/15/2020	149,348
Blackrock Inc Callable	3.500		03/18/2024	150,990
Coca Cola Co Bond	3.150		11/15/2020	251,557
ConocoPhillips Callable	3.350		11/15/2024	99,423
John Deere Capital Corp Callable	3.400		09/11/2025	172,240
Dollar General Corp Senior Bond	4.150		11/01/2025	100,058
Exxon Mobil Corp Callable	3.176		03/15/2024	260,751
Ford Motor Credit Co. Bond	2.551		10/05/2018	149,906
General Electric Co Callable	2.700		10/09/2022	96,723
General Electric Co Floating Rate Libor Plus 1.0%	1.243		04/15/2023	201,250
Goldman Sachs Group Inc	2.000		05/13/2020	399,440
Halliburton Co. Callable	3.800		11/15/2025	99,285

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2018

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Huntington National Bank Senior Bond	2.200	04/01/2019	99,595
JPMorgan Chase & Co. Bond	3.375	05/01/2023	195,340
JPMorgan Chase & Co. Bond	2.550	10/29/2020	98,482
Kinder Morgan Energy Partners LP	5.800	03/01/2021	290,010
Kohl's Corporation Sr Debt	4.000	11/01/2021	506,855
Lockheed Martin Corp Callable	2.900	03/01/2025	142,721
Manufacturers and Trade Corporation	2.100	02/06/2020	73,820
Mondelez International Inc. Callable	4.000	02/01/2024	151,275
Morgan Stanley Bond	2.375	07/23/2019	99,417
Morgan Stanley Floating Rate	4.040	04/28/2023	218,700
Morgan Stanley Bond	2.800	06/16/2020	148,789
Norfolk Southern Corp Callable	2.903	02/15/2023	97,753
Nucor Corp Callable	4.125	09/15/2022	256,730
O'Reilly Automotive Inc New Sr	3.800	09/01/2022	505,580
PNC	2.700	11/01/2022	192,256
Qualcomm Inc Callable	2.900	05/20/2024	94,495
Scana Corp New Note Callable	4.125	02/01/2022	122,975
State Street Corporation	3.550	08/18/2025	174,914
Suntrust Bks Inc. Senior Bond	2.350	11/01/2018	199,890
Sysco Corp Callable	3.550	03/15/2025	97,997
Torchmark Corp Sr Note Callable	9.250	06/15/2019	132,218
Verizon Communications Inc.	2.625	02/21/2020	99,670
AT&T Inc Com	NA	NA	288,958
Alphabet Inc. - CL A	NA	NA	503,619
Amazon Com Inc.	NA	NA	669,721
American Express Co. Com	NA	NA	307,916
American Tower Corporation	NA	NA	459,037
Amgen Inc. Com	NA	NA	392,623
Apple Inc. Com	NA	NA	639,925
Automatic Data Processing Inc. Com	NA	NA	171,029
Capital One Financial Corp Com	NA	NA	287,831
Chevron Corp Com	NA	NA	376,256
Citigroup Inc.	NA	NA	311,847
Costco Whsl Corp New Com	NA	NA	372,193
Danaher Corp Del Com	NA	NA	402,121
Ecolab Inc	NA	NA	179,763
Emerson Elec Co. Com	NA	NA	166,627
Exxon Mobil Corp Com	NA	NA	366,908
HCA Healthcare, Inc.	NA	NA	479,552
Home Depot Inc. Com	NA	NA	241,924
Honeywell International Inc. Com	NA	NA	377,411
Intel Corp Com	NA	NA	211,864
JPMorgan Chase & Co. Com	NA	NA	318,644
Lockheed Martin Corp Com	NA	NA	220,686
Microsoft Corp Com	NA	NA	567,994
Mondelez International Inc.	NA	NA	367,483
Netflix Inc. Com	NA	NA	469,716
Nextera Energy	NA	NA	424,256
Nike Inc CL B	NA	NA	483,339
Oracle Corp Com	NA	NA	346,973
Paypal Holdings Inc.	NA	NA	346,153
Pepsico Inc. Com	NA	NA	275,985
Philip Morris Intl Inc. Com	NA	NA	292,198
Schlumberger Ltd. Com	NA	NA	321,074

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2018

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -				
TJX Cos Inc. New Com	NA		NA	446,870
US Bankcorp Del Com New	NA		NA	138,055
United Parcel Service CL B	NA		NA	287,352
United Technologies Corp Com	NA		NA	219,553
United Health Group Inc. Com	NA		NA	527,481
Valero Energy Corp	NA		NA	309,437
Visa Inc. Com	NA		NA	510,595
Wells Fargo Co Com	NA		NA	372,169
Medtronic PLC	NA		NA	291,501
Ishares North American Natural Resources	NA		NA	4,859,437
Legg Mason BW Global Opportunities BD Fund CL IS	NA		NA	7,220,893
Pimco Global Bond Fund US Dollar Hedged FD	NA		NA	8,070,003
Principal High Yield Class I	NA		NA	10,583,291
TCW Total Return Bond Fund CL I	NA		NA	11,392,459
Vanguard Small Cap Growth ETF	NA		NA	4,807,954
Legg Mason Brandywine Large Cap Value Fund CL IS	NA		NA	10,998,099
Harbor Mid Cap Value Instl	NA		NA	2,746,425
Janus Enterprise Class I	NA		NA	3,091,377
Virtus Ceredex Small Cap Value Eq Fd 1	NA		NA	4,436,022
American Funds - Capital World Growth and Income Fund - R6	NA		NA	5,444,897
Dodge & Cox International Stock Fund	NA		NA	12,498,285
Janus Global Research Fund CL 1	NA		NA	5,486,880
Oppenheimer Developing Markets Fund CL1	NA		NA	9,362,890
Prudential Global Real Estate Fund CL Z	NA		NA	9,852,118
				<u>\$ 135,072,674</u>
Electric Department Employee Pension Fund -				
AT&T Inc. Senior Bond	2.625	%	12/01/2022	\$ 94,736
AT&T Inc.	2.375		11/27/2018	149,847
AT&T Inc. Senior	3.000		06/30/2022	97,080
Aetna Inc. Senior Bond	2.750		11/15/2022	144,038
Amazon Com Inc. Callable	3.800		12/05/2024	204,058
Arlington County Virginia Development Taxable	5.320		08/01/2023	157,085
American Tower Senior Debt	3.500		01/31/2023	162,309
Amphenol Corp Callable	3.200		04/01/2024	241,185
Apple Inc. Senior Debt	2.400		05/03/2023	192,686
Autozone Inc. Bond	2.875		01/15/2023	289,356
BP Capital Markets Senior	3.561		11/01/2021	151,462
Bank of New York Mellon Callable	3.550		09/23/2021	252,787
Bank of New York Mellon Snr Mtn	3.950		11/18/2025	304,722
Biogen, Inc.	2.900		09/15/2020	199,130
Blackrock Inc. Callable	3.500		03/18/2024	201,320
Celgene Corp Senior Bond	2.875		08/15/2020	272,894
Conocophillips Callable	3.350		11/15/2024	248,557
Dollar General Senior Bond	4.150		11/01/2025	250,145
General Electric Co Floating Rate Libor Plus 1%	1.243		04/15/2023	201,250
Goldman Sachs Group Inc	2.000		05/13/2020	249,650
Goldman Sachs Group Inc Snr Mtn	4.000		03/03/2024	100,070
JPMorgan Chase & Co Bond	3.375		05/01/2023	146,505
JPMorgan Chase & Co Senior Bond	2.750		06/23/2020	148,667
Kinder Morgan Energy Partners LP	5.800		03/01/2021	105,458
Kohl's Corporation Sr Debt	4.000		11/01/2021	152,057
Kraft Foods Group Inc Senior Bond	3.500		06/06/2022	227,723
Lockheed Martin Corp Callable	2.900		03/01/2025	237,867

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2018

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Electric Department Employee Pension Fund (continued) -				
Morgan Stanley Non Callable	2.625		11/17/2021	242,700
Morgan Stanley Floating Rate Bond	4.040		04/28/2023	97,200
O'Reilly Automotive Inc New Sr Nt	3.800		09/01/2022	252,790
Portland Oregon Urban Renewal Sr Lien Ser-A	3.873		06/15/2022	204,600
Scana Corp New Note Callable	4.125		02/01/2022	98,380
Stryker Corp Callable	3.375		05/15/2024	122,894
Suntrust Banks Inc. Senior Bond	2.350		11/01/2018	124,931
Suntrust Banks Inc. Senior	2.500		05/01/2019	99,783
Sysco Corp Callable	3.550		03/15/2025	97,997
Torchmark Corp Sr Nt Callable	9.250		06/15/2019	105,774
Toyota Motor Credit Non-Callable	1.550		10/18/2019	73,945
Vanguard Growth ETF	NA		NA	749,050
Victory Fund For Income	NA		NA	733,184
DFA US Vector Equity Portfolio	NA		NA	3,592,039
DFA US Core Equity 2 Portfolio	NA		NA	2,128,565
DFA Emerging Markets Value Portfolio	NA		NA	373,991
DFA Emerging Markets Small Cap	NA		NA	502,136
DFA International Small Company	NA		NA	678,366
DFA International Small Cap Value Portfolio CL 1	NA		NA	659,708
DFA Emerging Markets Portfolio	NA		NA	375,150
DFA US Large Cap Value Portfolio	NA		NA	2,697,171
DFA Real Estate Securities Portfolio	NA		NA	1,509,780
DFA International Value Portfolio	NA		NA	1,292,898
				\$ 21,995,676
Evergreen Cemetery Commission -				
AT&T Inc	2.375	%	11/27/2018	\$ 49,949
AT&T Inc Callable	2.450		06/30/2020	49,244
Altria Group Inc Non-Callable	2.850		08/09/2022	24,410
Amerisourcebergen Corp Callable	3.500		11/15/2021	39,955
Amphenol Corp Callable	4.000		02/01/2022	30,593
Amphenol Corp Callable	3.125		09/15/2021	59,653
Autozone Inc	4.000		11/15/2020	25,421
BP Capital Markets Sr Debt	2.750		05/10/2023	24,179
Bank of New York Mellon Snr Mtn	3.950		11/18/2025	50,787
Church & Dwight Inc. Callable	2.875		10/01/2022	39,094
Citizens Bank NA/RI Callable	2.450		12/04/2019	24,771
Comcast Corp New Note	3.125		07/15/2022	19,629
Comcast Corp New Callable	3.000		02/01/2024	47,825
Conocophillips Callable	3.350		11/05/2024	49,712
Ford Motor Credit Co Bond	2.459		03/27/2020	39,354
General Electric Co Floating Rate Libor Plus 1.0%	1.243		04/15/2023	100,625
Goldman Sachs Group Inc	2.000		05/13/2020	99,860
Goldman Sachs Group Inc Snr Mtn	4.000		03/03/2024	50,035
AEP Indiana Michigan Power	3.200		03/15/2023	49,205
JPMorgan Chase & Co Bond	2.550		10/29/2020	49,241
KeyBank National Association Bond	2.350		03/08/2019	49,856
Kinder Morgan Energy Partners LP	5.800		03/01/2021	21,092
Kohl's Corporation Sr Debt	4.000		11/01/2021	25,343
Morgan Stanley Bond	2.375		07/23/2019	24,854
Norfolk Southern Corp Callable	2.903		02/15/2023	19,551
O'Reilly Automotive Inc New Sr	3.800		09/01/2022	40,446
Oracle Corp Callable	2.950		11/15/2024	48,206
Vodafone Group PLC New Senior Bond	2.500		09/26/2022	71,738
Wells Fargo & Co Senior Bond	2.125		04/22/2019	49,755
Ishares MSCI Emerging Markets	NA		NA	42,463
Ishares MSCI EAFE ETF	NA		NA	86,725
Vanguard Total Stock Market Index	NA		NA	810,985
				\$ 2,214,556
Total Investments				\$ 211,453,504

