



**Comprehensive
Annual Financial Report
Fiscal Year June 30, 2019**

CITY OF MURFREESBORO, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019**

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



The cover photo, taken by Jim Davis, depicts one of the many opportunities for fitness offered by the City of Murfreesboro Parks & Recreation Department. The Mayor's 5K race is held annually on New Year's Day at Barfield Park, which boasts ballfields, picnic pavilions, frisbee golf, mountain bike trails, trail paths for walking and areas for camping, in addition to an educational nature center.

City leaders place an emphasis on providing fitness and recreational opportunities for citizens of all abilities. From parks, greenways, community centers, ballfields, and educational centers, there are many possibilities for citizens of all ages to be engaged.

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... creating a better quality of life

January 29, 2020

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 ended June 30, 2019, 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, 2019, 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, 2019. 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 of the City. 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 October, *Wallet Hub* listed Murfreesboro as the twelfth 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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Murfreesboro is home to Middle Tennessee State University (MTSU), the largest undergraduate university in Tennessee. The university offers various courses including business, concrete management, aerospace, recording industry, education, and many other areas of specialized interest. These courses boost the local economy through educating and training a student workforce and provide opportunities to partner with the university on projects and programs throughout the City. Princeton Review named MTSU to their list of The Best 385 Colleges in the Nation for the first time in August 2019. MTSU also remained on the regional list as one of the top schools in the southeast.

The Murfreesboro City School System (MCS) serves Kindergarten through 6th grade. Among many recognitions received MCS was listed as one of only 20 school systems in Tennessee as a State-Designated Exemplary District. Overall Creek Elementary and Discovery School were named two out of 26 State-Designated STEM schools in Tennessee. The System was also designated an Exemplary ACCESS district. MCS staff recognitions included the 2019 Tennessee Superintendent of the Year, a finalist for Tennessee Teacher of the year, 2018 Presidential Award Winner for Excellence in Mathematics and Science Teaching, Tennessee STEM Leadership Award Recipient and Council Member, and Milken National Educator on staff.

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, November 2019, has the unemployment rate at 2.4 percent, below the State's average of 3.1 percent.

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 19, 1,089 new single-family building permits have been issued, down just slightly from 1,092 in FY 18. 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 units decreased from 1,487 to 1,002; however, several large developments are currently under construction. 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 19 budgeted revenue is derived from local retail sales. Local sales taxes improved in FY 19 as compared to FY 18 by approximately \$1.8 million or 3.8 percent from the previous year, setting a new record collection of \$48.3 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, Budget Director, Assistant City Managers, and Finance staff. 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 2020.

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.

A new comprehensive plan (Murfreesboro 2035) was approved in early FY 18. The objective of the planning includes a framework to understand and prepare for future challenges facing the City. This was a four-year project that involved City Council, City staff, and members of the community. The plan incorporated utilities and an update to the master transportation plan. Murfreesboro 2035 replaced the last comprehensive planning document 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 created the impetus for a new comprehensive and fluid plan for the City. It is anticipated that the plan will be updated starting in 2020 beginning with a new Land Use Study that will begin in mid-late FY 20.

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 and updated these policies in FY 16. 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 defined contribution 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 19, 430 employees (excluding school and business-activity funds) participated in the City's defined contribution plan, as compared to 357 during FY 18.

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) began serving the Gateway area in early 2019. Station 11 will be the next Fire station constructed in the Blackman community and is anticipated to be in service by mid-2020. The City also has plans to co-locate Rutherford County emergency, medical services and dispatch with the City's dispatch operations in the Murfreesboro Police Department headquarters. This will enhance the level of service offered to the City and County residents for faster response times and will enhance public safety for residents.

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 continue to be a part of space planning discussions. Targeted enforcement efforts, including automated red-light 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 multiple bond issues. 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 2020. 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 2020.

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 for residential and April for commercial. Rates were raised for FY 20 to \$7.50 for residential customers and \$30 for commercial customers. 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 80.8 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 1.9 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 entered a fourth year of construction during FY 2019. Approximately \$16 million was 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 was completed in fall of 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 January of 2020.

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 spring of 2020. The City was awarded a \$1 million grant to help fund this project.

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.

Vanderbilt University Medical Center opened a new pediatric clinic and ambulatory surgery center in November 2019. Their \$27.2 million investment in the Gateway area adds approximately 80 healthcare jobs. Additionally, Vanderbilt University Medical Center has purchased 82 acres off of Interstate 840 and Veterans Parkway for a yet to be determined purpose.

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 21% of all retail activity. The construction on Murfreesboro’s first CarMax dealership is underway and is expected to open in the spring of 2020. 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 Fortness 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 20 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

- Full implementation 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
- Integrate EMS, Fire, and Rescue dispatch with Rutherford County to improve dispatch performance and response time

- Continue to implement the recommendations of the North Highland Avenue and Historic Bottoms Planning Studies
- Plan for future roadways and other transportation facilities as growth determines
- New personnel additions for Police
- Implement Land Management System
- Continue partnership with Murfreesboro City Schools to enhance and improve school grounds to better serve students as well as local neighborhoods

PRIORITY 2: Strong And Sustainable Financial And Economic Health Highlights

- Finalize the use of Tax Increment Financing Districts as an economic development tool
- 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 areas prime for redevelopment and study them for future implementation
- Implement a city-wide Purchasing Card Program (P-Card) to reduce the cost of processing small purchases and streamlining the purchasing of essential goods and services
- Constructing Jones Boulevard and Rucker Lane and continue the expansion of the Stones River Greenway trails

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

- Support City employees with competitive salaries, benefits, and professional development
- Begin implementing a city-wide employee performance review program
- 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
- Begin construction on the new airport terminal, apron expansion and new hanger
- Complete Phase II of the City buildings ADA Improvements Project

PRIORITY 4: Engaging Our Community Highlights

- Continue holding neighborhood meetings on planning issues, including annexations, rezoning and planned development
- Increase coverage of live events throughout the community
- Produce a new program with MPD “Behind the Badge” and a recruitment video
- Develop ongoing partnerships with external entities to promote, through videos, Murfreesboro’s historic and cultural heritage
- Complete informational segments with CityTV on topics that impact residents such as obstructions to sidewalks and bike lanes
- 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, 2018. This was the twenty-first 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 19 budget. This is the seventh 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, flowing style.

Melissa B. Wright, CPA
City Recorder/Finance Director

CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
June 30, 2019

MAYOR

Shane McFarland

CITY COUNCIL

Madelyn Scales Harris, Vice Mayor
Bill Shacklett

Kirt Wade
Eddie Smotherman

Rick LaLance
Ronnie Martin

CITY OFFICERS

CITY MANAGER
CITY RECORDER / CITY TREASURER / FINANCE DIRECTOR
CITY ATTORNEY
CITY JUDGE

Craig Tindall
Melissa Wright
Adam Tucker
Ewing Sellers

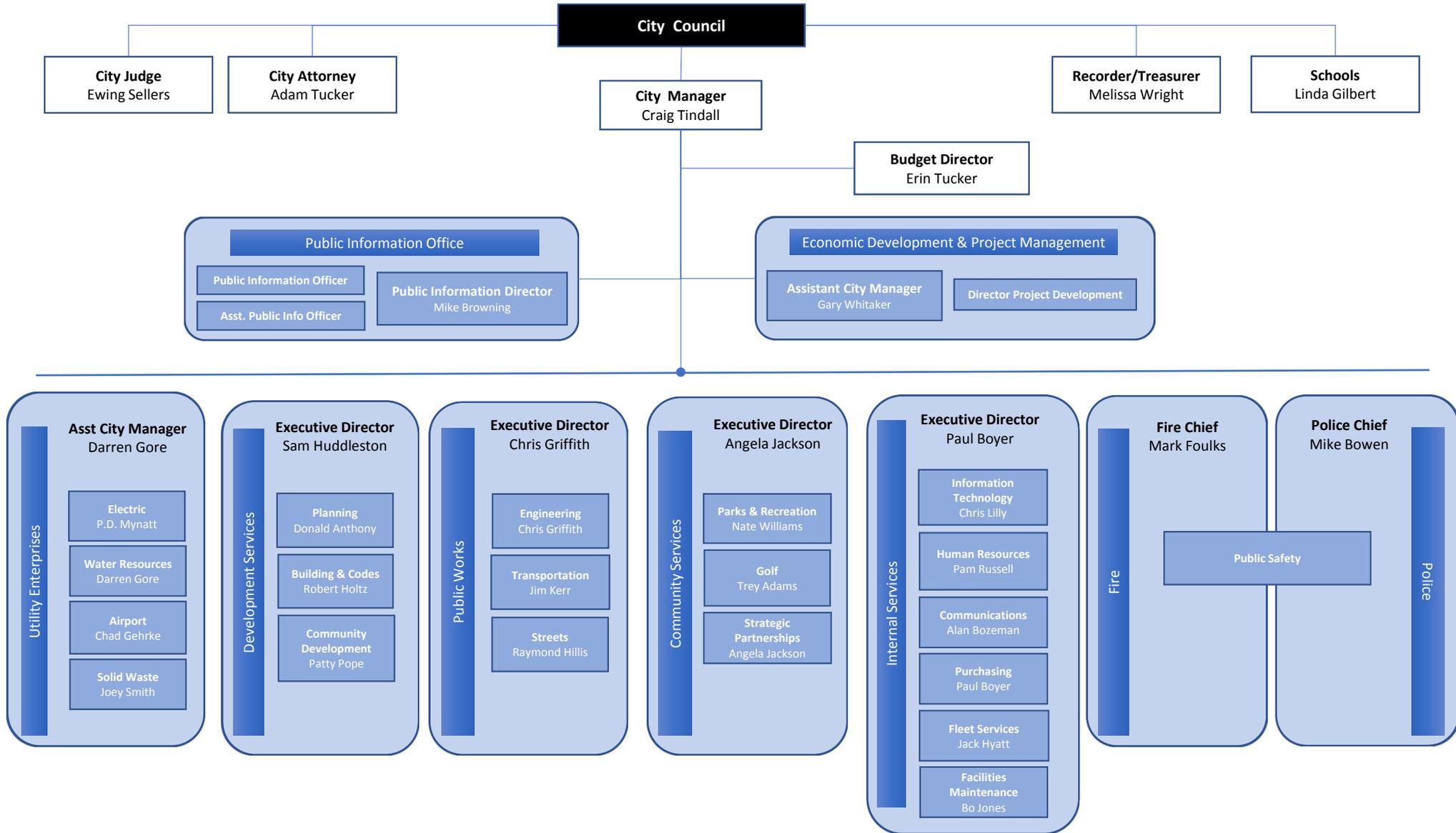
PRINCIPAL DIRECTORS AND ADMINISTRATORS

ASSISTANT CITY MANAGER - ECONOMIC DEVELOPMENT
ASSISTANT CITY MANAGER - UTILITY ENTERPRISES/WATER RESOURCES DIRECTOR
EXECUTIVE DIRECTOR - COMMUNITY SERVICES
EXECUTIVE DIRECTOR - DEVELOPMENT SERVICES
EXECUTIVE DIRECTOR - INTERNAL SERVICES/ PURCHASING DIRECTOR
EXECUTIVE DIRECTOR - PUBLIC WORKS/CITY ENGINEER
FIRE AND RESCUE CHIEF
POLICE CHIEF
AIRPORT MANAGER
DIRECTOR - BUILDING & CODES
DIRECTOR - COMMUNICATIONS
DIRECTOR - FLEET SERVICES
DIRECTOR - GOLF
DIRECTOR - HUMAN RESOURCES
DIRECTOR - INFORMATION TECHNOLOGY
DIRECTOR - PLANNING
DIRECTOR - RECREATION
DIRECTOR - SCHOOLS
DIRECTOR - SOLID WASTE
DIRECTOR - STREETS
DIRECTOR - TRANSPORTATION
GENERAL MANAGER - ELECTRIC

Gary Whitaker
Darren Gore
Angela Jackson
Sam Huddleston
Paul Boyer
Chris Griffith
Mark Foulks
Michael Bowen
Chad Gehrke
Robert Holtz
Alan Bozeman
Jack Hyatt
Trey Adams
Pam Russell
Chris Lilly
Donald Anthony
Nate Williams
Linda Gilbert
Joey Smith
Raymond Hillis
Jim Kerr
P.D. Mynatt

City of Murfreesboro - Organizational Chart

As of June 30, 2019





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Murfreesboro
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

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 the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2019, 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 \$162,893,631, \$229,189,207, \$26,580,403, and \$3,790,844 respectively, and total revenues of \$90,533,111, \$177,989,270, \$2,393,336, and \$986,715 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, pension data, and post-employment benefit data on pages 3 through 21 and 114 through 128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro, Tennessee’s basic financial statements. The introductory section, the combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section, 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 combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section, 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 29, 2020, 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 29, 2020

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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, 2019 by \$1,189,102,239. Of this amount, \$47,786,475 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 \$56,736,787 (5 percent) during the year. The governmental net position increased by \$23,733,845 (4.4 percent) and the business-type net position increased by \$33,002,942 (5.6 percent).
- As of June 30, 2019, the City's governmental funds reported combined fund balances of \$154,548,462, an increase of \$22,835,926 (17.3 percent) in comparison with the prior year. In March of FY 19, TMBF/Bond Fund recognized a new loan with proceeds of \$58,000,000.
- At June 30, 2019 the unassigned fund balance for the General Fund was \$61,086,685 or 51.4 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 \$40,668,930 (9.2 percent) during the year ended June 30, 2019. The long-term portion of the general obligation bonds and loans increased \$24,199,265.

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, streets, state street aid, planning, building and codes, solid waste, transportation, strategic partners, community services, airport, recreation services, 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 22 - 23 of this report.

The *statement of net position* presents information on all of the City's financial and capital resources in the format of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equal 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 financial 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 between results in the governmental fund financial statements and the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

The City of Murfreesboro maintains twelve (12) individual governmental funds. Information is presented separately in the governmental fund financial statements for the general fund, the general-purpose school fund, the debt service fund, and the TMBF/bond fund which are considered to be major funds. Data from the other eight (8) 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 24 - 38 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 financial statements on pages 39 - 43 of this report. The City's other two (2) enterprise funds are combined into a single column for non-major enterprise funds. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

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 39 - 43 of this report. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 44 - 45 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 - 113 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 114 – 124 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 page 125 - 128 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 and individual fund financial statements and schedules can be found on pages 129 - 150 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 \$1,189,102,239 at June 30, 2019. The largest part of the City of Murfreesboro’s net position (93.5 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 \$37,267,963 (8.7 percent) in current and other assets. The governmental activities increased \$43,180,513 (19.7 percent) and the business-type activities decreased \$5,912,550 (2.8 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. Decrease in cash and cash equivalents of \$16,624,983 for the Electric Department resulted in the decrease for the business type assets. The Electric department prepaid the TVA power bill in the amount of \$18M at the end of FY 19.

There was an increase in capital assets of \$42,223,527 (3 percent). The governmental activities increased \$35,324,245 (4.2 percent) and the business-type activities increased \$6,899,282 (1.2 percent). The governmental activity is composed of many projects, including the construction of a new elementary school which was opened in August 2019. Other projects include updating the police radio system, construction of a new fire station, airport runway expansion, purchase and a new extension for the greenway system, and many road projects. The Water Department’s capital assets increased by \$5,530,543 primarily due to contributed assets.