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2018

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt -					
2019	2009 General Obligation Refunding Bonds	5.00 %	\$ 4,045,000	\$ 294,250	\$ 4,339,250
2020			1,840,000	92,000	1,932,000
			<u>\$ 5,885,000</u>	<u>\$ 386,250</u>	<u>\$ 6,271,250</u>
2019	2014 General Obligation Bonds	2.00-5.00 %	\$ 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>\$ 23,000,000</u>	<u>\$ 5,002,712</u>	<u>\$ 28,002,712</u>
2019	2016 General Obligation Bonds	2.00-5.00 %	\$ 4,250,000	\$ 2,546,750	\$ 6,796,750
2020			4,450,000	2,334,250	6,784,250
2021			4,675,000	2,111,750	6,786,750
2022			4,900,000	1,878,000	6,778,000
2023			5,150,000	1,633,000	6,783,000
2024			5,400,000	1,375,500	6,775,500
2025			5,625,000	1,159,500	6,784,500
2026			5,800,000	990,750	6,790,750
2027			5,900,000	874,750	6,774,750
2028			6,025,000	756,750	6,781,750
2029			6,200,000	576,000	6,776,000
2030			6,400,000	390,000	6,790,000
2031	6,600,000	198,000	6,798,000		
			<u>\$ 71,375,000</u>	<u>\$ 16,825,000</u>	<u>\$ 88,200,000</u>
2019	2016B General Obligation Refunding Bonds	2.00 - 5.00 %	\$ 2,635,000	\$ 970,025	\$ 3,605,025
2020			2,760,000	835,150	3,595,150
2021			2,900,000	693,650	3,593,650
2022			3,050,000	544,900	3,594,900
2023			3,200,000	388,650	3,588,650
2024			3,365,000	224,525	3,589,525
2025			3,480,000	105,600	3,585,600
2026			3,540,000	35,400	3,575,400
			<u>\$ 24,930,000</u>	<u>\$ 3,797,900</u>	<u>\$ 28,727,900</u>
2019	2018 General Obligation Bonds	2.95 - 5.00 %	\$ 3,390,000	\$ 2,846,163	\$ 6,236,163
2020			3,560,000	2,676,662	6,236,662
2021			3,740,000	2,498,663	6,238,663
2022			3,925,000	2,311,662	6,236,662
2023			4,120,000	2,115,413	6,235,413
2024			4,330,000	1,909,412	6,239,412
2025			4,545,000	1,692,913	6,237,913
2026			4,770,000	1,465,662	6,235,662
2027			4,965,000	1,274,863	6,239,863
2028			5,160,000	1,076,262	6,236,262
2029			5,365,000	869,863	6,234,863
2030			5,530,000	708,912	6,238,912
2031			5,690,000	545,778	6,235,778
2032			5,865,000	372,233	6,237,233
2033			6,045,000	190,417	6,235,417
			<u>\$ 71,000,000</u>	<u>\$ 22,554,878</u>	<u>\$ 93,554,878</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2018

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
<u>General Long-Term Debt (continued) -</u>					
2019	Bank Loan	1.60 %	\$ 155,000	\$ 3,560	\$ 158,560
2020			145,000	1,160	146,160
			<u>\$ 300,000</u>	<u>\$ 4,720</u>	<u>\$ 304,720</u>
2019	Tennessee Municipal Bond Fund		\$ 5,587,000	\$ 328,189	\$ 5,915,189
2020	Loan (1)		5,783,000	218,363	6,001,363
2021			5,839,907	104,924	5,944,831
			<u>\$ 17,209,907</u>	<u>\$ 651,476</u>	<u>\$ 17,861,383</u>
2019	Tennessee Municipal Bond Fund		\$ 391,000	\$ 23,254	\$ 414,254
2020	Loan (1)		406,000	15,566	421,566
2021			422,000	7,582	429,582
			<u>\$ 1,219,000</u>	<u>\$ 46,402</u>	<u>\$ 1,265,402</u>
2019	Tennessee Municipal Bond Fund		\$ 3,954,000	\$ 520,684	\$ 4,474,684
2020	Loan (1)		4,152,000	442,862	4,594,862
2021			4,359,000	361,145	4,720,145
2022			4,577,000	275,352	4,852,352
2023			4,806,000	185,269	4,991,269
2024			5,047,000	90,678	5,137,678
			<u>\$ 26,895,000</u>	<u>\$ 1,875,990</u>	<u>\$ 28,770,990</u>
2019	Tennessee Municipal Bond Fund	2.17 %	\$ 2,594,000	\$ 592,974	\$ 3,186,974
2020	Loan		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	101,708	3,181,708
2028			3,147,000	34,145	3,181,145
			<u>\$ 28,623,000</u>	<u>\$ 3,215,518</u>	<u>\$ 31,838,518</u>
2019	Tennessee Municipal Bond Fund	1.25 %	\$ 751,000	\$ 14,194	\$ 765,194
2020	Loan		760,000	4,750	764,750
			<u>\$ 1,511,000</u>	<u>\$ 18,944</u>	<u>\$ 1,529,944</u>
2019	Tennessee Municipal Bond Fund		\$ 1,609,594	\$ 30,542	\$ 1,640,136
	Loan (2)		<u>\$ 1,609,594</u>	<u>\$ 30,542</u>	<u>\$ 1,640,136</u>
2019	Energy Efficient School Loan	0 %	\$ 99,996		\$ 99,996
2020			99,996		99,996
2021			99,996		99,996
2022			41,705		41,705
			<u>\$ 341,693</u>		<u>\$ 341,693</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2018

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>General Long-Term Debt (continued) -</u>					
2019	Energy Efficient School Loan	0 %	\$ 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>\$ 445,278</u>		<u>\$ 445,278</u>
2019	Energy Efficient School Loan	0.75 %	\$ 172,647	\$ 13,965	\$ 186,612
2020			173,946	12,666	186,612
2021			175,255	11,357	186,612
2022			176,574	10,038	186,612
2023			177,903	8,709	186,612
2024			179,242	7,370	186,612
2025			180,591	6,021	186,612
2026			181,950	4,662	186,612
2027			183,319	3,293	186,612
2028			184,699	1,913	186,612
2029			154,915	533	155,448
			<u>\$ 1,941,041</u>	<u>\$ 80,527</u>	<u>\$ 2,021,568</u>
Total General Long-Term Debt			<u>\$ 276,285,513</u>	<u>\$ 54,490,859</u>	<u>\$ 330,776,372</u>
<u>Murfreesboro Water Resources Department -</u>					
2019	Tennessee Municipal Bond Fund (4)		\$ 486,000	\$ 33,680	\$ 519,680
2020			502,000	27,247	529,247
2021			518,000	20,603	538,603
2022			534,000	13,748	547,748
2023			552,000	6,679	558,679
			<u>\$ 2,592,000</u>	<u>\$ 101,957</u>	<u>\$ 2,693,957</u>
2019	Tennessee Municipal Bond Fund (4)		\$ 2,144,000	\$ 303,301	\$ 2,447,301
2020			2,240,000	274,894	2,514,894
2021			2,341,000	245,215	2,586,215
2022			2,446,000	214,199	2,660,199
2023			2,556,000	181,790	2,737,790
2024			2,671,000	147,925	2,818,925
2025			2,792,000	112,534	2,904,534
2026			2,917,000	75,543	2,992,543
2027			3,049,000	36,893	3,085,893
			<u>\$ 23,156,000</u>	<u>\$ 1,592,294</u>	<u>\$ 24,748,294</u>
2019	2009 Tax and Revenue Refunding Bonds	2.00-5.00 %	\$ 2,475,000	\$ 123,750	\$ 2,598,750
			<u>\$ 2,475,000</u>	<u>\$ 123,750</u>	<u>\$ 2,598,750</u>
2019	2013 Tax and Revenue Refunding Bonds	1.31 %	\$ 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>\$ 11,090,000</u>	<u>\$ 291,803</u>	<u>\$ 11,381,803</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2018

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Water Resources Department (continued) -</u>					
2019	2016 Tax and Revenue Refunding Bonds	2.00-5.00 %	\$ 100,000	\$ 657,000	\$ 757,000
2020			2,470,000	652,000	3,122,000
2021			2,585,000	528,500	3,113,500
2022			2,705,000	399,250	3,104,250
2023			2,830,000	264,000	3,094,000
2024			2,960,000	122,500	3,082,500
2025			1,565,000	63,300	1,628,300
2026			1,600,000	32,000	1,632,000
			<u>\$ 16,815,000</u>	<u>\$ 2,718,550</u>	<u>\$ 19,533,550</u>
2019	State Revolving Loans -CW1 13-317	0.93 %	\$ 170,124	\$ 27,204	\$ 197,328
2020			171,708	25,620	197,328
2021			173,316	24,012	197,328
2022			174,936	22,392	197,328
2023			176,568	20,760	197,328
2024			178,212	19,116	197,328
2025			179,880	17,448	197,328
2026			181,560	15,768	197,328
2027			183,252	14,076	197,328
2028			184,968	12,360	197,328
2029			186,696	10,632	197,328
2030			188,436	8,892	197,328
2031			190,200	7,128	197,328
2032			191,976	5,352	197,328
2033			193,764	3,564	197,328
2034			195,576	1,752	197,328
2035			82,038	197	82,235
			<u>\$ 3,003,210</u>	<u>\$ 236,273</u>	<u>\$ 3,239,483</u>
2019	State Revolving Loans - CW0 12-303	0.93 %	\$ 344,112	\$ 59,700	\$ 403,812
2020			347,328	56,484	403,812
2021			350,568	53,244	403,812
2022			353,844	49,968	403,812
2023			357,144	46,668	403,812
2024			360,480	43,332	403,812
2025			363,852	39,960	403,812
2026			367,248	36,564	403,812
2027			370,680	33,132	403,812
2028			374,136	29,676	403,812
2029			377,640	26,172	403,812
2030			381,156	22,656	403,812
2031			384,720	19,092	403,812
2032			388,320	15,492	403,812
2033			391,944	11,868	403,812
2034			395,604	8,208	403,812
2035			399,300	4,512	403,812
2036	268,382	936	269,318		
			<u>\$ 6,576,458</u>	<u>\$ 557,664</u>	<u>\$ 7,134,122</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2018

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Water Resources Department (continued) -</u>					
2019	State Revolving Loans - CG2 14-338	1.30 %	\$ 182,100	\$ 45,132	\$ 227,232
2020			184,476	42,756	227,232
2021			186,888	40,344	227,232
2022			189,336	37,896	227,232
2023			191,808	35,424	227,232
2024			194,328	32,904	227,232
2025			196,860	30,372	227,232
2026			199,440	27,792	227,232
2027			202,044	25,188	227,232
2028			204,684	22,548	227,232
2029			207,360	19,872	227,232
2030			210,072	17,160	227,232
2031			212,820	14,412	227,232
2032			215,604	11,628	227,232
2033			218,424	8,808	227,232
2034			221,280	5,952	227,232
2035			224,184	3,048	227,232
2036			113,260	401	113,661
			\$ 3,554,968	\$ 421,637	\$ 3,976,605
2019	State Revolving Loans - SRF 12-306	0.93 %	\$ 597,504	\$ 103,668	\$ 701,172
2020			603,084	98,088	701,172
2021			608,712	92,460	701,172
2022			614,400	86,772	701,172
2023			620,136	81,036	701,172
2024			625,932	75,240	701,172
2025			631,776	69,396	701,172
2026			637,680	63,492	701,172
2027			643,632	57,540	701,172
2028			649,644	51,528	701,172
2029			655,716	45,456	701,172
2030			661,836	39,336	701,172
2031			668,016	33,156	701,172
2032			674,256	26,916	701,172
2033			680,556	20,616	701,172
2034			686,916	14,256	701,172
2035			693,324	7,848	701,172
2036			466,153	1,635	467,788
			\$ 11,419,273	\$ 968,439	\$ 12,387,712

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2018

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water Resources Department (continued) -					
2019	State Revolving Loans - SRF 14-339	1.30 %	\$ 1,444,752	\$ 401,520	\$ 1,846,272
2020			1,463,640	382,632	1,846,272
2021			1,482,780	363,492	1,846,272
2022			1,502,172	344,100	1,846,272
2023			1,521,816	324,456	1,846,272
2024			1,541,724	304,548	1,846,272
2025			1,561,884	284,388	1,846,272
2026			1,582,308	263,964	1,846,272
2027			1,602,996	243,276	1,846,272
2028			1,623,960	222,312	1,846,272
2029			1,645,200	201,072	1,846,272
2030			1,666,716	179,556	1,846,272
2031			1,688,508	157,764	1,846,272
2032			1,710,600	135,672	1,846,272
2033			1,732,968	113,304	1,846,272
2034			1,755,624	90,648	1,846,272
2035			1,778,592	67,680	1,846,272
2036	1,468,303	36,201	1,504,504		
			<u>\$ 28,774,543</u>	<u>\$ 4,116,585</u>	<u>\$ 32,891,128</u>
Total Murfreesboro Water and Sewer Department			<u>\$ 109,456,452</u>	<u>\$ 11,128,952</u>	<u>\$ 120,585,404</u>
Murfreesboro Electric Department -					
2019	2009 Tax and Revenue Refunding Bonds	2.00-3.375 %	\$ 360,000	\$ 36,100	\$ 396,100
2020			370,000	24,850	394,850
2021			380,000	12,826	392,826
			<u>\$ 1,110,000</u>	<u>\$ 73,776</u>	<u>\$ 1,183,776</u>
2019	Tennessee Municipal Bond Fund (3)		\$ 755,000	\$ 41,720	\$ 796,720
2020		793,000	34,170	827,170	
2021		832,000	26,240	858,240	
2022		874,000	17,920	891,920	
2023		918,000	9,180	927,180	
			<u>\$ 4,172,000</u>	<u>\$ 129,230</u>	<u>\$ 4,301,230</u>
Total Murfreesboro Electric Department			<u>\$ 5,282,000</u>	<u>\$ 203,006</u>	<u>\$ 5,485,006</u>
Total Indebtedness			<u>\$ 391,023,965</u>	<u>\$ 65,822,817</u>	<u>\$ 456,846,782</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 1.96% was used which was the rate in effect at June 30, 2018.
- (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 2.07% was used which was the rate in effect at June 30, 2018.
- (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 1.00% was used.
- (4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.32% was used.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2018

Revenues -	
Charges for services	\$ 5,028
Miscellaneous	49,168
	<u>\$ 54,196</u>
Expenditures -	
Salaries and wages	\$ 1,746,389
Employee benefits	824,958
Contractual services	3,618
Utility services	189,505
Professional services	127,171
Repairs and maintenance	1,305,950
Training and travel	5,110
Administrative supplies	4,664
Other supplies	452,331
Fixed charges	26,544
Insurance	100,774
Capital outlay	358
Other miscellaneous	3,045
	<u>\$ 4,790,417</u>
	Amount funded with general governmental revenues
	<u>\$ (4,736,221)</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, 2018

Revenues -	
County funds	\$ 162,750
State funds	12,867
Federal funds	24,077
Revenue from other agencies	39,255
Program income	109,726
Donations received	6,713
Interest	74
Miscellaneous	13,890
	<u>\$ 369,352</u>
Expenditures -	
Salaries and wages	\$ 522,473
Employee benefits	155,870
Contractual services	65,382
Utility services	51,930
Professional services	609
Repairs and maintenance	30,522
Training and travel	5,593
Administrative supplies	12,290
Other supplies	18,837
Insurance	911
Grants and contributions	841
Capital outlay	406
Program activity	51,551
Other miscellaneous	2,533
	<u>\$ 919,748</u>
Amount funded with general governmental revenues	<u>\$ (550,396)</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.

Contents	Page
Financial Trends <i>These schedules contain information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	167
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	175
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	179
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	184
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	186
Utility Services Information <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	189

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 447,516,415	\$ 469,146,233	\$ 478,989,381	\$ 491,744,484	\$ 504,527,046	\$ 522,950,590	\$ 544,030,726	\$ 564,952,372	\$ 593,637,348	\$ 610,531,493
Restricted	28,342,279	27,475,344	17,316,349	10,484,943	11,275,897	18,408,485	15,350,932	10,910,526	12,958,998	14,952,890
Unrestricted	15,846,721	9,598,086	14,540,153	13,317,330	10,032,200	1,842,994	(12,733,999)	(10,686,345)	(25,177,436)	(79,798,829)
Total governmental activities net position	\$ 491,705,415	\$ 506,219,663	\$ 510,845,883	\$ 515,546,757	\$ 525,835,143	\$ 543,202,069	\$ 546,647,659	\$ 565,176,553	\$ 581,418,910	\$ 545,685,554
Business-type activities										
Net investment in capital assets	\$ 326,924,482	\$ 342,586,135	\$ 349,921,094	\$ 359,649,468	\$ 374,286,227	\$ 395,306,872	\$ 412,679,998	\$ 430,984,938	\$ 441,600,304	\$ 460,941,457
Restricted	23,665,932	24,480,313	25,118,563	22,499,278	26,599,114	24,780,490	28,659,579	2,630,313	4,215,977	4,523,552
Unrestricted	10,989,579	13,678,297	27,807,561	39,327,925	50,608,592	60,408,668	67,145,052	107,427,778	125,378,707	121,214,889
Total business-type activities net position	\$ 361,579,993	\$ 380,744,745	\$ 402,847,218	\$ 421,476,671	\$ 451,493,933	\$ 480,496,030	\$ 508,484,629	\$ 541,043,029	\$ 571,194,988	\$ 586,679,898
Primary Government										
Net investment in capital assets	\$ 774,440,897	\$ 811,732,368	\$ 828,910,475	\$ 851,393,952	\$ 878,813,273	\$ 918,257,462	\$ 956,710,724	\$ 995,937,310	\$ 1,035,237,652	\$ 1,071,472,950
Restricted	52,008,211	51,955,657	42,434,912	32,984,221	37,875,011	43,188,975	44,010,511	13,540,839	17,174,975	19,476,442
Unrestricted	26,836,300	23,276,383	42,347,714	52,645,255	60,640,792	62,251,662	54,411,053	96,741,433	100,201,271	41,416,060
Total primary government net position	\$ 853,285,408	\$ 886,964,408	\$ 913,693,101	\$ 937,023,428	\$ 977,329,076	\$ 1,023,698,099	\$ 1,055,132,288	\$ 1,106,219,582	\$ 1,152,613,898	\$ 1,132,365,452

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 11,649,426	\$ 11,036,656	\$ 11,856,868	\$ 13,068,983	\$ 14,763,088	\$ 16,300,480	\$ 15,481,618	\$ 16,902,199	\$ 19,310,717	\$ 13,619,931
Police	22,692,847	21,357,988	22,201,545	24,085,661	26,249,165	26,273,446	26,009,131	28,456,710	29,047,594	37,535,711
Fire and rescue	14,331,112	13,879,753	14,608,541	14,909,082	15,603,783	16,890,210	16,363,443	18,487,279	19,453,950	21,534,619
City court	435,877	392,199	362,930	401,713	435,966	434,580	446,986	492,773	624,661	584,671
Legal (2)	770,951	708,421	727,927							
Human resources (2)	641,827	691,601	765,914							
Streets and signs (3)	13,538,620	13,146,938	13,617,876	15,682,905	14,124,386					
Engineering (3)						15,040,258	14,736,910	14,349,421	14,919,919	15,534,820
State street aid (3)						2,730,069	2,131,722	2,089,531	2,037,697	2,407,894
Planning (3)	2,626,364	1,710,957	1,811,333	1,748,469	1,795,956	488,337	979,356	1,172,634	1,228,636	1,239,796
Building and codes	1,725,111	1,712,753	1,651,344	1,697,773	1,698,034	1,753,710	1,775,337	1,749,226	1,887,885	2,207,725
Solid waste	6,135,988	4,657,751	4,905,651	4,891,907	4,833,446	4,721,314	4,694,845	4,579,611	5,152,657	6,253,901
Transportation (1)		3,264,921	2,339,168	2,235,586	2,044,607	810,843	2,455,031	2,447,901	2,685,804	3,086,388
Urban environmental	902,288	964,579	939,172	944,736	977,490	1,012,736	948,153	1,057,798	1,207,404	1,360,605
Public health, education and welfare	2,124,575	1,664,492	1,782,425	1,705,184	1,896,109	2,265,496	2,689,043	2,264,661	2,414,227	2,464,045
Community services	8,213,989	6,288,522	6,374,845	6,996,360	7,195,027	7,300,219	6,842,679	6,997,513	8,194,969	9,042,148
Recreation	12,161,486	11,255,539	12,184,112	13,127,693	12,774,050	13,393,999	14,427,109	15,799,864	17,232,281	17,859,156
Community/economic development	1,113,234	2,325,940	1,541,107	7,680,151	1,689,443	993,443	819,087	1,051,964	1,106,602	1,207,616
Education	56,067,967	55,979,544	58,805,049	61,165,887	62,000,474	63,386,759	63,150,488	66,365,041	74,717,634	80,877,363
Food service	3,424,389	3,263,223	3,399,774	3,848,294	4,124,047	4,746,679	5,969,987	6,145,625	6,163,340	5,974,186
Interest on long-term debt	3,620,010	2,956,845	4,189,688	4,064,522	4,784,283	4,092,965	3,829,377	4,325,365	6,054,149	6,213,882
Total governmental activities expenses	\$ 162,176,061	\$ 157,258,622	\$ 164,065,269	\$ 178,254,906	\$ 176,989,354	\$ 182,635,543	\$ 183,750,302	\$ 194,735,116	\$ 213,440,126	\$ 229,004,457
Business-type activities:										
Water, sewer and stormwater	\$ 28,206,394	\$ 28,950,257	\$ 29,964,693	\$ 33,571,683	\$ 33,363,312	\$ 34,237,096	\$ 36,089,912	\$ 34,694,043	\$ 38,809,174	\$ 42,239,385
Electric	134,543,111	123,401,884	145,950,961	136,911,756	139,421,615	147,945,163	150,074,118	148,282,643	157,334,783	161,721,756
Cemetery	446,550	592,384	484,801	472,475	468,656	460,814	476,190	525,415	472,593	505,399
Total business-type activities expenses	\$ 163,196,055	\$ 152,944,525	\$ 176,400,455	\$ 170,955,914	\$ 173,253,583	\$ 182,643,073	\$ 186,640,220	\$ 183,502,101	\$ 196,616,550	\$ 204,466,540
Total primary government expenses	\$ 325,372,116	\$ 310,203,147	\$ 340,465,724	\$ 349,210,820	\$ 350,242,937	\$ 365,278,616	\$ 370,390,522	\$ 378,237,217	\$ 410,056,676	\$ 433,470,997