NET POSITION June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
		(Restated)				(Restated)
Current and other assets	\$ 262,353,038	\$ 219,172,525	\$ 202,817,080	\$ 208,729,630	\$ 465,170,118	\$ 427,902,155
Capital assets	875,018,583	839,694,338	583,946,787	577,047,505	1,458,965,370	1,416,741,843
Total assets	<u>1,137,371,621</u>	<u>1,058,866,863</u>	<u>786,763,867</u>	<u>785,777,135</u>	<u>1,924,135,488</u>	<u>1,844,643,998</u>
Deferred outflows of resources	25,350,771	18,549,921	4,793,849	3,958,075	30,144,620	22,507,996
Long-term liabilities outstanding	482,824,166	442,155,236	145,146,350	156,921,161	627,970,516	599,076,397
Other liabilities	29,914,779	27,439,308	24,219,083	44,085,527	54,133,862	71,524,835
Total liabilities	<u>512,738,945</u>	<u>469,594,544</u>	<u>169,365,433</u>	<u>201,006,688</u>	<u>682,104,378</u>	<u>670,601,232</u>
Deferred inflows of resources	80,564,048	62,136,686	2,509,443	2,048,624	83,073,491	64,185,310
Net position:						
Net investment in capital						
assets	630,636,594	610,531,493	480,838,678	460,941,457	1,111,475,272	1,071,472,950
Restricted	26,144,982	16,166,114	3,695,510	4,523,552	29,840,492	20,689,666
Unrestricted	(87,362,177)	(81,012,053)	135,148,652	121,214,889	47,786,475	40,202,836
Total net position	<u>\$ 569,419,399</u>	<u>\$ 545,685,554</u>	<u>\$ 619,682,840</u>	<u>\$ 586,679,898</u>	<u>\$ 1,189,102,239</u>	<u>\$ 1,132,365,452</u>

There are restrictions on the use of 2.5 percent of the City’s net position. Funds restricted for education of \$8.9 million, capital activity and debt service of \$5.2 million, highways and streets of \$4.3 million and cemetery perpetual care of \$3 million make up 71.7 percent of the total restricted net position. The unrestricted net position of \$47,786,475 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 \$87,362,177 for governmental activities

unrestricted net position, a deficit increase of \$6,350,124, or 7.8 percent, from the prior year. 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 \$129,990,330 is included in the unrestricted net position computation due to Pension and OBEB reporting requirements.

The business-type activities ended the fiscal year with \$135,148,652 in unrestricted net position, which is an increase of \$13,933,763 (11.5 percent) from the prior year. The Electric Department unrestricted net position increased \$3,076,676 million (9.9 percent), which is primarily attributed to the decrease in current liabilities beyond the TVA prepayment. The Water Resources Department (MWRD) unrestricted net position increased \$8,637,309 (11.7 percent) due to an increase in cash from connection fee proceeds, and a decrease of long-term liabilities as debt is repaid.

Governmental Activities

Governmental activities increased the City of Murfreesboro's net position by \$23,733,845, accounting for 41.8 percent of the total net position growth. Key elements of this increase are displayed on the Changes in Net Position table and discussed below.

Governmental charges for services increased by \$4,053,100 or 22.4 percent from the previous fiscal year. Selected activities within this category show revenue related to the building industry (permits, licenses and fees) reflected an increase of \$450,062, court and red-light camera fines increased \$307,027, recreational related program income (including golf and senior citizen's center) increased \$383,993, airport increased \$301,065, extended school programs increased \$740,669 and school nutrition programs increased \$567,930 from the prior year. The largest individual category was the increase of \$1,063,034 for solid waste collection fees. In FY 19 a new fee per can was implemented for the last six months of the fiscal year.

Operating grants and contributions revenue increased \$1,700,123, a change of 1.9 percent from the prior year. Education, extended school and school food service operating grants increased \$764,121, state gasoline tax allocations increased \$620,210, federal firefighter operating grants increased \$258,019, transportation grants decreased \$80,696.

Capital grants and contributions for the governmental activities of the City was \$19,310,293, an increase of \$9,663,093, or 100.2 percent from the previous year. In FY 19, the City received \$5,299,788 from Rutherford County for the City's share of County debt which is issued on an elementary pupil average daily attendance basis. These funds are used for City education related projects, and there was not a shared allocation in FY 18. Street and road project contributed capital and infrastructure donations increased \$5,494,483 in FY 19. In FY 18 \$1,067,492 was received for the construction and completion of the Technology Center that was built on City property as a project partnership with the Rutherford County Library System, Rutherford County and the Christy Houston Foundation.

The City's property tax revenue increased \$854,367 (2 percent). The City's other tax revenue experienced a combined increase of \$2,322,898 or 4.1 percent over the prior year. Of this increase, sales tax revenue increased \$1,782,179 (3.8 percent) over prior year, the gross receipts tax (also known as business license tax) increased \$390,514 (10.6 percent) and alcohol taxes increased \$158,499 (3.2 percent). The hotel/motel occupancy tax revenue decreased \$8,294 or .5 percent and gas and cable franchise revenue decreased \$149,091 or 5.1 percent.

Grants and contributions not restricted to specific programs increased \$1,866,435 or 14.2 percent and is composed of state shared tax allocations.

The category listed as Other increased \$7,303,615 over FY 18. The City had three property sales with proceeds of \$8,241,432. The City sold property owned near the historic square for \$1.8 million to a developer who had a proposal most favored by City Council for future improvements to benefit the downtown area. Land was sold to a developer next to the City's new firehall on Medical Center Parkway for \$1,675,959, related to an agreement for land needed for the two parties for their developments and an access to Medical Center Parkway. Additionally, land was sold for \$4,765,473 in the City's Gateway area to Vanderbilt Hospital for a new children's clinic to be built in Murfreesboro, which also required a road to be built by the City for access.

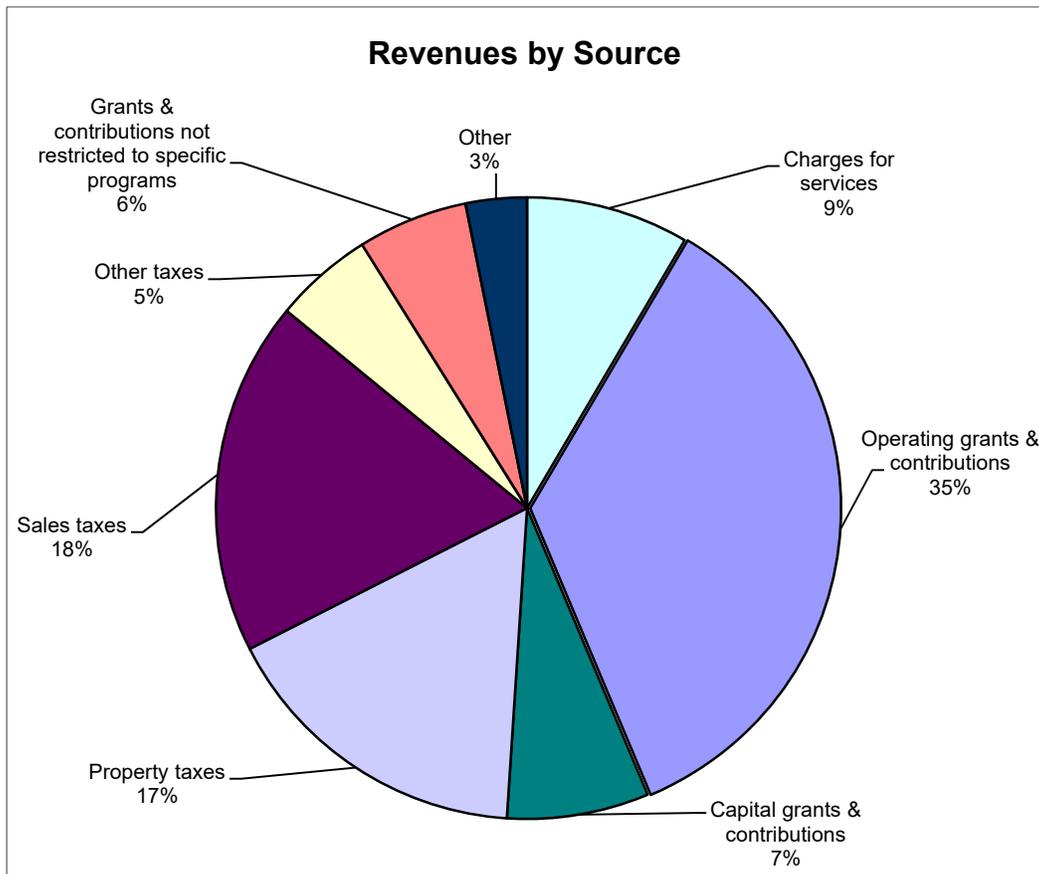
CHANGES IN NET POSITION
June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
		(a)				(a)
Revenues:						
Program revenues:						
Charges for services	\$ 22,154,576	\$ 18,101,476	\$ 226,669,803	\$ 222,020,522	\$ 248,824,379	\$ 240,121,998
Operating grants & contributions	92,215,228	90,515,105	179,095	114,403	92,394,323	90,629,508
Capital grants & contributions	19,310,293	9,647,200	20,976,493	18,135,871	40,286,786	27,783,071
General revenues:						
Property taxes	43,181,786	42,327,419			43,181,786	42,327,419
Other taxes	61,770,986	59,597,179			61,770,986	59,597,179
Grants & contributions not restricted to specific programs	14,983,399	13,116,964			14,983,399	13,116,964
Other	8,310,335	1,006,720	(1,402,668)	293,489	6,907,667	1,300,209
Total revenues	\$ 261,926,603	\$ 234,312,063	\$ 246,422,723	\$ 240,564,285	\$ 508,349,326	\$ 474,876,348
Expenses:						
General government	\$ 16,301,926	\$ 14,394,900			\$ 16,301,926	\$ 14,394,900
Police	39,593,607	37,535,711			39,593,607	37,535,711
Fire and Rescue	24,407,411	21,534,619			24,407,411	21,534,619
City Court	631,321	584,671			631,321	584,671
Engineering	10,307,516	10,808,703			10,307,516	10,808,703
Streets	7,137,029	6,086,722			7,137,029	6,086,722
State street aid	3,639,133	2,407,894			3,639,133	2,407,894
Planning	2,551,186	2,447,412			2,551,186	2,447,412
Building and codes	2,358,354	2,207,725			2,358,354	2,207,725
Solid waste	5,868,834	6,253,901			5,868,834	6,253,901
Transportation	3,174,553	3,086,388			3,174,553	3,086,388
Strategic Partners	2,572,154	2,464,045			2,572,154	2,464,045
Community services	5,231,507	5,236,445			5,231,507	5,236,445
Airport	2,266,276	1,997,627			2,266,276	1,997,627
Recreation services	20,222,201	18,892,263			20,222,201	18,892,263
Education	81,849,532	80,877,363			81,849,532	80,877,363
Food service	5,325,718	5,974,186			5,325,718	5,974,186
Interest on long-term debt	7,996,611	6,213,882			7,996,611	6,213,882
Water and sewer and stormwater			\$ 42,703,113	\$ 42,239,385	42,703,113	42,239,385
Electric			167,032,576	161,721,756	167,032,576	161,721,756
Cemetery			554,532	505,399	554,532	505,399
Total expenses	\$ 241,434,869	\$ 229,004,457	\$ 210,290,221	\$ 204,466,540	\$ 451,725,090	\$ 433,470,997
Increase in net position before contributions and transfers	\$ 20,491,734	\$ 5,307,606	\$ 36,132,502	\$ 36,097,745	\$ 56,624,236	\$ 41,405,351
Contributions to permanent funds			112,551	95,102	112,551	95,102
Transfers	3,242,111	3,306,763	(3,242,111)	(3,306,763)		
Change in net position	\$ 23,733,845	\$ 8,614,369	\$ 33,002,942	\$ 32,886,084	\$ 56,736,787	\$ 41,500,453
Net position - beginning, as previously reported	\$ 545,685,554	\$ 581,418,910	\$ 586,679,898	\$ 571,194,988	\$ 1,132,365,452	\$ 1,152,613,898
Prior period adjustment		(44,347,725)		(17,401,174)	0	(61,748,899)
Net position - beginning, as restated	\$ 545,685,554	\$ 537,071,185	\$ 586,679,898	\$ 553,793,814	\$ 1,132,365,452	\$ 1,090,864,999
Net position at end of year	\$ 569,419,399	\$ 545,685,554	\$ 619,682,840	\$ 586,679,898	\$ 1,189,102,239	\$ 1,132,365,452

(a) Selected FY 2018 expenditure accounts have been reclassified to be in-line with management's changes in the organizational structure in FY 19.

The cost of all governmental activities was \$241,434,869. However, as shown in the Net Program Cost to Taxpayers table, 55.4 percent (\$133,680,097) 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 9.



In comparison to the previous year, the percentages noted above remained relatively flat. Charges for services increased from 8 percent to 9 percent, operating grants and contributions decreased from 39 percent to 35 percent, capital grants and contributions increased from 4 percent to 7 percent, property taxes decreased from 18 percent to 17 percent, sales taxes decreased from 20 percent to 18 percent, grants and contributions not restricted to specific programs increased from 5 percent to 6 percent and other revenue sources increased from 1 percent to 3 percent. More information regarding key revenue types is discussed in the Financial Analysis of the Government's Funds beginning on page 11.

Net Program Cost to Taxpayers

Governmental activities:	Revenue	Expense	Net (Expense) Revenue
General government	\$ 577,364	\$ 16,301,926	\$ (15,724,562)
Police	1,202,031	39,593,607	(38,391,576)
Fire and rescue	1,677,866	24,407,411	(22,729,545)
City Court	2,172,530	631,321	1,541,209
Engineering	12,567,503	10,307,516	2,259,987
Streets	386,113	7,137,029	(6,750,916)
State street aid	4,384,740	3,639,133	745,607
Planning	1,433,787	2,551,186	(1,117,399)
Building and codes	4,088,574	2,358,354	1,730,220
Solid waste	1,068,062	5,868,834	(4,800,772)
Transportation	2,047,081	3,174,553	(1,127,472)
Strategic Partners	2,572,154	2,572,154	(2,572,154)
Community services	5,211,328	5,231,507	(20,179)
Airport	2,375,758	2,266,276	109,482
Recreation services	5,432,982	20,222,201	(14,789,219)
Education	83,090,644	81,849,532	1,241,112
Food service	5,963,734	5,325,718	638,016
Interest on long-term debt	7,996,611	7,996,611	(7,996,611)
Total governmental activities	\$ 133,680,097	\$ 241,434,869	\$ (107,754,772)

Governmental net position for FY 19 increased by \$23,733,845 after payment of governmental activities expenses of \$241,161,896 with program revenues of \$133,680,097, general revenues of \$128,246,506 and transfers from other funds of \$3,242,111. Governmental net position at June 30, 2019 was \$569,419,399.

Program Expenses Governmental Activities

Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	\$ 16,301,926	7%	Solid waste	5,868,834	3%
Police	39,593,607	17%	Transportation	3,174,553	1%
Fire and rescue	24,407,411	10%	Strategic Partners	2,572,154	1%
City Court	631,321	0%	Community services	5,231,507	2%
Engineering	10,307,516	4%	Airport	2,266,276	1%
Streets	7,137,029	3%	Recreation services	20,222,201	8%
State street aid	3,639,133	2%	Education	81,849,532	34%
Planning	2,551,186	1%	Food service	5,325,718	2%
Building and codes	2,358,354	1%	Interest on long-term debt	7,996,611	3%
			Total governmental activities	\$ 241,434,869	100%

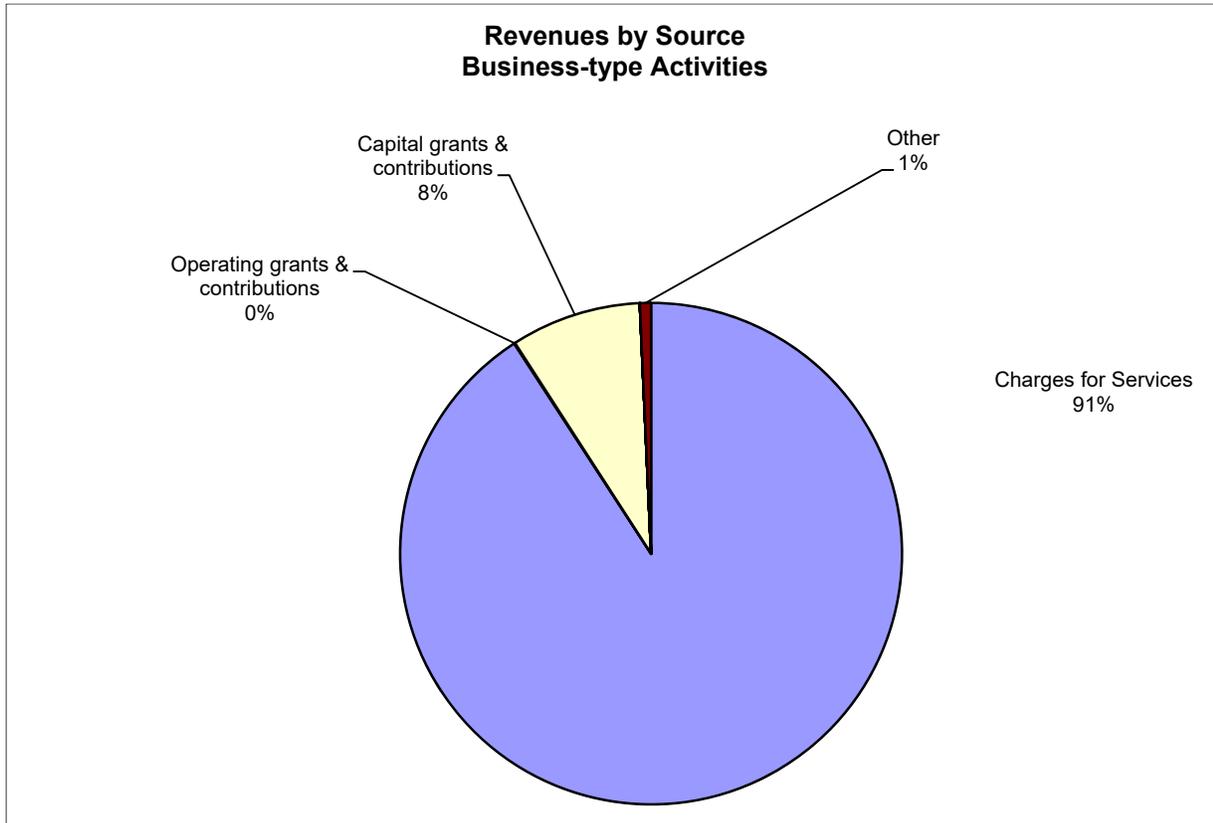
Business-type Activities

The business-type activities increased the City of Murfreesboro's net position by \$33,002,942 or 57.9 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 \$210,290,221. As shown in the Changes in Net Position table, the amounts paid by users of the operations were \$226,669,803. The additional revenue sources included operating grants and contributions of \$179,095, capital grants and contributions of \$20,976,493, unrestricted investment earnings of \$1,774,940, a loss on sale of assets of \$3,177,608 and contributions to permanent funds of \$112,551. There were also transfers to governmental funds of \$3,242,111 from the Electric Department for public utility tax.

Expenses and Program Revenues

Business-type Activities

	Expenses	Program Revenue	Expense as a Percent of Revenue
Water, sewer and stormwater	\$ 42,703,113	\$ 69,773,371	61%
Electric	167,032,576	177,182,481	94%
Cemetery	554,532	869,539	64%
	<u>\$ 210,290,221</u>	<u>\$ 247,825,391</u>	85%



Revenues by source remained relatively flat for Business-type Activities as compared to FY 18.

Operating expenses for the Water Resources Fund increased by \$2,137,001 (5.7 percent), which can be attributed to increased costs for both water and sewer system operations. The increase in net position before capital contributions was \$4,918,777 for FY 19, an increase of \$1,736,187 from FY 18. This increase can be primarily attributed to increased interest income and reduced losses on disposal of capital assets.

Non-operating revenues consist of interest income of \$913,140.

Capital contributions from developers totaled \$20,976,493 for FY 19. This is an increase from FY 18 of \$2,840,622. The increase reflects continued strong economic conditions and construction activity during the year. The overall net position as of June 30, 2019 increased \$25,895,270.

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 \$3,042,893, which were relatively flat as compared to last year. Operating and maintenance expenses decreased \$18,830 (0.068 percent). This is attributed to fewer 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 the Government's Funds.

The Electric Department experienced a \$3,123,437 (1.8 percent) increase in operating revenue, due to increased power usage due to continued population growth in the service area. The Department experienced a 3.4 percent growth in its customer base. Management anticipates a 3-4 percent growth in FY 20, as well. Purchased power expense of \$143,945,325 reflects an increase of 2.4 percent in FY 19 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 \$1,249,812 or 4.9 percent during FY 19 compared to a FY 18 increase of \$1,453,497. The investment gain was less in the current year primarily as a result of a downturn in the market in the fourth quarter of 2018. The plan's return on investment for FY 19 was 5.16 percent compared to 6.82 percent in FY 18 and 10.49 percent in FY 17. 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 (\$1.2 million for FY 19 as compared to \$1.1 million for FY 18). 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.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2019, the City of Murfreesboro's governmental funds reported combined ending fund balances of \$154,548,462, an increase of \$22,835,926 in comparison with FY 18. 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, 2019, the fund balance was \$66,742,940, an increase of \$3,216,277 from FY 18.

The Real and Personal property tax revenue increased \$1,002,939, or 2.5 percent over FY 18. The 2018 tax roll (for taxes collected in FY 19) received from the Rutherford County Assessor's office, indicated an increase in assessment value on property of \$1,015,104,359, a 30.3 percent increase, as compared to the 2017 tax roll (for taxes collected in FY 18). The assessor reappraised all property in Rutherford County for the 2018 tax roll, resulting in a certified tax rate of \$.9494 as compared to \$1.2066 in the prior year. City Council accepted the certified tax rate and used it as a part of their FY 19 budget. The local option sales tax revenue increased \$1,782,179 or 3.8 percent over FY 18. The local option sales tax had a negative budget variance of \$870,113.

The licenses, permits and fines revenue category increased by \$666,717 from FY 18. The construction related categories had a net increase of \$438,853 with an increase of only 6 additional building permits issued in FY 19 as compared to FY 18. Court and red-light camera fines increased \$243,349, primarily from an increase of \$208,681 in traffic violations, other than red-light cameras. Red-light camera fines remained relatively flat with an increase of only \$34,668 from FY 18.

Intergovernmental Revenues increased \$3,995,967 from FY 18 of which \$2,657,326 was an increase in state funds and allocations and \$1,312,643 was an increase in federal funds. The state shared sales tax allocation recognized an increase of \$1,490,329, the largest Intergovernmental Revenues increase from FY 18. The state gas tax allocation recognized an increase of \$642,577, and the TVA gross receipts tax increased \$219,075. The federal funding includes the match for active road and signal projects, with Middle TN Blvd street project and the greenway extension project being the largest of these projects.

Charges for Services increased \$1,640,956 in FY 19 as compared to FY 18. The largest variable was the implementation of a new solid waste per-cart collection fee for the final six months of FY 19. The desire of City Council is to eventually have the solid waste collection service become a self-supporting enterprise fund. Additional variances included recreation program income increase of \$278,446 and golf revenue increase of \$105,547.

Miscellaneous revenues, interest and investment earnings, and donations increased \$2,096,157 from FY 18. Of this increase, donations towards projects increased \$2,195,661 and gas and cable franchise revenue decreased \$149,091.

FY 19 expenditures of the General Fund totaled \$118,911,256, which is an increase of \$10,168,063 or 9.4 percent over FY 18 expenditures.

As a service-based organization, the City's largest expense is for wages and related benefits, which equaled 64 percent of FY 19 expenditures. In the General Fund, labor and related accounts totaled \$75,211,348 for FY 19, versus \$69,619,149 for FY 18. This is an increase of \$5,592,199 or 8 percent and is a result of a new pay plan which went into effect for FY 19, 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 with monitoring spending, looking for areas to improve efficiency, and to control expenses through the year to be sure services are delivered efficiently and effectively. During FY 19 the Street Department became a separate department from the Engineering Department, and the staff and services of the Urban Environment Department were reallocated to the Street and Engineering departments to improve efficiency. Also, during FY 19, the Senior Citizen Department was added as a division of the Recreation Department, and with the retirement of the Community Development Director, that department became a division of the Planning Department. Other staff realignments included moving payroll staff from Human Resources to Finance, moving public information officers from various departments to Administration, and maintenance workers from various departments to General Government Buildings Department.

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

- 1) In the Other General Government category, the account for unforeseen contingences increased \$541,219 from FY 18. Salary and benefits costs for retirees increased \$206,676 from FY 18. County shared costs increased \$838,294 from FY 18 due to the City's share of the county assessor's reappraisal, which is done every four years. Premiums paid to the Risk Management Fund decreased in FY 19 by \$340,166 as some of the coverage periods were realigned to match a fiscal year coverage period.
- 2) The Infrastructure Department realized an increase of \$3,106,572 in Capital Outlay in FY 19 as compared to the amount spent in FY 18. 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) Repair and Maintenance for State Street Aid increased \$1,898,717 over FY 18 mainly due to improvements for various street projects internally known as the Hot Spot Program. The categories of repair and maintenance for roads increased \$1,673,118, street marking increased \$113,773 and right-of way work increased \$88,804. Additionally, professional services increased \$465,246 for engineering services for various road projects.
- 4) Water usage for the Solid Waste Department decreased \$140,908 for FY 19 compared to the previous year. During FY 18 the department experienced a fire within the mulch at the mulching site, resulting in an increase in water usage over the course of several months.

Other Financing Sources (Uses) decreased \$2,130,234 from FY 18. The significant changes include an increase to transfers to Debt Service for debt payments by \$4,745,278, an increase to transfers to Murfreesboro City Schools by \$1,275,000, and proceeds from the sale of capital assets of \$8,271,403.

Debt Service Fund

The Debt Service Fund experienced a decrease in fund balance of \$1,726,120 from FY 18. This decrease was planned for when the FY 19 budget was developed by City management.

The financed debt balance increased \$24,584,970 for governmental activities, including school debt service, from FY 18. The City made all scheduled principal payments on all debt on time. At June 30, 2019, the fixed rate to variable rate principal balance ratio is 88.31 to 11.69 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 June 21, 2019, indicated the credit position is very strong and the City's rating of Aa1 exceeds the US cities median rating of Aa3. S&P last affirmed the long-term rating for Murfreesboro General Obligation debt as AA/Stable in March 2018.

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 80.8 percent of debt within 10 years of debt owed at June 30, 2019.

The City presented an updated Capital Improvement plan in FY 19 and new debt was issued in March 2019 of \$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 26, under Other Governmental Funds, \$6,574,345 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, \$5,717,705 was paid by the City and \$856,640 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 \$78,778,583 and the estimated revenues and transfers totaled \$78,010,290. Final budgeted expenditures were \$80,771,968, while final budgeted revenues and transfers totaled \$78,109,483. Final budget numbers anticipated a use of fund balance totaling \$2,662,485, the schools realized savings throughout their budget with the exception of capital outlay and added \$1,895,602 to fund balance.

School Federal and State Program Funds

The fund balance for the School Federal and State Program Fund remained relatively flat at \$1,706,976 as compared to \$1,870,703 in FY 18. Federal program revenues recognized in FY 19 decreased \$489,433. Overall federal and state program expenses decreased \$159,263 from FY 18.

Extended School Program

The fund balance for the Extended School Program is \$487,938, a small decrease of \$63,016 from the previous year. This decrease is due primarily to the implementation and start-up of a new Edible Education Program and the purchase of Chromebooks and software.

School Nutrition Fund

The school district operates a school nutrition program in each of its twelve schools. The School Nutrition Fund's fund balance increased \$638,016 due to decreased food costs and increase in participation. Revenues consist of meal and a-la-carte sales as well as reimbursements from the U.S. Department of Agriculture School Nutrition Program and Department of Human Services. Expenditures consist of food and supply costs in addition to employee labor and benefits.

Airport Fund

The Airport Fund had an increase of \$278,242 (23.6 percent) in fuel sales, with a corresponding increase of \$227,985 (22.5 percent) for fuel costs and rebates offered. State funding increased \$288,698 and capital outlay increased \$359,953 from FY 18. The fund balance increased \$83,718 from FY 18 due to modest changes throughout the other expenditure and revenue accounts.

Capital Projects Funds

TMBF/Bond Fund

Unspent fixed loan proceeds at June 30, 2019 from the loan borrowed October 15, 2012 from TMBF were \$47,831. The majority of the FY 19 expenditures were for road projects and ADA renovations for the Civic Plaza.

Unspent bond proceeds at June 30, 2019 from a bond issued April 30, 2014 total \$411,336. The majority of the FY 19 expenditures were for the Airport terminal and dehumidification of Patterson community center projects.

Unspent fixed rate loan and premium proceeds at June 30, 2019 from the loan borrowed April 25, 2016 from a Bond Issue were \$3,297,632. The majority of the FY 19 expenditures were for police vehicles, building improvements to City Hall and recreation maintenance facilities, greenway construction, and street projects.

Unspent fixed rate loan and premium proceeds at June 30, 2019 from the loan borrowed April 10, 2018 from a Bond Issue were \$33,921,106. The majority of the FY 19 expenditures were for upgrades across several City buildings, construction of fire station #4 to replace an older neighborhood station, police vehicles, construction of a mountain bike trail, and street projects.

Unspent fixed rate loan and premium proceeds at June 30, 2019 from the loan borrowed March 1, 2019, from a loan issued through the Public Building Authority of Sevier County, Tennessee, were \$26,776,978. The majority of the FY 19 expenditures were for construction of a new elementary school, street equipment, construction of a police and fire training facility, and purchase of Fire & Rescue air packs for fire firefighters.

Capital Improvement and Contingency Fund

In FY 19 the City received \$5,299,788 as the City School's share, based on average daily attendance, from Rutherford County's bond issue to be used for education. These funds will be spent towards the cost of completion and furnishing of the new elementary school known as Salem Elementary. In FY 18 the City had other projects active in this fund, a new junior golf area known as Bloomfield Links which had received a Christy Houston grant in a prior year, and the building of a technology center on city property in partnership with funding from Christy Houston, Rutherford County and a State of Tennessee library grant. The fund balance at June 30, 2019, of \$4,906,670 includes \$3,843,778 in restricted funds to be used towards school projects.

Internal Service Funds

Insurance Fund

The Insurance Fund recognized an increase in net position of \$17,083 in FY 19. 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 Go365 grew to \$34,789 in FY 19 from \$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 19.

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 2018 to 2019. Claims and Administrative expense increased \$2,155,873 in FY 19. Of this, pharmacy claims increased \$600,810, medical claims increased \$1,411,421 and dental claims increased \$14,682.

It was decided during FY 20 (December 2019) to give a one-month premium holiday to thoughtfully reduce the fund balance as the City's insurance consultant advised it is higher than most cities carry. Management will monitor the results of this action on the self-insured plan for future actions.

Risk Management Fund

The Risk Management Fund had a \$358,846 increase in net position from FY 18. Claims and administrative expense decreased \$181,680 from FY 18 to FY 19. Workers compensation claims expense decreased \$535,605, general liability claims decreased \$126,967, fire and casualty claims increased \$152,113, police claims decreased \$24,719 and automobile claims increased \$116,725. Cost of insurance policies and administrative costs increased \$236,771 from FY 18. In FY 20 more policies will be moved from self-insurance to a premium-based product: workers compensation, property, and vehicles, through Public Entity Partners. The City moved the FY 19 premiums to the various funds of the City to a fiscal year basis for those that had been on a calendar year basis, causing a small net decrease of \$15,676 in premiums received for FY 19. Claims and judgments payable decreased \$807,232 at June 30, 2019.

Pension Trust Funds

The City's Pension Fund, a defined benefit plan, had an increase of \$5,474,049 net position restricted for pensions through June 30, 2019. This is a 3.95 percent increase from the previous year. The net investment income for FY 19 was \$6,933,452, 31.3 percent less than FY 18. Payments of benefits to participants was \$5,866,947 an increase of 7.6 percent from FY 18.

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 actuarially determined contribution (ADC) 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 19 was 12.87 percent and 12.32 percent for FY 18, and the City met all funding obligations. The rate for FY 20 is 16.33 percent.