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 232,252	\$ 238,822	\$ 100,743	\$ 196,940	\$ 89,224	\$ 103,614	\$ 126,691	\$ 117,908	\$ 124,440	\$ 122,438
Police	336,801	217,038	177,723	209,286	282,964	445,741	409,833	307,250	251,746	262,156
Fire and Rescue	621,785	767,033	795,622	825,182	825,032	866,846	911,222	935,559	1,101,095	1,050,785
City court	4,829,049	2,167,575	1,615,803	3,377,787	3,620,237	3,137,614	3,736,994	2,312,249	1,615,409	1,865,503
Streets and signs (3)	43,846	38,813	39,724	471,201	93,494					
Engineering (3)						20,849	84,869	293,373	459,096	286,241
Planning (3)	31,327	29,778	29,246	22,583	36,655	47,271	39,374	56,985	59,741	43,314
Building and codes	2,699,656	1,817,128	1,348,831	2,023,253	2,346,468	2,804,713	2,461,898	3,542,476	3,651,724	3,638,512
Solid waste	70,379	35,058	11,428	39,915	48,234	34,825	34,837	2,927	3,726	5,028
Transportation (1)		86,498	101,016	123,264	129,313	128,610	132,979	131,172	117,915	110,577
Urban environmental	3,939	3,335		22,050	125	30,016	9,322	11,787	105,495	4,165
Community services	2,699,471	5,243,992	4,076,701	4,421,094	3,956,866	4,452,125	4,627,266	5,229,211	5,504,895	6,239,007
Recreation	2,912,708	2,863,486	3,187,006	3,353,303	3,174,272	3,144,392	3,250,951	3,798,269	3,863,362	3,969,558
Community/economic development	38,436	35,199	168,749	31,244	36,532					
Education	2,467,801	22,425	11,762	18,470	7,550	14,915	9,975	60,753	114,640	138,117
Food service	1,271,818	1,209,432	1,147,656	1,100,168	1,063,310	966,356	460,757	279,784	298,526	366,075
Interest on long-term debt	3,818									
Operating grants and contributions	67,462,074	63,622,478	62,827,946	70,261,023	64,798,615	65,691,516	72,198,409	79,319,540	84,693,419	90,515,105
Capital grants and contributions	15,863,275	9,795,709	4,603,937	3,772,569	9,958,345	19,498,764	13,119,857	8,480,664	14,571,133	9,647,200
Total governmental activities program revenues	\$ 101,588,435	\$ 88,193,799	\$ 80,243,893	\$ 90,269,332	\$ 90,467,236	\$ 101,388,167	\$ 101,615,234	\$ 104,879,907	\$ 116,536,362	\$ 118,263,781
Business-type activities:										
Charges for services:										
Water, sewer and stormwater	\$ 30,226,096	\$ 31,867,204	\$ 33,940,432	\$ 35,165,160	\$ 45,693,042	\$ 43,378,899	\$ 48,571,739	\$ 45,169,465	\$ 46,724,784	\$ 47,422,308
Electric	144,887,286	133,956,469	160,004,748	151,523,822	156,284,978	164,065,088	165,924,035	161,953,457	169,127,855	174,059,044
Cemetery	386,470	384,919	421,315	459,653	381,280	394,639	438,619	457,576	530,329	539,170
Operating grants and contributions	68,994	146,238	311,112	83,165	121,397	173,516	48,278	70,293	146,279	114,403
Capital grants and contributions	8,119,244	8,042,948	5,533,215	4,879,811	3,539,238	7,136,091	5,951,974	17,898,163	18,484,428	18,135,871
Total business-type activities program revenues	\$ 183,688,090	\$ 174,397,778	\$ 200,210,822	\$ 192,111,611	\$ 206,019,935	\$ 215,148,233	\$ 220,934,645	\$ 225,548,954	\$ 235,013,675	\$ 240,270,796
Total primary government program revenues	\$ 285,276,525	\$ 262,591,577	\$ 280,454,715	\$ 282,380,943	\$ 296,487,171	\$ 316,536,400	\$ 322,549,879	\$ 330,428,861	\$ 351,550,037	\$ 358,534,577
Net (expense)/revenue:										
Governmental activities	\$ (60,587,626)	\$ (69,064,823)	\$ (83,821,376)	\$ (87,985,574)	\$ (86,522,118)	\$ (81,247,376)	\$ (82,135,068)	\$ (89,855,209)	\$ (96,903,764)	\$ (110,740,676)
Business-type activities	20,492,035	21,453,253	23,810,367	21,155,697	32,766,352	32,505,160	34,294,425	42,046,853	38,397,125	35,804,256
Total primary government net expense	\$ (40,095,591)	\$ (47,611,570)	\$ (60,011,009)	\$ (66,829,877)	\$ (53,755,766)	\$ (48,742,216)	\$ (47,840,643)	\$ (47,808,356)	\$ (58,506,639)	\$ (74,936,420)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 35,334,174	\$ 35,205,314	\$ 35,703,069	\$ 36,218,774	\$ 36,523,237	\$ 36,827,383	\$ 37,527,743	\$ 38,522,427	\$ 40,313,087	\$ 42,327,419
Sales taxes	28,370,349	27,903,293	29,732,214	32,675,500	33,623,222	35,373,537	37,583,362	41,068,791	43,676,526	46,479,708
Other taxes	7,617,089	7,272,347	9,204,463	9,548,770	10,908,596	10,801,335	11,473,134	12,275,340	12,644,870	13,117,471
Grants and contributions not restricted to specific programs										
Unrestricted investment earnings	9,503,830	9,024,361	9,981,203	10,876,032	11,596,117	12,192,744	12,068,104	12,860,289	12,323,331	13,116,964
Miscellaneous	505,331	261,512	305,592	227,584	215,830	163,775	136,810	210,921	812,812	739,635
Gain on sale of assets	124,835	112,948	621,495	218,657	419,486	422,525	442,140	139,871	65,488	267,085
Transfers	1,775,902						1,907,322			
	55,257	2,725,496	2,899,560	2,921,131	2,980,016	3,227,809	3,179,376	3,306,464	3,310,007	3,306,763
Total governmental activities	\$ 83,286,767	\$ 82,505,271	\$ 88,447,596	\$ 92,686,448	\$ 96,266,504	\$ 99,009,108	\$ 104,317,991	\$ 108,384,103	\$ 113,146,121	\$ 119,355,045
Business-type activities:										
Unrestricted investment earnings	\$ 404,669	\$ 371,857	\$ 387,778	\$ 315,436	\$ 172,363	\$ 126,436	\$ 173,959	\$ 210,653	\$ 245,485	\$ 293,489
Gain on sale of assets									324,069	
Contributions to permanent funds	69,150	65,138	66,961	79,451	58,563	63,225	63,575	33,433	91,529	95,102
Transfers	(55,257)	(2,725,496)	(2,899,560)	(2,921,131)	(2,980,016)	(3,227,809)	(3,179,376)	(3,306,464)	(3,310,007)	(3,306,763)
Total business-type activities	\$ 418,562	\$ (2,288,501)	\$ (2,444,821)	\$ (2,526,244)	\$ (2,749,090)	\$ (3,038,148)	\$ (2,941,842)	\$ (3,062,378)	\$ (2,648,924)	\$ (2,918,172)
Total primary government	\$ 83,705,329	\$ 80,216,770	\$ 86,002,775	\$ 90,160,204	\$ 93,517,414	\$ 95,970,960	\$ 101,376,149	\$ 105,321,725	\$ 110,497,197	\$ 116,436,873
Change in Net Position										
Governmental activities	\$ 22,699,141	\$ 13,440,448	\$ 4,626,220	\$ 4,700,874	\$ 9,744,386	\$ 17,761,732	\$ 22,182,923	\$ 18,528,894	\$ 16,242,357	\$ 8,614,369
Business-type activities	20,910,597	19,164,752	21,365,546	18,629,453	30,017,262	29,467,012	31,352,583	38,984,475	35,748,201	32,886,084
Total primary government	\$ 43,609,738	\$ 32,605,200	\$ 25,991,766	\$ 23,330,327	\$ 39,761,648	\$ 47,228,744	\$ 53,535,506	\$ 57,513,369	\$ 51,990,558	\$ 41,500,453

- (1) In 2010, the City established a transportation department to account for its traffic and public transportation services. In previous years, these services had 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 aid which was previously included in the streets and signs function was moved to a separate function. Prior years was 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 Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
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
2015	37,527,743	37,583,362	11,473,134	86,584,239
2016	38,522,427	41,068,791	12,275,340	91,866,558
2017	40,313,087	43,676,526	12,644,870	96,634,483
2018	42,327,419	46,479,708	13,117,471	101,924,598

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund										
Reserved	\$ 540,669	\$ 486,661								
Unreserved	38,052,920	39,408,819								
Nonspendable			\$ 280,823	\$ 301,259	\$ 403,139	\$ 590,727	\$ 828,550	\$ 252,766	\$ 221,096	\$ 230,178
Restricted			545,005	949,243	798,333	1,971,000	2,574,940	3,521,217	4,179,590	4,520,908
Committed					10,939	11,415	12,480	13,987	15,922	
Assigned			5,395,693	5,737,081	5,231,317	5,755,682	4,550,786	3,037,958	4,968,129	5,440,249
Unassigned			<u>42,230,413</u>	<u>45,770,905</u>	<u>46,190,580</u>	<u>47,920,845</u>	<u>53,972,416</u>	<u>60,760,771</u>	<u>54,466,817</u>	<u>53,319,406</u>
Total general fund	<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>	<u>\$ 61,938,107</u>	<u>\$ 67,585,192</u>	<u>\$ 63,849,619</u>	<u>\$ 63,526,663</u>
All other governmental funds										
Reserved	\$ 1,905,955	\$ 2,213,917								
Unreserved, reported in:										
Special revenue funds	13,122,871	16,326,009								
Debt service fund	4,245,654	4,790,767								
Capital projects funds	6,278,857	(7,086,468)								
Permanent funds	18,660	102,466								
Nonspendable			\$ 1,825,529	\$ 1,864,799	\$ 1,925,734	\$ 1,998,894	\$ 2,063,648	\$ 2,140,514	\$ 2,203,696	\$ 2,307,969
Restricted			29,286,886	18,576,032	50,626,088	40,322,556	31,730,340	95,472,628	25,549,677	52,501,376
Committed			9,144,022	8,868,342	8,689,071	13,824,667	4,786,658	7,126,208	9,133,773	10,457,606
Assigned			5,028,232	4,279,492	4,733,279	4,285,060	4,774,005	3,996,118	2,984,535	2,918,922
Unassigned			<u>(2,327,903)</u>	<u>(2,968,766)</u>	<u>(1,105,800)</u>	<u>(1,986,492)</u>	<u>(1,317,050)</u>			
Total all other governmental funds	<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>	<u>\$ 42,037,601</u>	<u>\$ 108,735,468</u>	<u>\$ 39,871,681</u>	<u>\$ 68,185,873</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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues -										
Taxes	\$ 71,160,024	\$ 70,292,556	\$ 72,505,644	\$ 76,518,800	\$ 78,302,123	\$ 80,374,346	\$ 83,758,245	\$ 89,213,117	\$ 93,897,667	\$ 98,993,976
Intergovernmental	82,202,742	75,896,666	74,954,915	78,790,218	78,589,527	81,477,120	90,216,373	97,668,474	101,741,569	106,356,364
Charges for services	8,081,553	8,243,478	9,430,596	10,135,146	9,702,680	9,767,616	9,608,159	10,910,191	11,722,234	12,296,943
Donations	477,339	1,941,617	128,331	3,676,689	743,625	213,626	2,465,421	270,491	664,826	2,886,121
Interest and investment earnings	558,217	439,174	504,249	343,272	367,382	383,809	234,045	297,961	1,018,871	724,844
Licenses and permits	5,634,636	4,407,336	3,430,795	5,311,627	5,536,778	6,060,119	5,911,533	6,480,093	5,954,352	5,743,450
Miscellaneous	5,628,082	4,636,379	6,027,165	5,827,470	7,296,129	8,160,521	7,359,725	7,444,648	6,889,011	8,597,781
	<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>	<u>\$ 199,553,501</u>	<u>\$ 212,284,975</u>	<u>\$ 221,888,530</u>	<u>\$ 235,599,479</u>
Expenditures -										
General government	\$ 6,847,627	\$ 5,547,009	\$ 5,872,815	\$ 7,753,022	\$ 8,454,711	\$ 8,363,816	\$ 9,143,076	\$ 11,312,397	\$ 12,749,023	\$ 12,127,724
Police	21,026,722	20,553,607	22,096,832	22,980,994	24,819,511	25,435,965	26,207,156	27,000,769	29,000,704	29,413,498
Fire and rescue	13,831,170	13,316,531	14,023,025	14,343,682	14,872,249	15,598,308	16,130,072	17,303,000	18,450,837	18,772,942
City court	452,758	351,734	365,072	397,178	446,771	436,176	471,130	485,937	555,170	505,752
Legal (2)	760,019	681,668	750,236							
Human resources (2)	732,321	646,870	858,324							
Streets and signs (3)	6,060,873	6,838,460	7,102,496	7,884,552	6,624,828					
Engineering (3)						6,702,549	6,850,831	8,619,498	9,967,941	6,536,397
State street aid (3)						2,767,337	2,196,271	2,204,354	2,605,724	3,561,304
Planning (3)	2,657,470	1,705,063	1,735,966	1,695,239	1,735,738	647,529	1,137,183	1,170,359	1,219,254	1,217,832
Building and codes	1,717,686	1,700,106	1,666,961	1,615,140	1,663,480	1,747,137	1,867,817	1,824,265	1,820,890	1,885,639
Solid waste	4,474,894	4,289,255	4,191,427	3,998,856	4,266,166	3,959,760	4,125,198	4,088,139	4,352,696	4,790,418
Transportation (1)		3,135,125	3,271,637	2,139,735	3,078,509	2,455,001	2,254,624	2,284,855	2,594,705	2,903,408
Urban environmental	868,624	909,214	926,237	921,753	963,107	1,025,071	984,480	1,120,873	1,252,127	1,161,760
Public health, education and welfare	1,532,308	1,528,240	1,502,385	1,602,842	1,793,767	2,163,154	2,586,700	2,160,002	2,310,740	2,365,967
Community services	7,498,113	5,799,104	6,088,043	6,806,580	6,894,926	7,018,662	6,642,973	7,004,495	7,730,418	8,257,416
Recreation	9,277,740	8,399,731	9,442,486	10,110,003	10,380,908	10,705,833	12,900,236	11,780,820	14,067,897	13,099,353
Community/economic development	1,128,258	2,322,141	1,538,719	1,345,646	795,719	991,968	827,336	1,030,539	1,096,327	1,171,088
Education	52,770,358	53,552,719	57,304,421	58,455,372	58,008,999	59,441,056	61,373,035	62,583,431	71,168,215	77,318,299
Food service	3,424,389	3,263,223	3,399,774	3,848,294	4,124,047	4,746,679	5,969,987	6,166,512	6,133,761	5,986,705
Capital outlay	32,996,360	24,945,791	19,660,427	20,004,076	19,450,004	44,702,645	28,114,251	33,530,662	78,850,740	59,761,895
Debt service										
Principal	21,118,405	21,671,925	20,699,775	22,561,642	24,716,266	26,106,008	24,670,628	23,957,073	58,179,582	28,109,673
Interest	3,345,873	3,159,943	4,243,000	4,429,881	4,478,696	4,279,120	4,526,651	4,254,038	7,753,702	7,308,618
Debt issuance cost and other	194,668	625,583	413,689	101,642	298,062	481,810	81,090	496,226	599,004	353,197
Total expenditures	<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>	<u>\$ 219,060,725</u>	<u>\$ 230,378,244</u>	<u>\$ 332,459,457</u>	<u>\$ 286,608,885</u>
Excess of revenues over (under) expenditures	<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>	<u>\$ (19,507,224)</u>	<u>\$ (18,093,269)</u>	<u>\$ (110,570,927)</u>	<u>\$ (51,009,406)</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses) -										
Issuance of debt	\$ 33,455,368	\$ 79,501,144	\$ 52,474,806	\$ 1,604,079	\$ 48,641,518	\$ 34,550,167	\$ 2,646,853	\$ 79,401,856	\$ 3,757,383	\$ 71,106,041
Premium on bonds issued						1,918,664		7,549,033	3,741,565	4,784,824
Payments on refunded debt		(70,852,843)							27,430,000	
Proceeds from sale of land	2,505,060		219,699				2,762,510			
Transfers in	41,826,247	47,926,468	36,236,848	36,774,216	38,351,514	41,016,927	41,722,681	42,683,626	48,227,105	49,526,460
Transfers out	(41,909,134)	(45,412,348)	(33,592,772)	(34,015,701)	(35,551,458)	(38,025,859)	(38,655,158)	(39,480,888)	(45,154,907)	(46,429,202)
	<u>\$ 35,877,541</u>	<u>\$ 11,162,421</u>	<u>\$ 55,338,581</u>	<u>\$ 4,362,594</u>	<u>\$ 51,441,574</u>	<u>\$ 39,459,899</u>	<u>\$ 8,476,886</u>	<u>\$ 90,153,627</u>	<u>\$ 38,001,146</u>	<u>\$ 78,988,123</u>
Net change in fund balances	<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>	<u>\$ (11,030,338)</u>	<u>\$ 72,060,358</u>	<u>\$ (72,569,781)</u>	<u>\$ 27,978,717</u>
Debt service as a percentage of noncapital expenditures	14.97%	15.66%	15.25%	15.34%	16.47%	16.62%	15.39%	14.53%	26.68%	15.59%

(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 aid 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)**

Fiscal Year	Property Tax	Sales Tax	Beer Tax	Liquor Tax	Gross Receipts Tax	Alcohol Privilege Taxes	Hotel/Motel Tax	Total Tax Revenue
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
2015	37,527,743	37,583,362	3,299,165	1,001,145	2,959,129	86,426	1,301,275	83,758,245
2016	38,522,427	41,068,791	3,374,864	1,193,499	3,415,677	90,222	1,547,637	89,213,117
2017	40,313,087	43,676,526	3,413,269	1,268,204	3,552,569	96,419	1,577,593	93,897,667
2018	42,327,419	46,479,708	3,441,080	1,326,012	3,669,176	103,151	1,647,430	98,993,976

CITY OF MURFREESBORO, TENNESSEE

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Year Ended June 30,	Tax Rate (1)	Assessed Valuation			Total Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
		Property	Public Utilities	Total		
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%
2015	1.207	2,960,160,999	72,771,332	3,032,932,331	10,531,859,044	28.8%
2016	1.207	3,021,423,414	79,969,866	3,101,393,280	10,764,327,739	28.8%
2017	1.207	3,182,518,801	77,456,717	3,259,975,518	10,697,906,581	30.5%
2018	1.207	3,353,697,849	75,950,556	3,429,648,405	11,270,710,643	30.4%

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Tax Year	Direct Rate City	Tax Rate Per \$100 Assessed Value								Tax Levies			
			County								Total	City	County	Total
			General	Ambulance	Highway/ Roads	Education	Education Capital Projects	General Debt Service	Total County					
2009	2008	\$ 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	2009	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	2010	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	2011	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	2012	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	2013	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	
2015	2014	1.207	0.650	0.056	0.013	1.157	0.044	0.568	2.488	3.695	36,595,836	75,419,928	112,015,764	
2016	2015	1.207	0.640	0.066	0.013	1.343	0.050	0.568	2.680	3.887	37,421,756	83,117,340	120,539,096	
2017	2016	1.207	0.620	0.066	0.013	1.293	0.060	0.628	2.680	3.887	39,330,214	87,367,344	126,697,558	
2018	2017	1.207	0.620	0.066	0.013	1.283	0.060	0.638	2.680	3.887	41,380,932	91,914,577	133,295,509	

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, 2018

<u>Taxpayer</u>	<u>2017 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>2008 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
General Mills / Pillsbury Company	\$ 83,628,043	1	2.44 %	\$ 41,382,631	1	1.80 %
Hines Global Reit	56,834,055	2	1.66			
Middle TN Electric Membership	26,905,351	3	0.78	15,781,242	5	0.69
Kroger	25,370,612	4	0.74			
Wal-Mart	24,939,864	5	0.73			
Embassy Suites	18,685,931	6	0.54			
Lc Henley Station LLC	17,921,720	7	0.52			
SVAP II Stones River LLC	17,844,680	8	0.52			
Murfreesboro Medical Property	17,482,530	9	0.51			
Atmos Energy Corp	15,540,301	10	0.45			
Mahle Filter Systems/Tennex Industries				20,410,013	2	0.89
CF Murfreesboro Associates				18,755,992	3	0.82
Transwestern Stones River				17,686,720	4	0.77
Raiders Ridge Apartments				14,853,320	6	0.65
Rich Products				14,041,795	7	0.61
Bellsouth Telecommunications				13,305,044	8	0.58
NHR/OP LP				12,661,880	9	0.55
Woodgate Farms, LLC				12,275,520	10	0.53
	<u>\$ 305,153,087</u>		<u>8.89 %</u>	<u>\$ 181,154,157</u>		<u>7.89 %</u>

Source: City of Murfreesboro tax department.