The Pension Committee, an eight-member board, met with the actuary and third-party investment consultant in FY 19 to hear recommendations on plan assumptions and how these changes would affect recommended investment

policy decisions to assist in attaining projected earnings. During FY 19 the long-term rate of return assumption was lowered from 7.25 percent to 7 percent. The valuation as of July 1, 2018 included the assumption changes. For the actuary valuation as of July 1, 2018, this change increased liabilities by approximately \$5.1 million, and increased the ADC rate by 1.72 percent. Changes to the mortality and retirement assumptions increased the liability by \$2 million, which increased the ADC by .67 percent. Large increases in salaries, specifically public safety participants, increased the liability by \$2 million and increased the ADC by .77 percent. Other plan experience increased the liability by \$500 thousand and increased the ADC by .3 percent. The ADC increased again for FY 20 because of additional salary changes not anticipated by the previous valuation, as well as the asset return being less than anticipated by the new assumption. The actuary will continue monitoring the assumptions each year to see if additional changes should be implemented and will work with the committee to review and implement suggested changes.

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, which is being reviewed for updates during FY 20.

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 70 - 92, 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, 2019 was \$406,850,942, an increase of \$25,895,270, over the prior year. The Electric Department had a net position of \$187,739,692 at June 30, 2019, an increase of \$4,705,907, over the prior year. The net position for the other proprietary funds at June 30, 2019 was \$10,857,357, an increase of \$542,368, over the prior year. The Stormwater Fund is responsible for \$341,480 of this increase, while the Cemetery Fund recognized a \$200,888 increase in net position in FY 19.

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

Four budget amendments were presented to Council to be approved by ordinance for the General Fund during the fiscal year ended June 30, 2019.

Overall, general fund budget exceeded general fund revenues by \$580,549 and expenditures and other financing sources/uses were less than budget by \$11,064,271. The budget anticipated a \$7,273,445 shortfall to be funded from available fund balance, but instead fund balance was increased by \$3,216,277.

Budgeted federal funds were over actual by \$4,773,485 and actual donations received were more than budgeted by \$3,761,182. MT Blvd road project had funding sources changed from federal grant revenue to contributions from Middle Tennessee State University because of the initial agreement between the City and the University. The cost of MT Blvd was underbudget for FY 19 by \$716,151. The Bradyville Pike project, as partnered with the State, did not progress as budgeted in FY 19, and expense was under budget \$663,628. Two bridge projects were completed in FY 19 and exceeded budgeted developer contributions and expense by \$1,112,910. Other local street projects were budgeted \$1,337,018 more than actual, as not as many projects were able to be completed as anticipated.

The City sold three pieces of land for a total of \$8,241,432, exceeding budget by \$1,613,932.

Savings in budgeted wages and benefits totaled \$1,752,206 mainly due to vacancies spread throughout the departments. Capital outlay in the Public Transit Division was under budget by \$773,038 because of the Transit Center project delays. Repairs and maintenance savings were realized through several departments, totaling a net \$1,746,021. General Government insurance savings totaled \$355,280 and adjustments to property taxes were \$485,835 less than anticipated.

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, 2019 amounted to \$1,458,965,370 (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 3.0 percent (a 4.2 percent increase for governmental activities and a 1.2 percent increase for business-type activities).

Governmental activities:

Additions to land totaled \$2,114,452 and decreases totaled \$1,041,145 in FY 19. The increase was mainly due to neighborhood streets and right-of-way \$1,770,219 and a mountain bike trail recreation project \$181,618. The decreases were due to Gateway property sales \$604,136 and the former Franklin Synergy property land sale of \$401,600.

Construction in progress at June 30, 2019 totaled \$92,232,423. Some of the larger projects in this total include: construction of a new elementary school \$28,478,536, airport terminal building \$1,741,336, extension of the Stones River Greenway \$5,271,835, various police communication towers totaling \$2,543,955, police radio system and equipment update of \$10,890,663, Rover transit center \$707,752, fire rescue trucks \$1,137,058 and various parks and recreation upgrades and renovations of \$2,006,325. Road projects account for \$38,359,281 or 41.6 percent of construction in progress, of which Middle Tennessee Boulevard widening from East Main Street to Greenland Drive accounts for 44.8 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 20 percent of infrastructure construction in progress.

Government buildings increased by \$6,822,110 (before depreciation). The completion of Fire Station #4 accounts for \$6,383,312 of the FY 19 increase. There was a decrease in buildings totaling \$1,193,334 of which the former Franklin Synergy building accounts for \$1,143,017.

Additions to government improvements other than buildings (before depreciation) totaled \$10,385,178. Of this increase \$5,404,502 relates to the airport runway expansion and lighting. The Doug Young Training Center for public safety training accounts for \$3,506,203 of the increase and Fire Station #4 accounts for \$851,341.

Total net equipment additions (before depreciation) totaled \$9,117,106. Some of the more significant additions include the purchase and equipping of 95 police vehicles of \$3,164,543, street equipment and vehicles totaling \$942,256, fire and rescue equipment totaling \$2,278,193, and \$1,208,763 for various school equipment.

Infrastructure had net additions (before depreciation) of \$9,226,550 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping. Included in the road projects is the completion of two bridge projects totaling \$4,140,356, hot spot program \$1,188,697, and improvements to the neighborhood street of Blaze Drive \$1,463,980 serving three school campuses. Traffic signal additions totaled \$379,742. Streets donated by developers totaled \$1,863,401.

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 \$16.3 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 \$1,115,000.

**Capital Assets
Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-Depreciable Assets:						
Land	\$ 270,968,039	\$ 269,894,732	\$ 18,168,800	\$ 18,168,800	\$ 289,136,839	\$ 288,063,532
Construction in progress	92,232,423	64,785,560	14,035,209	12,730,906	106,267,632	77,516,466
Other Capital Assets:						
Buildings	159,918,774	160,326,549	78,333,110	81,703,003	238,251,884	242,029,552
Improvements other than buildings	59,563,105	53,954,886			59,563,105	53,954,886
Transmission & distribution mains			272,014,211	264,181,983	272,014,211	264,181,983
Electric plants			147,049,075	141,793,710	147,049,075	141,793,710
Equipment	50,399,298	49,410,050	54,346,382	58,469,103	104,745,680	107,879,153
Computer Software	1,620,791	1,970,183			1,620,791	1,970,183
Infrastructure	240,316,153	239,352,378			240,316,153	239,352,378
Total	\$ 875,018,583	\$ 839,694,338	\$ 583,946,787	\$ 577,047,505	\$ 1,458,965,370	\$ 1,416,741,843

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

Long-term Liabilities

Long-term liabilities of the City include debt, such as general obligation bonds, public building authority loans and revenue bonds as well as compensated absences, and Other Post-Employment (OPEB) obligations. Total long-term liabilities for the City of Murfreesboro increased \$20,800,557 during the year ended June 30, 2019. Long-term liabilities from governmental activities increased \$31,648,886 (7.5 percent) and business-type activities liabilities decreased \$10,848,329 (7 percent).

The City has variable rate debt outstanding at June 30, 2019 totaling \$61,926,907 of which 42.8 percent (\$26,535,000) is business-type activities and 57.2 percent (\$35,391,907) 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 \$64,454,882 remaining to be spent from loans/bonds and premiums received for current and prior years issues, of which \$26,776,978 was for debt issued in March 2019. Additional new debt is anticipated to be issued in calendar year 2020.

The Murfreesboro Water Resources Department has five revolving loan agreements with the State of Tennessee for various capital projects. During FY 19, the department borrowed a total of \$11,705 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, 2019 is \$5,695,957. 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.

The Electric Department long term debt decreased \$1,115,000 during FY 19. 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 65 – 70 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, this was done FY 17. Together with current benefits earned, the liability recognized through June 30, 2019 is \$156,112,150 an increase of \$9,401,533 (6.4 percent) from the previous year. The business-type activities liability was \$36,848,559 an increase of \$2,338,755 or 6.8 percent. The governmental activities are made up of two groups, the school employees and the City governmental employees. The school liability was \$3,793,118 for a decrease of \$1,409,723 or 27.1 percent. The City liability is \$115,470,473 an increase of \$8,472,501 or 7.9 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 19 and FY 18 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 93 - 105 of this report.

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

Long-term Liabilities
June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 180,135,000	\$ 196,190,000			\$ 180,135,000	\$ 196,190,000
Add: Premium on bonds	14,806,395	16,755,039			14,806,395	16,755,039
Local Government Public Improvement	58,000,000				58,000,000	0
Tennessee Municipal Bond Fund loans	62,180,907	77,067,501	\$ 26,535,000	\$ 29,920,000	88,715,907	106,987,501
Bank Loan	145,000	300,000			145,000	300,000
Energy Efficient School Loan	2,358,220	2,728,012			2,358,220	2,728,012
Revenue bonds			17,465,000	20,400,000	17,465,000	20,400,000
Add: Premium on refunding			1,194,515	1,733,956	1,194,515	1,733,956
Matured bonds payable			36,000	36,000	36,000	36,000
State revolving loans			50,695,957	53,328,452	50,695,957	53,328,452
Direct placement refunding loan			7,440,000	11,090,000	7,440,000	11,090,000
Estimated landfill closure costs	1,045,000	1,059,000			1,045,000	1,059,000
Compensated absences	14,074,649	13,252,279	3,485,564	3,530,712	17,560,213	16,782,991
OPEB Liability	119,263,591	112,200,813	36,848,559	34,509,804	156,112,150	146,710,617
Claims and judgements	3,050,768	3,858,000			3,050,768	3,858,000
	<u>\$ 455,059,530</u>	<u>\$ 423,410,644</u>	<u>\$ 143,700,595</u>	<u>\$ 154,548,924</u>	<u>\$ 598,760,125</u>	<u>\$ 577,959,568</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 2018 population to be 141,344. The difference is an indicator of the difficulty in getting citizens to respond to government inquiries. In October 2019, wallethub.com listed Murfreesboro as the 12th fastest growing city in the United States. The methodology used included categories such as population growth, median household income growth, and increase in the number of businesses. The US Census Bureau reports, using statistics from 2014-2018, that Murfreesboro residents (age 25 or older) at least 92.8 percent have a high school degree, and 40.65 percent have a bachelor's or higher degree. Smartasset.com ranks Murfreesboro as the 12th fastest growing city for millennials.

Murfreesboro is the home of Middle Tennessee State University (MTSU), with the largest undergraduate enrollment in the State of Tennessee. In 2019, MTSU was named among the nation's best universities by the Princeton Review. 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 State of Tennessee 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 and lead to increased awareness of Rutherford County as being known as the Sports Capital of Tennessee.

Governmental Activities

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, this reappraisal is done every four years. The City Council increased property taxes to \$1.2894 for the 2019 tax roll included in the FY 20 budget. This tax increase will balance the FY 20 budget without using prior fund balance to be added to anticipated revenues to meet budgeted expenditures.

In FY 19 the City funded the construction of a new Fire Station 11 on a City-owned 28-acre tract on Blaze Drive and Fortress Blvd., near the three campus County school complex, and will handle the Blackman and part of the Gateway area of the City. Construction on the station is expected to be complete in the spring of 2020. An additional 27 firefighters were hired in late FY 19 so that training would be complete to coincide with the opening of the station. The station also includes space for police officers to complete documentation, use the restroom and handle other business.

Solid waste considerations have been at the forefront of discussions within the City and other Rutherford County communities. 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. In FY 20 the City has budgeted a Solid Waste monthly fee of \$7.50 per container, up from \$5 in FY 19, for residential customers and \$30 per container, up from \$5 in FY 19, for non-residential/multi-family in anticipation of future disposal costs. Working in conjunction with Consolidated Utility District and the Murfreesboro Water Resources Department, billing for the fee is included on the monthly water bill.

The Council approved a pilot program to add Saturday service to the Rover bus program, utilizing an abbreviated 3-route schedule. This program will begin in February 2020.

The Middle Tennessee Boulevard widening project began in FY 16 and the ribbon cutting took place August 2, 2019. This street runs next to the campus of Middle Tennessee State University and was widened 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 January 2020. 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 spring of 2020.

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, classroom and office space for the MTSU aerospace program, multiple conference rooms to rent, an outdoor observation area including balcony, and a kitchen for catering. During the early summer of 2019 the old terminal building was demolished to make way for the new terminal. Construction began as soon as the site was cleared and is anticipated to be completed in late 2020.

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 2020 with construction beginning in late 2020 or early 2021.

In January 2020 the Tennessee Department of Transportation announced that the Airport was the recipient of a second grant for \$1 million. This will be used to expand the aircraft parking apron and construct a new taxiway. This project will assist with the expansion of the MTSU Aerospace Airport Campus, creating additional aircraft parking areas, as MTSU continues to increase the number of training aircraft they have in their fleet. Design work will begin the Summer of 2020 and construction is scheduled to begin Spring of 2021.

In 2018 work began on the vertical expansion of the west patient tower at Saint Thomas Rutherford Hospital. The \$48 million, three story expansion will add 72 beds in 60,000 square feet to the existing 286 bed hospital. The

construction is expected to be completed in the summer of 2020. In the last year the Saint Thomas health system has added 42 new physicians in Rutherford County and they now have over 400 physicians in the County.

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. Plans also include 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. More than a dozen restaurants and retail tenants occupy space in the first phase. 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 Murfreesboro Medical Clinic (MMC) anchors the newest building at the Fountains at Gateway. MMC will occupy approximately 80% of the new building with its growing medical spa, dermatology, and plastic surgery departments.

In October, SteelSummit Holdings, a leading national metals service center and trading company based in LaVergne, TN, announced that the Fountains at Gateway was chosen for its corporate headquarters. The move will bring approximately 30 executives and management team members to Murfreesboro. They have leased 11,551 square feet of office space at the Fountains at Gateway on the third floor of One Fountain Plaza and expect to move in early spring of 2020.

Also, in October, Saltworks Security, an application security company based in the Atlanta area, leased 5,464 square feet of office space on the top floor of One Fountain Plaza. The company will hire more than 25 engineers in software development and application security at the new Fountains office, which will be the firm's third office in the U.S. They are expected to open in early 2020.

Vanderbilt Medical Center reached an agreement with the City for the purchase of land in the gateway area in March 2018. In late 2019 they opened their 37,500 square foot single story Pediatric Clinic and Ambulatory Surgery Center as Phase 1. The total investment is expected to be around \$27.2 million and has 22 exam rooms; six urgent care rooms; full imaging services, including MRI, CT, ultrasounds, and X-ray; three operating rooms; and a procedure room. 12 Pediatric specialties at the new facility include gastroenterology, general surgery, orthopedics, otolaryngology, audiology, and urology. The new facility has added approximately 80 jobs to the area.

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 increase revenues while consumption declines.

In preparing the FY 20 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 20 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 to start 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 (\$.00567 per gallon). The average monthly bill for an MWSD customer that uses 5,200 gallons per month for water and 4,800 gallons per month of sewer will remain the same, or \$66.70 per month.

Staff did not recommend any changes to the system development charges (a.k.a., connection fees) for different nonresidential uses.

In addition to attracting new commercial and industrial customers, the Murfreesboro Electric Department's (MED) current customer base has been expanding. In partnership with Tennessee Valley Authority (TVA), MED has executed economic development incentive packages with General Mills, Kasai North America, Cosmolab Inc., Amazon, Wei-Chuan USA, Inc., The Kroger Company, and other smaller manufacturing customers. Additional incentive packages are under consideration.

In October 2019, TVA implemented a Grid Access Fee, which is a wholesale fixed rate, and lowered its wholesale sales by an equivalent amount making the change revenue neutral for TVA. In order to align MED's rates with TVA's rates, the residential customer charge was increased by \$2.50 and the kwh hour charge was decreased making the change revenue neutral for MED. TVA has announced that rates will not increase during the next fiscal year.

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 20 are projected from 1.518 cents per kilowatt-hour to 1.755 cents per kilowatt-hour.

The City of Murfreesboro and Middle Tennessee Electric Membership Corporation (MTEMC) have discussed the benefits of merging the operations of MED into MTEMC. A non-binding term sheet was executed by both parties in August 2019. City Council approved the sale January 9, 2020. This was followed by approval by MTEMC's Board of Directors on January 10, 2020. The Tennessee Valley Authority (TVA) will review the terms of the agreement. If TVA approves the sale, MTEMC will pay the City \$202 million for the assets and cash flow of MED's operations in equal annual installments over a 15-year period using an annual rate of 3.3% per annum. In addition, MED's unencumbered cash on hand at closing plus any prepaid expenses less MED's outstanding debt at closing shall be transferred to the City. Certain real estate is excluded from the sale.