CITY OF MURFREESBORO, TENNESSEE

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections To Date</u>	<u>Total Collections as Percent of Current Levy</u>
2009	\$ 32,313,095	\$ 31,353,518	97.03 %	\$ 887,440	\$ 32,240,958	99.78 %
2010	34,129,964	32,987,635	96.65	1,069,299	34,056,934	99.79
2011	34,709,599	33,574,880	96.73	1,087,290	34,662,170	99.86
2012	35,454,208	34,433,223	97.12	976,050	35,409,273	99.87
2013	35,719,435	34,725,579	97.22	939,384	35,664,963	99.85
2014	35,924,769	35,235,728	98.08	643,826	35,879,554	99.87
2015	36,595,836	35,967,377	98.28	574,412	36,541,789	99.85
2016	37,421,756	36,850,973	98.47	522,308	37,373,281	99.87
2017	39,330,214	38,737,865	98.49	479,878	39,217,743	99.71
2018	41,380,932	40,868,419	98.76		40,868,419	98.76

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income (4)	Per Capita (4)
	General Obligation Bonds (1)	TMBF Loans	State and Other Loans (2)	Capital Leases	General Obligation Bonds	Matured Bonds	TML Loans	Revenue Bonds (1)	State and Other Loans (3)			
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
2015	50,708,062	156,268,144	2,628,415			36,000	39,238,000	52,614,010	20,172,609	321,665,240	7.57	2,659
2016	130,987,713	138,685,077	2,116,267			36,000	36,265,000	46,994,439	35,389,088	390,473,584	8.55	3,268
2017	151,308,029	91,918,460	3,715,685			36,000	33,161,000	40,200,140	50,785,488	371,124,802	7.47	2,813
2018	212,945,039	77,067,501	3,028,012			36,000	29,920,000	33,223,956	53,328,452	409,548,960	8.75	3,332

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 184 for personal income and population data.

CITY OF MURFREESBORO, TENNESSEE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Total Estimated Actual Value of Property</u>	<u>General Bonded Debt (2)</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2009	101,753	\$ 8,035,107,314	\$ 200,127,211	2.49 %	1,967
2010	108,755	8,520,678,432	187,071,042	2.20	1,720
2011	110,000	9,371,255,513	218,472,479	2.33	1,986
2012	111,327	9,514,981,962	196,212,653	2.06	1,762
2013	116,043	9,822,983,455	218,956,619	2.23	1,887
2014	117,044	9,919,544,100	229,218,337	2.31	1,958
2015	120,924	10,531,859,044	206,976,206	1.97	1,712
2016	126,118	10,764,327,739	269,672,790	2.51	2,138
2017	131,947	10,697,906,581	243,226,489	2.27	1,843
2018	122,904	11,270,710,643	290,012,540	2.57	2,360

Note:

- (1) Special Census conducted 2008 and 2018 and federal census conducted 2010, others are estimated.
- (2) General bonded debt includes general obligation bonds and TMBF loans which are payable from general government resources

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2018

<u>Taxing Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (5)</u>	<u>Direct and Overlapping Debt</u>
City of Murfreesboro direct debt			\$ 293,040,552
Rutherford County (2)	\$ 456,823,706	38.75%	<u>177,019,186</u>
Total direct and overlapping debt			<u>\$ 470,059,738</u>
Ratio of direct and estimated overlapping debt to 2017 assessed value (3)			<u>13.71%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,825</u>

(1) As of June 30, 2018

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2018 Table 12.

(3) Based upon 2017 Taxable Assessed Valuation of \$3,429,648,405.

(4) Based upon estimated population of 122,904

(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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 344,485,628	\$ 363,856,307	\$ 409,901,069	\$ 418,647,676	\$ 421,778,747	\$ 424,202,942	\$ 454,939,850	\$ 465,208,992	\$ 488,996,328	\$ 514,447,261
Total net debt applicable to limit	<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>	<u>202,060,557</u>	<u>257,040,072</u>	<u>231,163,455</u>	<u>274,196,535</u>
Legal debt margin	\$ <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>	\$ <u>252,879,293</u>	\$ <u>208,168,920</u>	\$ <u>257,832,873</u>	\$ <u>240,250,726</u>
Total net debt applicable to the limit as a percentage of the debt limit	57.73%	49.16%	51.49%	45.56%	50.77%	52.57%	44.41%	55.25%	47.27%	53.30%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 3,429,648,405
Debt limit (15% of assessed value)	\$ 514,447,261
Debt applicable to limit:	
General Obligation Bonds	\$ 196,190,000
Bank Note	300,000
Energy Efficient School Loan	2,728,012
Tennessee Municipal Bond	
Fund Loans	77,067,501
Less: debt service fund	<u>(2,088,978)</u>
Total debt applicable to limit	\$ 274,196,535
Legal debt margin	\$ <u>240,250,726</u>

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

CITY OF MURFREESBORO, TENNESSEE

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues (1)	Net Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service (3)		Times Coverage
				Principal	Interest	
Water Resources -						
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	
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
2015	46,735,420	20,605,427	26,129,993	5,580,000	1,572,382	3.65
2016	53,017,876	20,541,191	32,476,685	5,705,000	1,442,391	4.54
2017	44,246,674	21,340,482	22,906,192	5,915,000	1,235,321	3.20
2018	44,603,061	21,921,958	22,681,103	6,070,000	1,096,689	3.16

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

Electric Department -						
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
2015	166,009,764	143,507,326	22,502,438	325,000	72,212	56.65
2016	162,059,585	141,332,499	20,727,086	330,000	64,900	52.49
2017	169,569,603	150,139,923	19,429,680	335,000	56,650	49.61
2018	174,183,702	154,110,831	20,072,871	350,000	46,600	50.61

Source: Current year and prior years combined financial statements.

Notes:

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

CITY OF MURFREESBORO, TENNESSEE

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>City School Enrollment</u>	<u>Unemployment Rate (2)</u>
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
2015	120,954	4,247,057,802	35,113	32.1	7,707	5.10
2016	126,118	4,564,714,892	36,194	32.8	8,419	3.90
2017	131,947	4,968,332,338	37,654	32.9	8,597	3.70
2018	122,904	4,682,396,592	38,098	32.9	8,855	2.60

Notes:

(1) Special Census conducted 2008, 2018 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, TACIR Tennessee Department of Economic and Community Development. 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; TNECD information was used for 2016-2018. These figures represent the entire County of which Murfreesboro is a part.

CITY OF MURFREESBORO, TENNESSEE

Principal Employers

June 30, 2018

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Nissan Motor Manufacturing Corp. USA	8,000	1	4.71 %	4,400	2	3.31 %
Rutherford County Government and Board of Education	6,482	2	3.82	5,193	1	3.90
Middle Tennessee State University	2,205	3	1.30	2,208	3	1.66
National Healthcare Corp.	2,071	4	1.22			
Ingram Book Company	2,000	5	1.18	815	10	0.61
State Farm Insurance	1,650	6	0.97	1,665	4	1.25
Amazon Fulfillment Center	1,550	7	0.91			
St. Thomas Rutherford (formerly Middle TN Medical Center)	1,400	8	0.82	1,300	7	0.97
Alvin C. York Veterans Administration Medical Center	1,300	9	0.77	1,563	5	1.18
Assurion	1,250	10	0.74	1,098	9	0.83
Bridgestone/Firestone, Inc.				1,466	6	1.10
Verizon				1,122	8	0.84
			<u>16.44 %</u>			<u>15.65 %</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, 2018, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government -										
Administrative and General	24	28	28	20	20	20	22	24	25	32
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Information Technologies				10	10	11	11	12	14	16
Legal and Risk Management	10	10	10	10	10	10	10	10	10	10
Human Resources	9	9	9	9	9	9	9	9	10	10
Police -										
Officers	239	240	220	229	229	229	232	237	250	260
Civilians	58	57	53	53	53	53	53	53	55	60
Fire and Rescue -										
Firefighters and Officers	202	202	184	184	184	184	185	185	199	203
Civilians	3	3	3	3	3	3	3	3	3	3
City Court	6	6	6	6	6	6	6	6	6	6
Planning	30	23	20	18	18	7	8	8	10	12
Engineering -										
Engineering Division	Prior to FYE 2014 Planning and Engineering was one department					12	15	46	49	49
Street Division (1)	29	29	28	28	28	27	29			
Building and Codes	25	27	25	21	21	22	22	22	25	26
Solid Waste	57	57	55	42	42	41	41	41	41	41
Urban Environmental	16	16	15	15	15	15	15	16	17	17
Community Services -										
Fleet Services	13	13	13	13	13	13	13	14	14	15
Senior Citizens	9	9	9	9	9	9	9	10	10	10
Airport	1	1	1	1	1	1	1	1	2	2
Communications (formerly Cable Television)	4	4	4	6	6	6	6	6	6	5
Transportation (formerly Mass Transit)	12	18	16	16	16	18	18	19	22	23
Recreation and Golf	88	88	87	84	84	84	89	89	90	94
Community Development	2	2	2	2	2	2	2	2	2	2
Education	881	864	920	861	861	870	1,026	1,106	1,138	1189
Food Service	28	25	24	24	26	30	29	32	32	30
Water Resources	151	147	147	156	156	154	155	159	160	164
Stormwater	Prior to FYE 2014 Stormwater employees were included with Water Resources					7	7	7	7	8
Electric	79	87	83	83	80	78	83	92	94	92
Cemetery	9	9	9	9	9	9	9	9	10	9
Total	<u>1,986</u>	<u>1,975</u>	<u>1,972</u>	<u>1,913</u>	<u>1,912</u>	<u>1,931</u>	<u>2,109</u>	<u>2,219</u>	<u>2,302</u>	<u>2,389</u>

(1) Prior to fiscal year end June 30, 2014 the Street Division was a separate department titled "Streets and Signs". In fiscal year end June 30, 2016 the Street Division was incorporated into the Engineering Department.