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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 83,680,835	\$ 159,827,566	\$ 243,508,401
Certificates of deposit	228,248		228,248
Investments	6,704,811		6,704,811
Receivables, net of allowance for uncollectibles	97,956,049	22,201,294	120,157,343
Internal balances	(13,273,052)	13,273,052	
Inventories	288,674	3,234,297	3,522,971
Net pension asset	4,024,028	3,595,064	7,619,092
Prepaid items and other assets	37,810	622,538	660,348
Restricted assets -			
Cash and cash equivalents	19,087,135	63,269	19,150,404
Certificate of deposit	500,000		500,000
Investments, at fair value	63,118,500		63,118,500
Capital assets -			
Land and construction in progress	363,200,462	32,204,009	395,404,471
Other capital assets, net of depreciation	511,818,121	551,742,778	1,063,560,899
Total Assets	\$ 1,137,371,621	\$ 786,763,867	\$ 1,924,135,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 215,496	\$ 842,065	\$ 1,057,561
Deferred outflows related to pensions	24,582,076	3,951,784	28,533,860
Deferred outflows related to OPEB	553,199		553,199
Total Deferred Outflows of Resources	\$ 25,350,771	\$ 4,793,849	\$ 30,144,620
LIABILITIES			
Accounts payable and accrued expenses	\$ 22,390,370	\$ 10,452,574	\$ 32,842,944
Unearned revenue	3,648,101		3,648,101
Deposits held	3,781,174	11,296,388	15,077,562
Other deposits	37,823		37,823
Matured bond interest payable	806		806
Other liabilities	56,505	2,470,121	2,526,626
Long-term liabilities -			
Due within one year - Debt	31,852,094	12,746,588	44,598,682
Due within one year - Other	3,244,413	268,159	3,512,572
Due in more than one year - Debt	285,773,428	90,619,884	376,393,312
Due in more than one year - Other	14,926,004	3,217,387	18,143,391
Due in more than one year - OPEB liability	119,263,591	36,848,559	156,112,150
Due in more than one year - net pension liability	27,764,636	1,445,773	29,210,409
Total Liabilities	\$ 512,738,945	\$ 169,365,433	\$ 682,104,378
DEFERRED INFLOWS OF RESOURCES			
Deferred current property taxes	\$ 59,767,011		\$ 59,767,011
Deferred other revenue	12,525,326		12,525,326
Funds received in advance	174,333		174,333
Deferred inflows related to pensions	6,049,746	\$ 2,509,443	\$ 8,559,189
Deferred inflows related to OPEB	2,047,632		2,047,632
Total Deferred Inflows of Resources	\$ 80,564,048	\$ 2,509,443	\$ 83,073,491
NET POSITION			
Net investment in capital assets	\$ 630,636,594	\$ 480,838,678	\$ 1,111,475,272
Restricted for -			
Education	8,899,205		8,899,205
Capital activity and debt service	5,088,860	89,365	5,178,225
Highways and streets	4,325,726		4,325,726
Law enforcement	736,344		736,344
Other purposes	4,112,733	3,606,145	7,718,878
Perpetual care -			
Expendable	677,603		677,603
Nonexpendable	2,304,511		2,304,511
Unrestricted	(87,362,177)	135,148,652	47,786,475
Total Net Position	\$ 569,419,399	\$ 619,682,840	\$ 1,189,102,239

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2019

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	\$ 16,301,926	\$ 126,911	\$ 301,097	\$ 149,356	\$ (15,724,562)		\$ (15,724,562)
Police	39,593,607	651,187	323,444	227,400	(38,391,576)		(38,391,576)
Fire and rescue	24,407,411	1,130,893	390,910	156,063	(22,729,545)		(22,729,545)
City court	631,321	2,172,530			1,541,209		1,541,209
Engineering	10,307,516	28,900		12,538,603	2,259,987		2,259,987
Streets	7,137,029	304,030	82,083		(6,750,916)		(6,750,916)
State street aid	3,639,133	68,499	4,316,241		745,607		745,607
Planning	2,551,186	290,861	1,142,926		(1,117,399)		(1,117,399)
Building and codes	2,358,354	4,088,574			1,730,220		1,730,220
Solid waste	5,868,834	1,068,062			(4,800,772)		(4,800,772)
Transportation	3,174,553	95,178	1,442,086	509,817	(1,127,472)		(1,127,472)
Strategic Partners	2,572,154				(2,572,154)		(2,572,154)
Community services	5,231,507	4,594,539	616,789		(20,179)		(20,179)
Airport	2,266,276	2,013,352	21,140	341,266	109,482		109,482
Recreation services	20,222,201	4,463,277	881,705	88,000	(14,789,219)		(14,789,219)
Education	81,849,532	123,778	77,667,078	5,299,788	1,241,112		1,241,112
Food service	5,325,718	934,005	5,029,729		638,016		638,016
Interest on long-term debt	7,996,611				(7,996,611)		(7,996,611)
Total governmental activities	\$ 241,434,869	\$ 22,154,576	\$ 92,215,228	\$ 19,310,293	\$ (107,754,772)		\$ (107,754,772)
Business-type activities -							
Water, sewer, and stormwater	\$ 42,703,113	\$ 48,796,878		\$ 20,976,493	\$ 27,070,258		\$ 27,070,258
Electric	167,032,576	177,182,481			10,149,905		10,149,905
Cemetery	554,532	690,444	\$ 179,095		315,007		315,007
Total business-type activities	\$ 210,290,221	\$ 226,669,803	\$ 179,095	\$ 20,976,493	\$ 37,535,170		\$ 37,535,170
Total primary government	\$ 451,725,090	\$ 248,824,379	\$ 92,394,323	\$ 40,286,786	\$ (107,754,772)	\$ 37,535,170	\$ (70,219,602)
General revenues -							
Taxes -							
Property taxes					\$ 43,181,786		\$ 43,181,786
Sales taxes					48,261,887		48,261,887
Beer and liquor taxes					5,028,742		5,028,742
Gross receipts tax					4,059,690		4,059,690
Hotel/motel tax					1,639,136		1,639,136
Gas and cable franchise taxes					2,781,531		2,781,531
Grants and contributions not restricted to specific programs					14,983,399		14,983,399
Unrestricted investment earnings					2,135,524	\$ 1,774,940	3,910,464
Miscellaneous					81,868		81,868
Gain (loss) on sale of assets					6,092,943	(3,177,608)	2,915,335
Contributions to permanent funds						112,551	112,551
Transfers					3,242,111	(3,242,111)	
Total general revenues, contributions, and transfers					\$ 131,488,617	\$ (4,532,228)	\$ 126,956,389
Change in net position					\$ 23,733,845	\$ 33,002,942	\$ 56,736,787
Net position - beginning					545,685,554	586,679,898	1,132,365,452
Net position - ending					\$ 569,419,399	\$ 619,682,840	\$ 1,189,102,239

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2019

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF / Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 52,403,767	\$ 10,198,910	\$ 363,664		\$ 6,919,723	\$ 69,886,064
Certificates of deposit					228,248	228,248
Investments	4,671,425					4,671,425
Receivables, net of allowance for uncollectibles -						
Taxes	59,764,878					59,764,878
Accounts		43,889			196,922	240,811
Other	2,979,945			\$ 837,486	12,736	3,830,167
Due from others	1,912,988					1,912,988
Due from other funds	966,933	15,320			83,256	1,065,509
Due from other governments	16,510,022	13,683,177			1,013,144	31,206,343
Program receivables, net	814,370					814,370
Prepaid items and deposits	37,810					37,810
Inventories	185,051				103,623	288,674
Restricted assets -						
Cash and cash equivalents	5,521,835			7,847,472	5,717,828	19,087,135
Certificates of deposit						
Investments, at fair value				60,805,742	2,312,758	63,118,500
Total Assets	\$ 145,769,024	\$ 23,941,296	\$ 363,664	\$ 69,490,700	\$ 16,588,238	\$ 256,152,922
LIABILITIES						
Accounts payable	\$ 5,063,315	\$ 150,834		\$ 2,968,231	\$ 1,563,398	\$ 9,745,778
Accrued liabilities	3,936,343	5,070,846			655,920	9,663,109
Deposits held	3,781,174					3,781,174
Matured bond interest payable			\$ 806			806
Due to other funds	79,828	6,200			17,709	103,737
Due to other governments		245,824				245,824
Unearned revenue	3,498,272				149,829	3,648,101
Other deposits					37,823	37,823
Other liabilities	56,505					56,505
Total Liabilities	\$ 16,415,437	\$ 5,473,704	\$ 806	\$ 2,968,231	\$ 2,424,679	\$ 27,282,857
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 58,990,654					\$ 58,990,654
Unavailable revenue - in lieu of taxes	776,357					776,357
Unavailable revenue - court fines	889,384					889,384
Unavailable revenue - other taxes	411,667					411,667
Unavailable revenue - intergovernmental	364,090	\$ 10,875,420				11,239,510
Unavailable revenue - developer assessments				\$ 822,505		822,505
Unavailable revenue - program income	814,370					814,370
Unavailable revenue - other	189,792				\$ 13,031	202,823
Funds received in advance of timing requirements	174,333					174,333
Total Deferred Inflows of Resources	\$ 62,610,647	\$ 10,875,420		\$ 822,505	\$ 13,031	\$ 74,321,603
FUND BALANCES						
Nonspendable	\$ 222,861				\$ 2,408,134	\$ 2,630,995
Restricted	5,150,775			\$ 65,699,964	5,550,754	76,401,493
Committed	17,959	\$ 7,336,009			5,514,037	12,868,005
Assigned	264,660	256,163	\$ 362,858		677,603	1,561,284
Unassigned	61,086,685					61,086,685
Total Fund Balances	\$ 66,742,940	\$ 7,592,172	\$ 362,858	\$ 65,699,964	\$ 14,150,528	\$ 154,548,462
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 145,769,024	\$ 23,941,296	\$ 363,664	\$ 69,490,700	\$ 16,588,238	\$ 256,152,922

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2019

Total Governmental Fund Balances	\$ 154,548,462
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.	875,018,583
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.	11,645,834
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.	(14,196,510)
Net pension assets are not available for current-period expenditures and, therefore, are not reported in the funds.	4,024,028
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	18,532,330
OPEB	(1,494,433)
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	2,070,429
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.	(480,729,324)
Net Position of Governmental Activities	<u>\$ 569,419,399</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, 2019

	General Fund	General Purpose School Fund	Debt Service Fund	TMBF/Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues-						
Taxes	\$ 102,171,241					\$ 102,171,241
Intergovernmental	28,224,992	\$ 72,032,729			\$ 16,259,680	116,517,401
Charges for services	7,868,235	123,778			7,541,211	15,533,224
Donations	5,081,782					5,081,782
Interest and investment earnings	637,152		\$ 1,115	\$ 561,504	347,247	1,547,018
Licenses and permits	6,410,167					6,410,167
Miscellaneous	5,887,839	537,880		723,634	445,615	7,594,968
	<u>\$ 156,281,408</u>	<u>\$ 72,694,387</u>	<u>\$ 1,115</u>	<u>\$ 1,285,138</u>	<u>\$ 24,593,753</u>	<u>\$ 254,855,801</u>
Expenditures-						
Current -						
General government	\$ 15,081,733					\$ 15,081,733
Police	31,004,179				\$ 280,223	31,284,402
Fire and rescue	20,417,057					20,417,057
City court	527,619					527,619
Engineering	1,529,111					1,529,111
Streets	6,368,614					6,368,614
State street aid	5,033,481					5,033,481
Planning	2,345,713					2,345,713
Building and codes	1,975,910					1,975,910
Solid waste	4,377,586					4,377,586
Transportation	3,157,018					3,157,018
Strategic Partners	2,428,550					2,428,550
Community services					5,232,889	5,232,889
Airport					1,760,491	1,760,491
Recreation services	13,738,645					13,738,645
Education		\$ 75,376,637			4,970,468	80,347,105
Food Service					5,319,174	5,319,174
Capital outlay	10,926,040	1,196,027		\$ 44,340,637	2,702,578	59,165,282
Debt service -						
Principal			\$ 26,590,846		5,455,945	32,046,791
Interest			8,384,277		1,118,400	9,502,677
Debt issuance costs and fiscal agent fees			40,616	126,010		166,626
Other			9,130			9,130
	<u>\$ 118,911,256</u>	<u>\$ 76,572,664</u>	<u>\$ 35,024,869</u>	<u>\$ 44,466,647</u>	<u>\$ 26,840,168</u>	<u>\$ 301,815,604</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 37,370,152</u>	<u>\$ (3,878,277)</u>	<u>\$ (35,023,754)</u>	<u>\$ (43,181,509)</u>	<u>\$ (2,246,415)</u>	<u>\$ (46,959,803)</u>
Other Financing Sources (Uses)-						
Issuance of debt				\$ 58,580,405		\$ 58,580,405
Transfers in	\$ 3,010,519	\$ 6,585,103	\$ 39,015,339		\$ 6,597,514	55,208,475
Transfers out	(45,435,797)	(811,224)	(5,717,705)	(37,814)	(255,470)	(52,258,010)
Proceeds from sale of capital assets	8,271,403					8,271,403
	<u>\$ (34,153,875)</u>	<u>\$ 5,773,879</u>	<u>\$ 33,297,634</u>	<u>\$ 58,542,591</u>	<u>\$ 6,342,044</u>	<u>\$ 69,802,273</u>
Net change in fund balances	\$ 3,216,277	\$ 1,895,602	\$ (1,726,120)	\$ 15,361,082	\$ 4,095,629	\$ 22,842,470
Fund Balances at beginning of year	63,526,663	5,696,570	2,088,978	50,338,882	10,061,443	131,712,536
Change in reserve for inventory					(6,544)	(6,544)
Fund Balance at end of year	<u>\$ 66,742,940</u>	<u>\$ 7,592,172</u>	<u>\$ 362,858</u>	<u>\$ 65,699,964</u>	<u>\$ 14,150,528</u>	<u>\$ 154,548,462</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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 22,842,470
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.	33,513,538
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.	1,810,707
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues received in the current year that were accrued in the statement of activities in prior years are reported as revenues in the funds.	(528,342)
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.	(24,604,123)
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.	(7,816,937)
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.	337,590
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.	(1,821,058)
Change in Net Position of Governmental Activities	\$ <u>23,733,845</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	\$ 40,547,311	\$ 40,547,311	\$ 40,646,364	\$ 99,053
Property in lieu of taxes -				
Public utilities	799,393	799,393	859,358	59,965
Murfreesboro Housing Authority	110,000	110,000	111,778	1,778
Other tax equivalents	698,700	698,700	693,514	(5,186)
Recovery of taxes deemed uncollectible	680,000	680,000	737,252	57,252
Penalty and interest on taxes	145,000	145,000	133,520	(11,480)
Other local taxes -				
Sales tax	49,132,000	49,132,000	48,261,887	(870,113)
Beer tax	3,400,000	3,400,000	3,432,189	32,189
Liquor tax	1,340,000	1,340,000	1,448,538	108,538
Gross receipts tax	3,840,000	3,840,000	4,059,690	219,690
Beer privilege tax	30,000	30,000	33,075	3,075
Liquor privilege tax	70,000	70,000	114,940	44,940
Hotel/motel tax	1,730,000	1,730,000	1,639,136	(90,864)
	\$ <u>102,522,404</u>	\$ <u>102,522,404</u>	\$ <u>102,171,241</u>	\$ <u>(351,163)</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 76,000	\$ 76,000	\$ 81,205	\$ 5,205
Gas and mechanical licenses	7,000	7,000	5,480	(1,520)
Building permits	2,832,000	2,832,000	2,727,421	(104,579)
Electrical permits	452,000	452,000	467,855	15,855
Plumbing permits	390,000	390,000	378,830	(11,170)
Excavating permits	58,000	58,000	53,350	(4,650)
Mechanical permits	215,000	215,000	248,764	33,764
Gas permits	61,000	61,000	80,498	19,498
Fireworks permits	5,000	5,000	7,000	2,000
Beer application fees	12,000	12,000	13,417	1,417
Court fines	1,356,500	1,356,500	1,328,668	(27,832)
Red light camera fees	900,000	900,000	931,143	31,143
Burglar alarm permits	83,000	83,000	57,760	(25,240)
Other fines and fees	25,000	25,000	28,776	3,776
	\$ <u>6,472,500</u>	\$ <u>6,472,500</u>	\$ <u>6,410,167</u>	\$ <u>(62,333)</u>
Intergovernmental Revenues -				
Rutherford County	\$ 449,581	\$ 474,312	\$ 482,805	\$ 8,493
State sales tax allocation	10,794,000	10,794,000	10,969,350	175,350
State beer tax allocation	59,500	59,500	56,896	(2,604)
State gasoline tax allocation	4,520,000	4,520,000	4,560,276	40,276
State mixed drink tax	1,100,000	1,100,000	1,177,795	77,795
TVA gross receipts tax	1,400,000	1,400,000	1,456,362	56,362
State income tax allocation	644,775	644,775	823,334	178,559
State excise tax	170,000	170,000	215,487	45,487
State funds	623,600	623,600	947,030	323,430
Federal funds	11,809,968	12,309,142	7,535,657	(4,773,485)
	\$ <u>31,571,424</u>	\$ <u>32,095,329</u>	\$ <u>28,224,992</u>	\$ <u>(3,870,337)</u>
Charges for services -				
Planning department	\$ 70,500	\$ 70,500	\$ 41,526	\$ (28,974)
Police department	75,192	75,192	51,733	(23,459)
Fire department	1,058,100	1,058,100	1,130,893	72,793
Street department	362,692	380,692	304,030	(76,662)
Building department	65,000	65,000	45,171	(19,829)
Urban Environmental department	18,000			
Public Transit fares	125,000	125,000	94,927	(30,073)
Recreation - program income	2,432,170	2,432,170	2,657,992	225,822
Public Golf department - program income	2,091,940	2,091,940	1,805,285	(286,655)
Solid Waste department	1,380,000	1,380,000	1,068,062	(311,938)
Other charges for services	476,700	476,700	668,616	191,916
	\$ <u>8,155,294</u>	\$ <u>8,155,294</u>	\$ <u>7,868,235</u>	\$ <u>(287,059)</u>