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police -										
Arrests	9,111	8,530	7,944	8,804	8,866	9,993	8,921	8,177	6,463	6,681
911 calls	38,664	37,824	39,195	41,797	39,465	40,717	47,660	47,192	43,121	44,828
Traffic violations (b)	26,095	13,059	13,930	19,370	16,131	17,010	19,746	14,977	11,158	4,842
Fire and Rescue -										
Emergency responses (a)	8,983	10,417	11,192	11,971	8,456	9,743	11,060	11,755	11,606	12,520
Fire safety inspections (a)	5,391	4,759	4,239	4,010	3,740	3,731	3,071	2,500	2,780	6,867
Fire training hours (a)	73,059	64,785	60,366	70,855	75,714	72,776	76,310	70,090	68,358	51,839
Human Resources -										
Full time positions/applications	44/2,564	27/2,096	48/2,633	75/3,583	41/4505	55/6960	108/7620	95/6205	141/6225	42/6472
Part time positions/applications	64/1,594	147/1,954	146/1,674	153/2,908	82/3043	94/3193	176/4418	91/2734	143/2536	92/2327
Engineering - Street Division (a) -										
Street repaving (lane miles)	31	42	61	24	40	25	27	37	24	25
Planning (a) -										
Preliminary plats reviewed	13	8	11	16	38	67	41	53	64	49
Final plats reviewed	75	60	56	56	75	103	103	139	136	119
Site plans reviewed	157	97	105	131	122	158	157	201	165	160
Annexations studied	9	2	1	3	9	12	10	13	20	18
Building and Codes -										
Single family home permits issued	430	425	329	486	643	833	704	1,022	1,030	1,092
Total building permits issued	1,433	1,357	1,277	1,396	1,704	1,950	2,086	2,861	2,357	2,267
Substandard and property maintenance complaint notices	8,425	8,334	10,360	8,444	2,147	2,219	3,742	2,483	2,478	2,944
Solid Waste (a) -										
Refuse collected (tons per year)	33,900	33,220	33,673	33,254	34,176	33,994	34,902	35,273	36,000	37,835
Community services -										
Airport										
Gallons of fuel sold (Avgas and Jet A)	191,668	187,749	191,986	200,559	201,038	215,048	224,903	216,240	250,498	284,229
Education -										
K-6 Enrollment	6,902	6,876	6,881	7,060	7,140	7,204	7,707	8,419	8,597	8,855
Water Resources -										
Water sold annually in 100 cubic feet	3,702,460	3,538,776	3,424,017	3,530,353	3,662,128	3,660,835	3,751,798	3,838,791	4,142,927	4,246,580
Sewer sold annually in 100 cubic feet	3,809,040	3,733,376	3,722,554	3,794,902	4,009,855	4,306,039	4,403,339	4,568,102	4,631,036	4,752,272
Electric -										
Number of customers	50,556	52,001	52,148	53,311	54,379	55,513	57,610	59,193	62,065	64,387
Kilowatt hours sold (in thousands)	1,541,000	1,559,000	1,646,877	1,525,730	1,596,336	1,700,341	1,705,379	1,695,737	1,742,537	1,788,799

Sources: Various city departments

Note: Operating indicators are not available for General Government, City Court, Risk Management, Urban Environmental, Community Services, Transportation, Recreation, Community Development, Food Service, and Cemetery Functions.

(a) Calendar year information

(b) The 2018 drop in traffic violations is due to traffic enforcement resources being directed to other areas temporarily.

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police -										
Patrol Units	137	135	139	137	150	141	148	134	179	157
Fire and Rescue -										
Fire engines	18	18	19	19	19	19	19	17	16	16
Rescue vehicles	3	3	3	3	3	5	6	6	6	6
Rescue boat	NA	NA	NA	1	1	1	1	1	1	1
Fire stations	9	10	10	10	10	10	10	10	10	10
Engineering - Street Division -										
Streets (miles)	522	528	531	534	537	538	541	544	548	548
Traffic signals	123	127	131	134	138	140	145	146	149	152
Solid Waste -										
Collection trucks	36	34	33	30	30	33	32	32	36	35
Community Services -										
Airport										
Tie-downs	80	80	80	80	80	80	80	80	80	80
Hangers	106	106	106	106	106	106	106	106	106	106
Public Transportation -										
Buses	9	9	9	9	11	11	11	11	11	11
Recreation -										
Park acreage	1,225.90	1,225.90	1,225.90	1,225.96	1,225.96	1,235.96	1,235.96	1,235.96	1,235.96	1,247.66
Greenway trails (miles)	7.1	10.1	11.6	11.6	11.6	11.6	11.6	11.6	12.9	12.9
Education -										
Elementary schools	12	12	12	12	12	12	13	13	13	13
Water Resources -										
Water pipe (miles)	428	430	432	433	435	437	439	441	442	443
Water storage capacity (millions of gallons)	12	12	12	12	12	12	12	12	12	12
Water treatment capacity (millions of gallons per day)	22	22	22	22	22	22	22	22	22	22
Sewer pipe (miles)	565	569	573	575	580	586	624	633	651	662
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	16	24
Sewage pumping stations	43	44	44	45	45	45	46	48	46	44
Public fire hydrants	3,246	3,286	3,264	3,262	3,301	3,334	3,369	3,406	3,439	3,466
CUD public fire hydrants in City	NA	NA	2,033	2,068	2,093	2,132	2,199	2,330	2,395	2,609
Repurified pipe (miles)	NA	NA	NA	NA	NA	25	25	25	25	26
Stormwater Collection System (miles)	NA	668	678							
Electric -										
Overhead and underground primary and secondary cable (miles)	649.88	655.27	662.23	671.91	677.41	686.04	705.19	720.85	736.00	757.00
Poles	14,857	15,179	15,289	15,448	15,541	15,789	15,789	16,001	16,409	16,629
Transformers	13,330	13,627	13,726	13,828	13,988	14,229	14,229	14,732	15,241	15,713
Substations	10	10	10	10	10	11	13	13	13	14

Sources: Various City departments

Note: Capital asset statistics are not available for General Government, City Court, Risk Management, Planning, Building and Codes, Urban Environmental, Community Services, 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, 2018

Murfreesboro Water and Sewer Department

As of June 30, 2018, Murfreesboro Water Resources Department serves approximately 26,361 water customers and 45,179 sewer customers of which 19,458 are in the Consolidated Utility District (“CUD”) water service area. The following rate structure was in place during the 2017/2018 fiscal year:

Water:

The water rate is \$3.66 per 1,000 gallons (\$0.00366 per gallon) 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>
5/8	8.22
1	19.18
1 1/2	41.10
2	65.76
3	164.40
4	328.80
6 and greater	685.00

Sewer:

The sewer rate is \$5.67 per 1,000 gallon (\$0.00567 per gallon) of consumption. The minimum monthly bills applicable to all customers are based upon the following table:

<u>Meter Size (")</u>	<u>Charge (\$)</u>
5/8	10.22
1	27.98
1 1/2	61.90
2	100.06
3	252.70
4	507.10
6 and greater	1,058.30

The above rates are net. The gross rate, 10% higher, will apply to accounts not paid by the due date. Rates for service outside the City limits are 50% higher than the above inside City limit rates. Each residential sewer customer utilizing an unmetered water supply shall be charged a \$19.70 flat monthly rate. Effective on bills printed July 1, 2017.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2018

Murfreesboro Electric Department

As of June 30, 2018 Murfreesboro Electric Department serves approximately 64,000 customers and had the following rate structure in place:

Residential:

Customer Charge - \$11.76 per month (also minimum bill)
Energy Charge - \$.07478 per KWH
Fuel Cost Adjustment (FCA) - \$.01954 per KWH

Commercial:

General Power (GSA)

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

Customer Charge	\$24.86
Energy Charge	\$.08502 per KWH
Fuel Cost Adjustment	\$.01938 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	\$.08611 per KWH FCA is \$.01892 per KWH
over 15,000	\$.04274 per KWH FCA is \$.01873 per KWH
Demand Charge	
1st 50	No Charge
over 50	\$12.89 per KWH

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

Customer Charge	\$122.00
Energy Charge	\$.04579 per KWH
FCA Charge	\$.01918 per KWH
Demand Charge	
1st 1,000 KWD	\$11.96 per KW
over 1,000 KWH	\$11.92 per KW

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2018

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	\$.07501 per KWH
FCA Charge	\$.01754 per KWH
Demand Charge – On peak	\$ 10.61 per KWH
Demand Charge – Max peak	\$ 5.09 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
Energy Charge	\$.07501 per KWH
FCA Charge	\$.01754 per KWH
Demand Charge – On peak	\$ 10.61 per KWH
Demand Charge – Max peak	\$ 4.58 per KWH

Manufacturing Service (MSB)

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

Customer Charge	\$1,500.00
Admin Charge	\$ 350.00
Energy Charge	\$.05618 per KWH
FCA Charge	\$.01754 per KWH
Demand Charge – On peak	\$ 9.97 per KWH
Demand Charge–Max peak	\$ 2.18 per KWH

Manufacturing Service (MSB)

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

Customer Charge	\$1,500.00
Admin Charge	\$ 350.00
Energy Charge	\$.05509 per KWH
FCA Charge	\$.01754 per KWH
Demand Charge – On peak	\$ 9.97 per KWH
Demand Charge–Max peak	\$ 1.67 per KWH

For time of use rates, please contact the Murfreesboro Electric Department.

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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Water Audit Report for: Murfreesboro Water Resources Department
Reporting Year: 2018 7/2017 - 6/2018

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	3,996.390	MG/Yr
Water imported:	+ ?	10	0.000	MG/Yr
Water exported:	+ ?	10	0.000	MG/Yr

Master Meter and Supply Error Adjustments

	Pcnt:	Value:	
+ ?	7	<input checked="" type="radio"/> <input type="radio"/>	MG/Yr
+ ?		<input type="radio"/> <input checked="" type="radio"/>	MG/Yr
+ ?		<input checked="" type="radio"/> <input type="radio"/>	MG/Yr

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

WATER SUPPLIED: **3,996.390** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+ ?	8	2,985.500	MG/Yr
Billed unmetered:	+ ?	9	0.000	MG/Yr
Unbilled metered:	+ ?	8	159.830	MG/Yr
Unbilled unmetered:	+ ?		49.955	MG/Yr

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

AUTHORIZED CONSUMPTION: **3,195.285** 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

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

1.50%	<input checked="" type="radio"/> <input type="radio"/>	MG/Yr
0.25%	<input checked="" type="radio"/> <input type="radio"/>	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

801.105 MG/Yr

Apparent Losses

Unauthorized consumption: + ? **9.991** MG/Yr

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

Customer metering inaccuracies:	+ ?	9	47.898	MG/Yr
Systematic data handling errors:	+ ?		7.464	MG/Yr

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

Apparent Losses: **65.353** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **735.752** MG/Yr

WATER LOSSES: **801.105** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **1,010.890** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	9	443.0	miles
Number of <u>active AND inactive</u> service connections:	+ ?	9	26,818	
Service connection density:	?		61	conn./mile main

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

Average length of customer service line: + ? 10 3.0 ft

Average operating pressure: + ? 10 68.0 psi

COST DATA

Total annual cost of operating water system:	+ ?	8	\$17,093,219	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	10	\$3.66	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	8	\$947.69	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 83 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: Unauthorized consumption

3: Systematic data handling errors



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 Resources Department
 Reporting Year: 2018 7/2017 - 6/2018

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***

System Attributes:

	Apparent Losses:	65.353	MG/Yr
+	Real Losses:	735.752	MG/Yr
=	Water Losses:	801.105	MG/Yr

? Unavoidable Annual Real Losses (UARL): 162.16 MG/Yr

Annual cost of Apparent Losses: \$239,193

Annual cost of Real Losses: \$697,265 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:	25.3%	
		Non-revenue water as percent by cost of operating system:	6.6%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	6.68	gallons/connection/day
		Real Losses per service connection per day:	75.16	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.11	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 735.75 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 4.54

* 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, 2018

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2017 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Transfer/ Adjustment</u>	<u>Balance June 30, 2018 (Receivable) Unearned</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grants	14.218	B-15-MC-47-0009	\$ (129,990)	\$ 192,937	\$ 62,947		
Community Development Block Grants	14.218	B-16-MC-47-0009	(245,623)	328,765	179,346		\$ (96,204)
Community Development Block Grants	14.218	B-17-MC-47-0009		395,202	658,415		(263,213)
<i>Total CFDA #14.218</i>			<u>\$ (375,613)</u>	<u>\$ 916,904</u>	<u>\$ 900,708</u>		<u>\$ (359,417)</u>
Passed through the Tennessee Housing Development Agency -							
Emergency Solutions Grant Program	14.231	ESG-16-27	\$ (40,790)	\$ 40,790			
Emergency Solutions Grant Program	14.231	ESG-17-11		156,993	\$ 198,573		\$ (41,580)
<i>Total CFDA #14.231</i>			<u>\$ (40,790)</u>	<u>\$ 197,783</u>	<u>\$ 198,573</u>		<u>\$ (41,580)</u>
Total Department of Housing and Urban Development			<u>\$ (416,403)</u>	<u>\$ 1,114,687</u>	<u>\$ 1,099,281</u>		<u>\$ (400,997)</u>
DEPARTMENT OF JUSTICE							
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0226	\$ 13,288	\$ 13		\$ (13,301) (a)	
Edward Byrne Memorial Justice Assistance Grant	16.738	2016-DJ-BX-0727		535	\$ 535		
<i>Total CFDA #16.738</i>			<u>\$ 13,288</u>	<u>\$ 548</u>	<u>\$ 535</u>	<u>\$ (13,301)</u>	
Total Department of Justice			<u>\$ 13,288</u>	<u>\$ 548</u>	<u>\$ 535</u>	<u>\$ (13,301)</u>	
DEPARTMENT OF TRANSPORTATION							
Passed through the Tennessee Department of Transportation -							
Airport Improvement Program	20.106	3-47-SBGP-45	\$ (19,116)		\$ 5,292		\$ (24,408)
Airport Improvement Program	20.106	3-47-SBGP-49			15,732		(15,732)
<i>Total CFDA #20.106</i>			<u>\$ (19,116)</u>		<u>\$ 21,024</u>		<u>\$ (40,140)</u>
Highway Planning and Construction	20.205	040145	\$ (334,648)	\$ 459,111	\$ 676,399		\$ (551,936)
Highway Planning and Construction	20.205	17065			81,724		(81,724)
Highway Planning and Construction	20.205	090036	(1,022,463)	2,542,066	2,934,532		(1,414,929)
Highway Planning and Construction	20.205	110354	(108,316)	112,054	10,557		(6,819)
Highway Planning and Construction	20.205	110327	(32,570)	198,880	336,628		(170,318)
<i>Total CFDA #20.205</i>			<u>\$ (1,497,997)</u>	<u>\$ 3,312,111</u>	<u>\$ 4,039,840</u>		<u>\$ (2,225,726)</u>
Federal Transit - Formula Grants	20.507	TN-90-X291-00	\$ (20,425)	\$ 20,425	\$ 108,789		\$ (108,789)
Federal Transit - Formula Grants	20.507	TN-2016-031	(313,641)	719,030	676,963		(271,574)
Federal Transit - Formula Grants	20.507	TN-2018-018			318,945		(318,945)
<i>Total CFDA #20.507</i>			<u>\$ (334,066)</u>	<u>\$ 739,455</u>	<u>\$ 1,104,697</u>		<u>\$ (699,308)</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2018

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2017 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Transfer/Adjustment</u>	<u>Balance June 30, 2018 (Receivable) Unearned</u>
DEPARTMENT OF TRANSPORTATION (continued)							
Passed through the Tennessee Department of Transportation -							
State and Community Highway Safety	20.600	PT-17-40/402	\$ (32,014)	\$ 61,448	\$ 29,434		
State and Community Highway Safety	20.600	PT-18-50/402			15,500		\$ (15,500)
<i>Total CFDA #20.600</i>			<u>\$ (32,014)</u>	<u>\$ 61,448</u>	<u>\$ 44,934</u>		<u>\$ (15,500)</u>
Total Department of Transportation			<u>\$ (1,883,193)</u>	<u>\$ 4,113,014</u>	<u>\$ 5,210,495</u>		<u>\$ (2,980,674)</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through the Greater Nashville Regional Council -							
Special Programs for Aging - Title III, Part D	93.043	2017-23	\$ (517)	\$ 517			
Special Programs for Aging - Title III, Part D	93.043	2018-23		529	\$ 2,000		\$ (1,471)
<i>Total CFDA #93.043</i>			<u>\$ (517)</u>	<u>\$ 1,046</u>	<u>\$ 2,000</u>		<u>\$ (1,471)</u>
Special Programs for Aging - Title III, Part B	93.044	2017-23	\$ (5,411)	\$ 5,411			
Special Programs for Aging - Title III, Part B	93.044	2018-23		15,239	\$ 20,150		\$ (4,911)
<i>Total CFDA #93.044</i>			<u>\$ (5,411)</u>	<u>\$ 20,650</u>	<u>\$ 20,150</u>		<u>\$ (4,911)</u>
Total Department of Health and Human Services			<u>\$ (5,928)</u>	<u>\$ 21,696</u>	<u>\$ 22,150</u>		<u>\$ (6,382)</u>
DEPARTMENT OF HOMELAND SECURITY							
FEMA - Assistance to Firefighters Grant	97.044	EMW-2016-FO-05336		\$ 220,324	\$ 220,324		
				<u>\$ 220,324</u>	<u>\$ 220,324</u>		
TOTAL FEDERAL AWARDS			<u>\$ (2,292,236)</u>	<u>\$ 5,470,269</u>	<u>\$ 6,552,785</u>	<u>\$ (13,301)</u>	<u>\$ (3,388,053)</u>

(a) This amount was paid back to the Grantor.

See notes to schedules of expenditures of federal and state awards.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards

Year Ended June 30, 2018

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2017 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Transfers/ Adjustments</u>	<u>Balance June 30, 2018 (Receivable) Unearned</u>
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council -						
Aging Services	2017-23	\$ (3,136)	\$ 3,136			
Aging Services	2018-23		9,414	\$ 12,550		\$ (3,136)
		<u>\$ (3,136)</u>	<u>\$ 12,550</u>	<u>\$ 12,550</u>		<u>\$ (3,136)</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	75-555-1628-04	\$ (4,135)	\$ 4,135			
Airport Maintenance	75-555-0437-18		14,300	\$ 14,300		
Arpon Design	75-555-0140-18			874		\$ (874)
Airport - Runway Extension	75-555-0121-04	(1,197)	3,002	3,717		(1,912)
Airport Approach Lighting and Clearing	75-555-0130-16	(1,062)		294		(1,356)
State Match - Section 5307 Urbanized Area Formula	GG-14-40159-00	(2,553)	2,553	13,599		(13,599)
State Match - Section 5307 Urbanized Area Formula	GG-17-52817-00	(30,854)	7,321	(1,033)		(22,500)
State Match - Section 5307 Urbanized Area Formula	Z17-UROP08-00	(436,422)	436,403	(19)		
State Match - Section 5307 Urbanized Area Formula	Z18-UROP08-00			486,562		(486,562)
State Match - Section 5307 Urbanized Area Formula				39,868		(39,868)
		<u>\$ (476,223)</u>	<u>\$ 467,714</u>	<u>\$ 558,162</u>		<u>\$ (566,671)</u>
TOTAL STATE AWARDS		<u>\$ (479,359)</u>	<u>\$ 480,264</u>	<u>\$ 570,712</u>		<u>\$ (569,807)</u>

See notes to schedules of expenditures of federal and state awards.

CITY OF MURFREESBORO, TENNESSEE

Notes to Schedules of Federal and State Awards

June 30, 2018

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the grant activity of the City of Murfreesboro under programs of the federal and state governments for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of the City of Murfreesboro, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Murfreesboro.

The receivable balance accrued at June 30, 2017 represents grant funds earned during the prior period, but not received prior to the end of that period. The unearned revenue balance at June 30, 2017, represents grant funds received during the prior period, but not earned prior to the end of that period.

Receipts represent the actual cash received from the grantor agency during the current period.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The receivable balance accrued at June 30, 2018, represents grant revenue earned which was not received from the grantor agency during the current period. The unearned revenue balance at June 30, 2018, represents grant funds received from the grantor agency during the current period which was not earned prior to the end of that period.

Note B - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Murfreesboro provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grants	\$ 118,224
14.231	Emergency Solutions Grant Program	184,698
16.738	Edward Byrne Memorial Justice Assistance Grant	535
20.507	Federal Transit -Formula Grants	57,675



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Joel H. Jobe (*1944 – 2006*)

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2018, 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 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 28, 2019



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2018. 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 Resources Department, which received \$11,018,350 and \$871,908 respectively in federal awards which are not included in the City of Murfreesboro, Tennessee's schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Murfreesboro City Schools and the Murfreesboro Water Resources Department because these departments engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 28, 2019

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of the City of Murfreesboro, Tennessee were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor’s Report On Internal Control over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee, which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the *Independent Auditor’s Report On Compliance For Each Major Program and On Internal Control Over Compliance Required By The Uniform Guidance*.
5. The auditor’s report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) 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
Highway Planning and Construction (Federal-Aid Highway Program)	20.205
Federal Transit –Formula Grants (Urbanized Area Formula)	20.507

8. The threshold used for distinguishing between Types A and B programs as defined by the Uniform Guidance was \$750,000.
9. The City of Murfreesboro, Tennessee did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS AUDIT

None

CITY OF MURFREESBORO, TENNESSEE

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT

2017-001. TMBF/Bond Fund – Unrecorded Payable

Current Status: Resolved

2017-002. Murfreesboro Water Resources Department – Capital Asset Records

Current Status: Resolved

2017-003. Murfreesboro Water Resources Department – Material Journal Entries

Current Status: Resolved

2017-004. Evergreen Cemetery Commission – Financial Statement Preparation

Current Status: Resolved

2017-005. Evergreen Cemetery Commission – Separation of Duties

Current Status: Resolved

FINDINGS – FEDERAL AWARDS AUDIT

DEPARTMENT OF TRANSPORTATION

2017-006. CFDA #20.507 Federal Transit – Formula Grants – Financial Reports

Current Status: Resolved



CITY OF MURFREESBORO, TENNESSEE

Comprehensive Annual Financial Report

Jobe, Hastings & Associates

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