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous Revenues -				
Interest	\$ 252,525	\$ 252,525	\$ 637,152	\$ 384,627
Charges for use of property	478,000	478,000	536,888	58,888
Gas franchise revenue	1,000,000	1,000,000	1,076,853	76,853
Cable franchise revenue	1,765,000	1,765,000	1,704,678	(60,322)
Miscellaneous assessments - active funds	2,459,000	2,519,000	2,347,838	(171,162)
Community Development program income			113,323	113,323
Other agencies	50,000	50,000	26,521	(23,479)
Miscellaneous revenue	231,305	231,305	81,738	(149,567)
Donations received	1,320,600	1,320,600	5,081,782	3,761,182
	<u>\$ 7,556,430</u>	<u>\$ 7,616,430</u>	<u>\$ 11,606,773</u>	<u>\$ 3,990,343</u>
TOTAL REVENUES	<u>\$ 156,278,052</u>	<u>\$ 156,861,957</u>	<u>\$ 156,281,408</u>	<u>\$ (580,549)</u>
Expenditures -				
General Government -				
Legislative Department -				
Salaries and wages	\$ 80,400	\$ 73,900	\$ 78,500	\$ (4,600)
Employee benefits	96,124	98,059	93,225	4,834
Contractual services	47,248	53,748	54,195	(447)
Professional services	45,000	45,000	48,055	(3,055)
Training and travel	7,500	9,500	10,004	(504)
Other supplies	300	300	46	254
Capital outlay	2,000			
Other miscellaneous	8,800	8,800	3,410	5,390
Total Legislative Department	<u>\$ 287,372</u>	<u>\$ 289,307</u>	<u>\$ 287,435</u>	<u>\$ 1,872</u>
Administration Department -				
Salaries and wages	\$ 783,560	\$ 1,065,284	\$ 946,529	\$ 118,755
Employee benefits	267,362	360,085	300,272	59,813
Contractual services	19,355	169,355	38,923	130,432
Utility services	31,980	31,980	44,696	(12,716)
Professional services			13,225	(13,225)
Repairs and maintenance	4,100	4,100	4,593	(493)
Training and travel	19,800	19,800	10,509	9,291
Administrative supplies	4,500	4,500	10,693	(6,193)
Other supplies	10,100	10,100	6,564	3,536
Insurance	1,512	1,512	289	1,223
Capital outlay	4,500	14,500	12,255	2,245
Other miscellaneous	10,200	10,200	8,014	2,186
Total Administration Department	<u>\$ 1,156,969</u>	<u>\$ 1,691,416</u>	<u>\$ 1,396,562</u>	<u>\$ 294,854</u>
Finance Department -				
Salaries and wages	\$ 914,783	\$ 971,911	\$ 964,160	\$ 7,751
Employee benefits	306,961	319,229	273,694	45,535
Contractual services	24,400	24,400	23,122	1,278
Utility services	1,000	1,000	2,095	(1,095)
Professional services	173,400	173,400	174,700	(1,300)
Repairs and maintenance	30,100	30,100	28,626	1,474
Training and travel	7,300	7,300	10,103	(2,803)
Administrative supplies	42,600	42,600	31,169	11,431
Other supplies			87	(87)
Insurance	400	400		400
Capital outlay	3,300	3,300	1,574	1,726
Other miscellaneous	2,300	2,300	1,881	419
Total Finance Department	<u>\$ 1,506,544</u>	<u>\$ 1,575,940</u>	<u>\$ 1,511,211</u>	<u>\$ 64,729</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government (continued) -				
Purchasing Department -				
Salaries and wages	\$ 135,861	\$ 155,512	\$ 155,565	\$ (53)
Employee benefits	30,894	34,107	34,834	(727)
Contractual services	14,000	14,000	5,635	8,365
Utility services	1,000	1,000	641	359
Repairs and maintenance			868	(868)
Training and travel	6,000	6,000	3,407	2,593
Administrative supplies	1,950	1,950	2,123	(173)
Insurance	400	400		400
Capital outlay	3,500	3,500	3,493	7
Other miscellaneous	700	700		700
Total Purchasing Department	\$ 194,305	\$ 217,169	\$ 206,566	\$ 10,603
Legal Department -				
Salaries and wages	\$ 635,471	\$ 615,453	\$ 629,028	\$ (13,575)
Employee benefits	231,316	231,674	222,776	8,898
Contractual services	33,300	34,550	29,270	5,280
Utility services	3,200	3,200	2,869	331
Professional services	25,000	25,000	22,161	2,839
Repairs and maintenance	3,000	3,000	2,201	799
Training and travel	9,900	9,900	9,462	438
Administrative supplies	6,700	6,700	5,152	1,548
Insurance	100	100	200	(100)
Capital outlay	3,500	2,250	1,084	1,166
Other miscellaneous	500	500	30	470
Total Legal Department	\$ 951,987	\$ 932,327	\$ 924,233	\$ 8,094
Information Technology Department -				
Salaries and wages	\$ 990,419	\$ 1,027,912	\$ 987,805	\$ 40,107
Employee benefits	442,550	455,379	430,661	24,718
Contractual services	15,090	15,090	5,675	9,415
Utility services	70,000	70,000	60,420	9,580
Repairs and maintenance	709,285	709,285	565,416	143,869
Training and travel	22,000	22,000	8,575	13,425
Administrative supplies	241,100	241,100	346,633	(105,533)
Other supplies	400	400	299	101
Insurance	1,657	1,657	829	828
Capital outlay	326,000	326,000	250,744	75,256
Total Information Technology Department	\$ 2,818,501	\$ 2,868,823	\$ 2,657,057	\$ 211,766
Human Resources Department -				
Salaries and wages	\$ 593,934	\$ 570,388	\$ 565,312	\$ 5,076
Employee benefits	208,769	200,910	188,183	12,727
Contractual services	12,600	12,600	8,994	3,606
Utility services	3,840	3,840	2,873	967
Professional services	94,000	118,500	85,854	32,646
Repairs and maintenance	11,000	11,000	10,820	180
Training and travel	33,100	33,100	27,661	5,439
Administrative supplies	24,000	44,000	39,473	4,527
Other supplies	200	200	75	125
Insurance	50	50		50
Capital outlay	4,250	11,250	9,137	2,113
Other miscellaneous	1,000	1,000	225	775
Total Human Resources Department	\$ 986,743	\$ 1,006,838	\$ 938,607	\$ 68,231

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government (continued) -				
Communications Department -				
Salaries and wages	\$ 330,433	\$ 344,205	\$ 338,364	\$ 5,841
Employee benefits	130,184	133,662	136,118	(2,456)
Contractual services	2,400	2,400	2,266	134
Utility services	3,400	3,400	2,488	912
Professional services	30,000	30,000	2,075	27,925
Repairs and maintenance	46,200	46,200	49,262	(3,062)
Training and travel	4,600	4,600	6,319	(1,719)
Administrative supplies	7,100	7,100	4,449	2,651
Other supplies	25,200	25,200	14,605	10,595
Insurance	807	807	454	353
Capital outlay	48,000	48,000	47,916	84
Other miscellaneous	31,000	31,000	31,108	(108)
Total Communications Department	\$ 659,324	\$ 676,574	\$ 635,424	\$ 41,150
Fleet Services Department -				
Salaries and wages	\$ 813,251	\$ 854,469	\$ 820,535	\$ 33,934
Employee benefits	419,484	427,873	395,638	32,235
Contractual services			6,200	(6,200)
Utility services	55,700	55,700	40,478	15,222
Professional services	2,000	2,000	675	1,325
Repairs and maintenance	531,200	531,200	526,357	4,843
Training and travel	6,500	6,500	4,873	1,627
Administrative supplies	3,000	3,000	983	2,017
Other supplies	1,229,300	1,289,300	1,271,037	18,263
Insurance	2,428	2,428	1,506	922
Chemicals	1,000	1,000		1,000
Capital outlay	11,200	11,200	7,080	4,120
Other miscellaneous	1,000	1,000	279	721
Allocation to other general fund departments	(2,494,063)	(2,494,063)	(2,461,737)	(32,326)
Total Fleet Services Department	\$ 582,000	\$ 691,607	\$ 613,904	\$ 77,703
General Government Buildings Department -				
Salaries and wages	\$ 375,936	\$ 391,054	\$ 406,999	\$ (15,945)
Employee benefits	158,101	164,343	153,568	10,775
Contractual services	5,700	5,700	5,890	(190)
Utility services	307,900	239,900	221,108	18,792
Professional services	5,000	5,000		5,000
Repairs and maintenance	165,488	153,988	135,597	18,391
Training and travel			13,503	(13,503)
Administrative supplies	19,000	19,000	16,202	2,798
Other supplies	109,700	67,711	23,414	44,297
Insurance	3,898	3,898	5,347	(1,449)
Capital outlay	4,000	125,489	52,773	72,716
Total General Government Buildings Department	\$ 1,154,723	\$ 1,176,083	\$ 1,034,401	\$ 141,682
Other General Government -				
Employee benefits	\$ 2,152,439	\$ 2,589,924	\$ 2,625,651	\$ (35,727)
County shared costs	15,000	855,000	843,803	11,197
Gateway	30,000	30,000		30,000
Insurance	695,977	695,977	340,697	355,280
Mixed drink tax allocation	550,000	550,000	571,104	(21,104)
Unforeseen miscellaneous and contingencies	3,660,000	704,367	547,369	156,998
Other miscellaneous	503,000	503,000	(52,291)	555,291
Total Other General Government	\$ 7,606,416	\$ 5,928,268	\$ 4,876,333	\$ 1,051,935
Total General Government	\$ 17,904,884	\$ 17,054,352	\$ 15,081,733	\$ 1,972,619

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Police Department -				
Salaries and wages	\$ 17,683,275	\$ 18,440,219	\$ 18,791,633	\$ (351,414)
Employee benefits	7,905,923	8,079,470	7,450,438	629,032
Contractual services	600,825	600,825	559,441	41,384
Utility services	749,600	749,600	750,414	(814)
Professional services	95,700	93,274	37,117	56,157
Repairs and maintenance	1,428,891	1,384,991	1,018,496	366,495
Training and travel	347,600	347,600	306,914	40,686
Administrative supplies	144,200	108,168	80,625	27,543
Other supplies	1,037,040	1,037,040	848,687	188,353
Chemicals	26,000	26,000	8,125	17,875
Fixed charges	7,656	7,656	7,456	200
Insurance	271,534	271,534	191,734	79,800
Grants and contributions	88,082	584,810	667,441	(82,631)
Capital outlay	210,500	68,358	56,951	11,407
Program activity	27,000	27,000	16,876	10,124
Other miscellaneous	367,200	504,200	211,831	292,369
Total Police Department	\$ 30,991,026	\$ 32,330,745	\$ 31,004,179	\$ 1,326,566
Fire and Rescue Department -				
Salaries and wages	\$ 11,523,485	\$ 12,396,388	\$ 12,716,163	\$ (319,775)
Employee benefits	5,379,584	5,542,787	5,158,973	383,814
Contractual services	70,500	70,500	28,767	41,733
Utility services	225,100	225,100	208,040	17,060
Professional services	56,468	63,785	62,081	1,704
Repairs and maintenance	579,900	557,900	611,269	(53,369)
Training and travel	129,310	166,300	154,642	11,658
Administrative supplies	69,200	69,200	54,706	14,494
Other supplies	791,300	916,245	814,646	101,599
Chemicals	5,500	5,500	6,135	(635)
Fixed charges	720	720	1,495	(775)
Insurance	86,701	86,701	44,542	42,159
Grants and contributions		150,336	150,336	
Capital outlay	106,545	356,421	350,822	5,599
Other miscellaneous	84,300	84,300	42,267	42,033
Public health, education and welfare			12,173	(12,173)
Total Fire and Rescue Department	\$ 19,108,613	\$ 20,692,183	\$ 20,417,057	\$ 275,126
City Court Department -				
Salaries and wages	\$ 278,549	\$ 296,182	\$ 288,891	\$ 7,291
Employee benefits	132,757	136,931	123,384	13,547
Contractual services	6,300	6,300	2,532	3,768
Utility services	1,500	1,500	1,164	336
Professional services	38,000	38,000	22,014	15,986
Repairs and maintenance	76,000	76,000	77,271	(1,271)
Training and travel	2,000	2,000	118	1,882
Administrative supplies	13,400	13,400	11,266	2,134
Grants and contributions	1,000	1,000	467	533
Capital outlay	1,000	1,000	495	505
Other miscellaneous			17	(17)
Total City Court Department	\$ 550,506	\$ 572,313	\$ 527,619	\$ 44,694

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineering Department -				
Salaries and wages	\$ 1,141,982	\$ 1,031,461	\$ 985,981	\$ 45,480
Employee benefits	479,433	448,456	403,422	45,034
Contractual services	4,000	3,460	1,060	2,400
Utility services	17,050	17,050	13,805	3,245
Professional services	10,000	10,000	10,498	(498)
Repairs and maintenance	8,000	8,000	9,011	(1,011)
Training and travel	11,000	10,340	2,453	7,887
Administrative supplies	4,500	4,500	5,682	(1,182)
Other supplies	19,000	19,000	16,403	2,597
Insurance	8,582	8,582	4,438	4,144
Capital outlay	5,700	5,700	5,410	290
Other miscellaneous	97,000	97,000	70,948	26,052
Total Engineering Department	\$ 1,806,247	\$ 1,663,549	\$ 1,529,111	\$ 134,438
Street Department -				
Salaries and wages	\$ 1,494,844	\$ 2,224,020	\$ 2,118,378	\$ 105,642
Employee benefits	828,117	1,127,150	1,059,100	68,050
Contractual services	13,900	64,260	51,560	12,700
Utility services	2,080,420	2,113,352	2,128,846	(15,494)
Professional services	2,000	2,200	2,116	84
Repairs and maintenance	393,200	447,700	376,654	71,046
Training and travel	4,000	6,000	6,763	(763)
Administrative supplies	2,100	24,600	10,499	14,101
Other supplies	400,600	435,600	322,177	113,423
Chemicals	21,500	47,600	29,296	18,304
Fixed charges other	25,000	27,000	13,505	13,495
Insurance	57,462	66,089	33,486	32,603
Capital outlay	28,000	90,704	82,461	8,243
Other miscellaneous	104,500	105,027	133,773	(28,746)
Total Street Department	\$ 5,455,643	\$ 6,781,302	\$ 6,368,614	\$ 412,688
Infrastructure Department				
Capital outlay	\$ 11,185,000	\$ 12,935,000	\$ 10,926,040	\$ 2,008,960
Total Infrastructure Department	\$ 11,185,000	\$ 12,935,000	\$ 10,926,040	\$ 2,008,960
State Street Aid Department -				
Utility services	\$ 75,000	\$ 75,000	\$ 24,229	\$ 50,771
Professional services	350,000	350,000	600,843	(250,843)
Repairs and maintenance	5,076,500	5,076,500	4,408,409	668,091
Total State Street Aid Department	\$ 5,501,500	\$ 5,501,500	\$ 5,033,481	\$ 468,019
Planning Department -				
Planning -				
Salaries and wages	\$ 716,514	\$ 812,400	\$ 795,246	\$ 17,154
Employee benefits	318,175	341,343	333,761	7,582
Contractual services	38,500	39,040	33,139	5,901
Utility services	6,700	7,168	5,131	2,037
Repairs and maintenance	6,000	6,000	4,545	1,455
Training and travel	16,000	16,660	14,827	1,833
Administrative supplies	14,500	14,500	8,318	6,182
Other supplies	2,000	2,000	1,533	467
Insurance	200	200	200	0
Capital outlay	5,700	5,700	4,858	842
Other miscellaneous	3,600	3,600	1,427	2,173
Total Planning	\$ 1,127,889	\$ 1,248,611	\$ 1,202,785	\$ 45,826

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning Department (continued) -				
Community Development -				
Administration	\$ 171,147	\$ 158,956	\$ 139,651	\$ 19,305
Housing rehabilitation	217,365	198,386	218,341	(19,955)
Affordable housing assistance	130,000	80,000	84,029	(4,029)
Property acquisition	305,000	406,583	407,500	(917)
Emergency Solutions Grant	161,250	161,250	161,250	
Homeless assistance	23,000	23,000	23,000	
Job training	22,500	22,500	22,500	
Healthcare	34,724	34,724	34,657	67
Other	52,000	52,000	52,000	
Total Community Development	\$ 1,116,986	\$ 1,137,399	\$ 1,142,928	\$ (5,529)
Total Planning Department	\$ 2,244,875	\$ 2,386,010	\$ 2,345,713	\$ 40,297
Building and Codes Department -				
Salaries and wages	\$ 1,311,867	\$ 1,339,806	\$ 1,311,731	\$ 28,075
Employee benefits	500,069	514,348	529,161	(14,813)
Contractual services	40,600	40,600	5,406	35,194
Utility services	12,900	12,900	12,719	181
Repairs and maintenance	16,000	16,000	16,540	(540)
Training and travel	80,250	80,250	77,003	3,247
Administrative supplies	21,500	21,500	20,662	838
Other supplies	2,250	2,250	621	1,629
Insurance	334	334	217	117
Capital outlay	3,300	3,300	1,619	1,681
Other miscellaneous	1,500	1,500	231	1,269
Total Building and Codes Department	\$ 1,990,570	\$ 2,032,788	\$ 1,975,910	\$ 56,878
Solid Waste Department -				
Salaries and wages	\$ 1,702,700	\$ 1,845,587	\$ 1,749,794	\$ 95,793
Employee benefits	923,309	956,356	892,908	63,448
Contractual services	525	525	13,166	(12,641)
Utility services	69,000	69,000	46,305	22,695
Professional services	25,085	25,085	31,090	(6,005)
Repairs and maintenance	1,292,785	1,292,785	1,124,340	168,445
Training and travel	13,200	13,200	6,833	6,367
Administrative supplies	6,400	6,400	2,319	4,081
Other supplies	590,500	590,500	426,395	164,105
Insurance	147,470	147,470	71,463	76,007
Fixed charges	6,270	6,270	11,083	(4,813)
Other miscellaneous	2,945	2,945	1,890	1,055
Total Solid Waste Department	\$ 4,780,189	\$ 4,956,123	\$ 4,377,586	\$ 578,537
Transportation Department -				
Traffic Division -				
Salaries and wages	\$ 524,743	\$ 518,218	\$ 418,775	\$ 99,443
Employee benefits	202,599	199,165	126,978	72,187
Contractual services	3,050	3,050	2,410	640
Utility services	8,325	8,325	4,031	4,294
Professional services		31,445	31,445	
Repairs and maintenance	292,400	292,400	212,229	80,171
Training and travel	13,000	13,000	8,244	4,756
Administrative supplies	3,850	3,850	2,547	1,303
Other supplies	46,500	46,500	28,604	17,896
Insurance	7,026	7,026	2,381	4,645
Capital outlay	73,000	81,169	9,163	72,006
Other miscellaneous	18,650	18,650	16,842	1,808
Total Traffic Division	\$ 1,193,143	\$ 1,222,798	\$ 863,649	\$ 359,149

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Transportation Department (continued)-				
Public Transit Division -				
Salaries and wages	\$ 741,119	\$ 783,544	\$ 804,931	\$ (21,387)
Employee benefits	278,153	287,922	279,407	8,515
Contractual services	38,150	38,150	27,097	11,053
Utility services	13,000	13,000	11,481	1,519
Repairs and maintenance	309,500	309,500	302,085	7,415
Training and travel	9,800	9,800	5,998	3,802
Administrative supplies	6,300	6,300	1,948	4,352
Other supplies	122,450	122,450	121,571	879
Insurance	82,892	82,892	22,132	60,760
Capital outlay	1,472,460	1,472,460	699,422	773,038
Other miscellaneous	18,750	18,750	17,297	1,453
Total Public Transit Division	\$ 3,092,574	\$ 3,144,768	\$ 2,293,369	\$ 851,399
Total Transportation Department	\$ 4,285,717	\$ 4,367,566	\$ 3,157,018	\$ 1,210,548
Urban Environmental Department -				
Salaries and wages	\$ 645,294			
Employee benefits	308,392			
Contractual services	50,360			
Utility services	38,400			
Professional services	200			
Repairs and maintenance	34,500			
Training and travel	2,000			
Administrative supplies	4,500			
Other supplies	53,000			
Chemicals	26,100			
Fixed charges	2,000			
Insurance	8,627			
Capital outlay	17,000			
Other miscellaneous	1,000			
Total Urban Environmental Department	\$ 1,191,373			
Strategic Partners -				
Linebaugh Public Library	\$ 1,231,511	\$ 1,231,511	\$ 1,231,511	
Rutherford County Chamber of Commerce	758,750	758,750	723,343	\$ 35,407
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	15,666	1,834
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	10,000	
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	

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Strategic Partners (continued) -				
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	20,000	25,000	25,000	
Journey Home	2,500	2,500	2,500	
Total Strategic Partners	\$ 2,463,291	\$ 2,468,291	\$ 2,428,550	\$ 39,741
Recreation Services -				
Parks and Recreation Department -				
Parks and Recreation -				
Salaries and wages	\$ 5,655,018	\$ 5,810,792	\$ 5,702,469	\$ 108,323
Employee benefits	1,637,467	1,733,874	1,622,248	111,626
Contractual services	175,200	175,200	240,675	(65,475)
Utility services	1,051,650	1,049,181	964,443	84,738
Professional services	136,800	136,800	137,145	(345)
Repairs and maintenance	1,409,918	1,389,918	1,120,071	269,847
Training and travel	41,000	41,000	40,232	768
Administrative supplies	42,850	42,850	32,278	10,572
Other supplies	350,545	350,545	336,685	13,860
Fixed charges	28,000	28,000	31,877	(3,877)
Insurance	45,356	45,356	23,114	22,242
Grants and contributions			22,034	(22,034)
Capital outlay	174,170	196,639	183,679	12,960
Program activity	340,305	340,305	257,948	82,357
Other miscellaneous	65,500	65,500	61,478	4,022
Total Parks and Recreation	\$ 11,153,779	\$ 11,405,960	\$ 10,776,376	\$ 629,584
Senior Citizens Center -				
Salaries and wages	\$ 602,998	\$ 633,623	\$ 540,096	\$ 93,527
Employee benefits	181,615	176,773	164,055	12,718
Contractual services	71,100	71,100	26,411	44,689
Utility services	57,000	57,000	52,824	4,176
Professional services	7,500	7,500	1,035	6,465
Repairs and maintenance	19,200	19,200	19,396	(196)
Training and travel	5,200	5,200	3,117	2,083
Administrative supplies	17,000	17,000	16,228	772
Other supplies	14,800	14,800	22,058	(7,258)
Insurance	1,214	1,214	607	607
Grants and contributions	1,000	1,000	250	750
Capital outlay	7,000	13,000	12,829	171
Program activity	54,200	54,200	45,177	9,023
Other miscellaneous	1,900	1,900	359	1,541
Community development grant reimbursement	(6,000)	(6,000)	(6,000)	(6,000)
Total Senior Citizens Center	\$ 1,035,727	\$ 1,067,510	\$ 898,442	\$ 163,068
Total Parks and Recreation Department	\$ 12,189,506	\$ 12,473,470	\$ 11,674,818	\$ 792,652

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation Services (continued) -				
Public Golf Department -				
Salaries and wages	\$ 954,788	\$ 1,015,927	\$ 1,007,206	\$ 8,721
Employee benefits	344,892	343,861	312,514	31,347
Contractual services	25,900	25,900	27,917	(2,017)
Utility services	70,060	70,060	69,922	138
Professional services	330	330	514	(184)
Repairs and maintenance	95,500	98,335	94,025	4,310
Training and travel	4,150	4,150	2,022	2,128
Administrative supplies	3,750	3,750	5,289	(1,539)
Other supplies	307,850	329,430	314,701	14,729
Chemicals	89,000	89,000	87,980	1,020
Fixed charges	28,500	28,500	31,684	(3,184)
Insurance	1,419	1,419	810	609
Capital outlay	13,000	18,020	18,020	
Program activity	27,450	27,450	21,977	5,473
Other miscellaneous	78,450	78,450	69,246	9,204
Total Public Golf Department	\$ 2,045,039	\$ 2,134,582	\$ 2,063,827	\$ 70,755
Total Recreation Services	\$ 14,234,545	\$ 14,608,052	\$ 13,738,645	\$ 863,407
TOTAL EXPENDITURES	\$ 123,693,979	\$ 128,349,774	\$ 118,911,256	\$ 9,432,518
Excess of Revenues Over (Under) Expenditures	\$ 32,584,073	\$ 28,512,183	\$ 37,370,152	\$ 8,851,969
Other Financing Sources (Uses) -				
Transfers in (out) -				
Murfreesboro Electric Department	\$ 3,200,000	\$ 3,200,000	\$ 3,010,519	\$ (189,481)
Debt service fund	(38,827,525)	(38,827,525)	(38,827,525)	
Murfreesboro City School System	(6,585,103)	(6,585,103)	(6,585,103)	
Drug fund	(100,000)	(100,000)	(23,169)	76,831
Airport fund	(123,000)	(123,000)		123,000
Proceeds from sale of capital assets	4,622,500	6,650,000	8,271,403	1,621,403
Total other financing sources (uses)	\$ (37,813,128)	\$ (35,785,628)	\$ (34,153,875)	\$ 1,631,753
Net change in fund balance	\$ (5,229,055)	\$ (7,273,445)	\$ 3,216,277	\$ 10,489,722
Fund Balance at beginning of year	63,526,663	63,526,663	63,526,663	
Fund Balance at end of year	\$ 58,297,608	\$ 56,253,218	\$ 66,742,940	\$ 10,489,722

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Local intergovernmental revenues	\$ 26,686,500	\$ 26,686,500	\$ 27,175,202	\$ 488,702
State program revenues	44,756,613	45,080,703	44,783,367	(297,336)
Federal program revenues	24,325	24,325	74,160	49,835
Charges for services	122,000	122,000	123,778	1,778
Indigent children revenues	8,533	8,533	8,533	
Other local revenues	462,750	462,750	529,347	66,597
	<u>\$ 72,060,721</u>	<u>\$ 72,384,811</u>	<u>\$ 72,694,387</u>	<u>\$ 309,576</u>
Expenditures -				
Regular instruction	\$ 42,911,895	\$ 43,503,848	\$ 42,262,351	\$ 1,241,497
Special education	7,888,139	8,401,413	8,151,748	249,665
Student body educational	40,000	45,000	36,253	8,747
Attendance	152,854	152,854	148,124	4,730
Health services	768,989	779,372	748,759	30,613
Other student support	2,393,876	2,433,099	2,324,792	108,307
Regular instruction - support	2,026,910	2,097,264	1,920,911	176,353
Special education - support	1,559,456	1,566,956	1,451,112	115,844
Board of education	1,726,223	1,737,593	1,316,160	421,433
Office of superintendent	369,519	370,119	340,906	29,213
Office of principal	4,329,922	4,329,922	4,248,186	81,736
Fiscal services	555,488	560,918	553,481	7,437
Operation of plant	5,823,596	5,908,626	5,183,478	725,148
Maintenance of plant	2,448,444	2,728,944	1,921,016	807,928
Transportation	2,896,934	2,899,934	2,613,441	286,493
Information technology	1,620,382	1,652,406	1,304,906	347,500
Community services	514,247	518,682	455,445	63,237
Early childhood education	16,500	16,500	2,380	14,120
Indigent children	11,936	11,936	11,936	
Personnel services	415,523	425,023	381,252	43,771
Capital outlay	307,750	631,559	1,196,027	(564,468)
	<u>\$ 78,778,583</u>	<u>\$ 80,771,968</u>	<u>\$ 76,572,664</u>	<u>\$ 4,199,304</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (6,717,862)</u>	<u>\$ (8,387,157)</u>	<u>\$ (3,878,277)</u>	<u>\$ 4,508,880</u>
Other Financing Sources and (Uses) -				
Transfers in	\$ 6,810,000	\$ 6,585,103	\$ 6,585,103	
Transfers out	(860,431)	(860,431)	(811,224)	\$ 49,207
	<u>\$ 5,949,569</u>	<u>\$ 5,724,672</u>	<u>\$ 5,773,879</u>	<u>\$ 49,207</u>
Net change in fund balance	\$ (768,293)	\$ (2,662,485)	\$ 1,895,602	\$ 4,558,087
Fund Balance at beginning of year	5,696,570	5,696,570	5,696,570	
Fund Balance at end of year	<u>\$ 4,928,277</u>	<u>\$ 3,034,085</u>	<u>\$ 7,592,172</u>	<u>\$ 4,558,087</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Proprietary Funds

June 30, 2019

	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	\$ 107,450,796	\$ 46,043,474	\$ 6,333,296	\$ 159,827,566	\$ 13,794,771
Investments					2,033,386
Accounts receivable - net	1,889,949	18,275,798	224,329	20,390,076	
Due from others					186,492
Due from other funds	481,129			481,129	25
Inventories	857,927	2,311,121	65,249	3,234,297	
Prepaid items and other assets	303,490	260,081	13,906	577,477	
Total Current Assets	<u>\$ 110,983,291</u>	<u>\$ 66,890,474</u>	<u>\$ 6,636,780</u>	<u>\$ 184,510,545</u>	<u>\$ 16,014,674</u>
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 63,269			\$ 63,269	
Certificates of deposit					\$ 500,000
Conservation loans receivable		\$ 1,811,218		1,811,218	
Other non-current assets		45,061		45,061	
Net pension asset		3,595,064		3,595,064	
Capital assets -					
Land and construction in progress	25,978,804	3,328,970	\$ 2,896,235	32,204,009	
Other capital assets, net of depreciation	396,683,017	151,360,529	3,699,232	551,742,778	
Total Noncurrent Assets	<u>\$ 422,725,090</u>	<u>\$ 160,140,842</u>	<u>\$ 6,595,467</u>	<u>\$ 589,461,399</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 533,708,381</u>	<u>\$ 227,031,316</u>	<u>\$ 13,232,247</u>	<u>\$ 773,971,944</u>	<u>\$ 16,514,674</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows of resources related to pensions	\$ 1,686,169	\$ 2,143,979	\$ 121,636	\$ 3,951,784	
Deferred charge on refunding	828,153	13,912		842,065	
Total deferred outflows of resources	<u>\$ 2,514,322</u>	<u>\$ 2,157,891</u>	<u>\$ 121,636</u>	<u>\$ 4,793,849</u>	
Total assets and deferred outflows of resources	<u>\$ 536,222,703</u>	<u>\$ 229,189,207</u>	<u>\$ 13,353,883</u>	<u>\$ 778,765,793</u>	<u>\$ 16,514,674</u>
<u>LIABILITIES</u>					
Current Liabilities -					
Accounts payable	\$ 1,588,399	\$ 7,985,881	\$ 37,936	\$ 9,612,216	\$ 1,753,134
Accrued and withheld liabilities	584,894	210,971	44,493	840,358	26,560
Due to other funds	388,558		1,054,368	1,442,926	
Due to others					39
Deposits held	1,021,097	10,275,291		11,296,388	
Compensated absences	261,593		6,566	268,159	
Claims and judgments payable					2,048,433
Bonds and loans payable	11,583,588	1,163,000		12,746,588	
Total Current Liabilities	<u>\$ 15,428,129</u>	<u>\$ 19,635,143</u>	<u>\$ 1,143,363</u>	<u>\$ 36,206,635</u>	<u>\$ 3,828,166</u>
Noncurrent Liabilities -					
Compensated absences	\$ 1,673,669	\$ 1,510,640	\$ 33,078	\$ 3,217,387	
Claims and judgments payable					\$ 1,002,335
Net pension liability	1,348,496		97,277	1,445,773	
Total OPEB liability	21,485,174	14,273,557	1,089,828	36,848,559	
Bonds and loans payable	87,592,884	3,027,000		90,619,884	
Advances on conservation loans		1,886,419		1,886,419	
Other liabilities		583,702		583,702	
Total Noncurrent Liabilities	<u>\$ 112,100,223</u>	<u>\$ 21,281,318</u>	<u>\$ 1,220,183</u>	<u>\$ 134,601,724</u>	<u>\$ 1,002,335</u>
Total Liabilities	<u>\$ 127,528,352</u>	<u>\$ 40,916,461</u>	<u>\$ 2,363,546</u>	<u>\$ 170,808,359</u>	<u>\$ 4,830,501</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position (continued)
Proprietary Funds

June 30, 2019

	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	\$ 1,843,409	\$ 533,054	\$ 132,980	\$ 2,509,443	
Total deferred inflows of resources	\$ <u>1,843,409</u>	\$ <u>533,054</u>	\$ <u>132,980</u>	\$ <u>2,509,443</u>	
<u>NET POSITION</u>					
Net investment in capital assets	\$ 324,313,502	\$ 149,929,709	\$ 6,595,467	\$ 480,838,678	
Restricted for capital activity	15,171		37,177	52,348	
Restricted for matured bonds	37,017			37,017	
Restricted for employee benefits	11,081			11,081	
Restricted for pensions		3,595,064		3,595,064	
Unrestricted	82,474,171	34,214,919	4,224,713	120,913,803	\$ 11,684,173
Total Net Position	\$ <u>406,850,942</u>	\$ <u>187,739,692</u>	\$ <u>10,857,357</u>	\$ <u>605,447,991</u>	\$ <u>11,684,173</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ <u>536,222,703</u>	\$ <u>229,189,207</u>	\$ <u>13,353,883</u>	\$ <u>778,765,793</u>	\$ <u>16,514,674</u>
Total Proprietary Fund Net Position				\$ 605,447,991	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				12,939,250	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,295,599	
Net Position of Business-Type Activities				\$ <u>619,682,840</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water Resources	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues -					
Charges for services	\$ 45,753,985	\$ 177,182,481	\$ 3,733,337	\$ 226,669,803	\$ 20,769,031
Other revenues					379,792
	<u>\$ 45,753,985</u>	<u>\$ 177,182,481</u>	<u>\$ 3,733,337</u>	<u>\$ 226,669,803</u>	<u>\$ 21,148,823</u>
Operating Expenses -					
Power purchases		\$ 143,945,325		\$ 143,945,325	
Other operating expenses	\$ 23,269,111	10,813,699	\$ 2,683,922	36,766,732	\$ 477,806
Claims and administrative					20,451,606
Depreciation and amortization	16,595,693	8,137,692	622,112	25,355,497	
Maintenance and repairs		2,783,612		2,783,612	
Taxes and tax equivalents		1,301,787		1,301,787	
	<u>\$ 39,864,804</u>	<u>\$ 166,982,115</u>	<u>\$ 3,306,034</u>	<u>\$ 210,152,953</u>	<u>\$ 20,929,412</u>
Operating Income	<u>\$ 5,889,181</u>	<u>\$ 10,200,366</u>	<u>\$ 427,303</u>	<u>\$ 16,516,850</u>	<u>\$ 219,411</u>
Nonoperating Revenues -					
Interest	\$ 913,140	\$ 806,789	\$ 55,011	\$ 1,774,940	\$ 135,913
Unrealized gain on investment					20,605
	<u>\$ 913,140</u>	<u>\$ 806,789</u>	<u>\$ 55,011</u>	<u>\$ 1,774,940</u>	<u>\$ 156,518</u>
Nonoperating Expenses -					
Interest	\$ 1,849,391	\$ 123,461		\$ 1,972,852	
Bond costs	23,813			23,813	
Loss on disposal of assets	10,340	3,167,268		3,177,608	
	<u>\$ 1,883,544</u>	<u>\$ 3,290,729</u>		<u>\$ 5,174,273</u>	
Income Before Capital					
Contributions and Transfers	<u>\$ 4,918,777</u>	<u>\$ 7,716,426</u>	<u>\$ 482,314</u>	<u>\$ 13,117,517</u>	<u>\$ 375,929</u>
Capital contributions	\$ 20,976,493			\$ 20,976,493	
Transfers in			\$ 60,054	60,054	
Transfers out		\$ (3,010,519)		(3,010,519)	
	<u>\$ 20,976,493</u>	<u>\$ (3,010,519)</u>	<u>\$ 60,054</u>	<u>\$ 18,026,028</u>	
Change in Net Position	\$ 25,895,270	\$ 4,705,907	\$ 542,368	\$ 31,143,545	\$ 375,929
Net Position at beginning 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>
Net Position at end of year	<u>\$ 406,850,942</u>	<u>\$ 187,739,692</u>	<u>\$ 10,857,357</u>	<u>\$ 605,447,991</u>	<u>\$ 11,684,173</u>
Change in Net Position				\$ 31,143,545	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				1,821,058	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				38,339	
Change in Net Position of Business-Type Activities				<u>\$ 33,002,942</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2019

	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	\$ 45,201,030	\$ 177,983,523	\$ 649,546	\$ 223,834,099	
Reimbursements from Murfreesboro Stormwater fund	1,513,713			1,513,713	
Reimbursements to the Murfreesboro Water Resources Department			(1,513,713)	(1,513,713)	
Cash payments to suppliers	(9,461,013)	(6,542,481)	(224,621)	(16,228,115)	
Cash payments to employees	(11,227,881)	(8,670,055)	(319,712)	(20,217,648)	\$ (304,847)
Cash payments to TVA for power		(162,131,886)		(162,131,886)	
Cash payments of property taxes		(874,021)		(874,021)	
Cash received from interfund services provided					20,767,567
Cash payments of claims and administrative expenses					(20,722,886)
Transfer of stormwater fees to the Murfreesboro Stormwater Fund	(1,571,710)			(1,571,710)	
Transfers of stormwater fees from the Murfreesboro Water Resources Department			1,571,710	1,571,710	
Other receipts (payments)					335,193
Net Cash Provided (Used) by Operating Activities	\$ 24,454,139	\$ (234,920)	\$ 163,210	\$ 24,382,429	\$ 75,027
Cash Flows from Noncapital Financing Activities -					
(Repays) advances on TVA conservation loans		\$ (110,607)		\$ (110,607)	
Transfers in			\$ 60,054	\$ 60,054	
Transfers out		(3,010,519)		(3,010,519)	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ (3,121,126)	\$ 60,054	\$ (3,061,072)	
Cash Flows from Capital and Related Financing Activities -					
Proceeds from state revolving loans	\$ 11,705			\$ 11,705	
Acquisition and construction of capital assets	(10,136,992)	\$ (12,193,630)	\$ (16,335)	(22,346,957)	
Net removal costs of capital assets		(515,446)		(515,446)	
Proceeds from sale of capital assets	21,404			21,404	
Principal payment on bonds and loans	(11,499,200)	(1,242,252)		(12,741,452)	
Bond costs and debt service expenses	(23,813)			(23,813)	
Proceeds from tap fees and special assessments	8,315,216			8,315,216	
Costs paid to abandon capital assets					
Interest paid on bonds and loans	(2,122,706)	(124,398)		(2,247,104)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (15,434,386)	\$ (14,075,726)	\$ (16,335)	\$ (29,526,447)	
Cash Flows From Investing Activities -					
Interest received	\$ 913,140	\$ 806,789	\$ 55,011	\$ 1,774,940	115,981
Net Cash Provided (Used) by Investing Activities	\$ 913,140	\$ 806,789	\$ 55,011	\$ 1,774,940	\$ 115,981
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 9,932,893	\$ (16,624,983)	\$ 261,940	\$ (6,430,150)	\$ 191,008
Cash and Cash Equivalents at Beginning of Year	97,581,172	62,668,457	6,071,356	166,320,985	13,603,763
Cash and Cash Equivalents at End of Year	\$ 107,514,065	\$ 46,043,474	\$ 6,333,296	\$ 159,890,835	\$ 13,794,771

(continued)

CITY OF MURFREESBORO, TENNESSEE

**Statement of Cash Flows (continued)
Proprietary Funds**

Year Ended June 30, 2019

	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)	\$ 5,889,181	\$ 10,200,366	\$ 427,303	\$ 16,516,850	\$ 219,411
Adjustments to reconcile net earnings to net cash					
provided (used) by operating activities -					
Depreciation and amortization	16,595,693	8,325,140	622,112	25,542,945	
Amortization of bond premium		(12,000)		(12,000)	
Provision for doubtful accounts	180,000			180,000	
Construction in progress expensed in current year	925,617			925,617	
Changes in assets and deferred outflows,					
and liabilities and deferred inflows -					
Accounts receivable	(330,162)	305,588	(40,898)	(65,472)	
Due from other funds	29,560			29,560	360
Inventory	(72,529)	69,814	(11,456)	(14,171)	
Prepaid items and other current assets	288,656	(19,469)	33,761	302,948	110,031
Conservation loans receivable		113,933		113,933	
Net pension asset		841,689		841,689	
Other noncurrent assets		2,516		2,516	
Deferred outflows related to pensions	(161,785)	(915,290)	(29,947)	(1,107,022)	
Accounts payable	(82,870)	(19,419,883)	(7,231)	(19,509,984)	553,874
Claims and judgments payable					(807,232)
Due to other funds	149,249		(949,042)	(799,793)	
Accrued and withheld liabilities	(1,878)	(338,626)	8,289	(332,215)	(1,387)
Due to others					(30)
Net pension liability	(922,028)		(39,291)	(961,319)	
Total OPEB liability	1,359,923	909,850	68,982	2,338,755	
Deposits	(402,793)	381,521		(21,272)	
Accrued compensated absences	37,287	(87,242)		(49,955)	
Deferred inflows related to pensions	973,018	(592,827)	80,628	460,819	
Net Cash Provided (Used) by Operating Activities	\$ <u>24,454,139</u>	\$ <u>(234,920)</u>	\$ <u>163,210</u>	\$ <u>24,382,429</u>	\$ <u>75,027</u>
Non-Cash Capital and Related Financing Activities -					
Developer contributions of systems	\$ 12,661,277			\$ 12,661,277	
Construction in progress included in accounts payable	770,887			770,887	
Capital asset transfers and acquisitions from other funds			\$ 750,587	750,587	
	\$ <u>13,432,164</u>		\$ <u>750,587</u>	\$ <u>14,182,751</u>	
Non-Cash Investing Activities -					
Reinvested investment earnings					\$ <u>40,537</u>
Reconciliation to Cash and Cash Equivalents					
Presented in Statement of Net Position -					
Cash and Cash Equivalents	\$ 107,450,796	\$ 46,043,474	\$ 6,333,296	\$ 159,827,566	\$ 13,794,771
Cash and Cash Equivalents - Restricted	63,269			63,269	
Cash and Cash Equivalents at End of Year	\$ <u>107,514,065</u>	\$ <u>46,043,474</u>	\$ <u>6,333,296</u>	\$ <u>159,890,835</u>	\$ <u>13,794,771</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	\$ 16,595,693	\$ 8,137,692	\$ 622,112	\$ 25,355,497	
Depreciation and amortization expense charged					
to operations and maintenance expense on					
Statement of Revenues, Expenses, and Changes					
in Net Position		187,448		187,448	
Depreciation and amortization expense per					
Statement of Cash Flows	\$ <u>16,595,693</u>	\$ <u>8,325,140</u>	\$ <u>622,112</u>	\$ <u>25,542,945</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Fiduciary Funds

June 30, 2019

	<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	\$ 5,017,828	\$ 3,032	\$ 779,995
Cash on hand			3,812
Certificates of deposit	1,759,601	163,090	10,000
Investments, at fair value -			
Mutual funds	112,992,684		
US government and municipal obligations	1,067,194		
Corporate notes and bonds	18,853,817		
Common/preferred stock	30,414,063		
Accrued interest receivable	213,463		
Other receivables	460,464		6,523
Inventory			1,797
Other assets			3,116
	<u>\$ 170,779,114</u>	<u>\$ 166,122</u>	<u>\$ 805,243</u>
<u>LIABILITIES</u>			
Due to others	<u>\$ 50,698</u>		<u>\$ 805,243</u>
	<u>\$ 50,698</u>		<u>\$ 805,243</u>
<u>NET POSITION</u>			
Net Position -			
Restricted for pensions and other purposes	<u>\$ 170,728,416</u>	<u>\$ 166,122</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, 2019

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>
Additions -		
Contributions -		
Employer	\$ 5,607,544	
Investment income-		
Net appreciation in fair value of investments	\$ 1,882,029	
Interest	740,651	\$ 1,148
Dividends	6,017,115	
Total investment income	\$ 8,639,795	\$ 1,148
Less administrative expenses	(513,007)	
Net investment income	\$ 8,126,788	\$ 1,148
Total additions	\$ 13,734,332	\$ 1,148
Deductions -		
Benefits to participants	\$ 7,010,471	\$ -0-
Total deductions	\$ 7,010,471	\$ -0-
Net Increase	\$ 6,723,861	\$ 1,148
Net Position Held in Trust for Pension Benefits and Other-		
Beginning of year	164,004,555	164,974
End of year	\$ <u>170,728,416</u>	\$ <u>166,122</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements

June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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. 88 – In March 2018, the Governmental Accounting Standards Board (“GASB”) issued GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88).

GASB 88 was issued to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowing and direct placements. The new standard clarifies which liabilities governments should include when disclosing information related to debt. The City adopted GASB 88 for the fiscal year ending June 30, 2019. The implementation of GASB 88 had no effect on net position.

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	\$ 5,521,835	\$ 7,847,472	\$ 5,717,828	\$ 63,269	\$ 19,150,404
Investments		60,805,742	2,312,758		63,118,500
	\$ 5,521,835	\$ 68,653,214	\$ 8,030,586	\$ 63,269	\$ 82,268,904

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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, 2019 is \$2,237,686. Additionally, \$3,284,149 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, 2019 is \$7,847,472. In addition, proceeds from the Series 2016 and 2018 and 2019 General Obligation Bonds have been invested in U.S securities and are restricted for capital projects. At June 30, 2019, the balance of the investments restricted in this manner was \$60,805,742.

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 \$589,061 in bank accounts which were restricted in this manner at June 30, 2019. 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, 2019, \$60,054 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, 2019 is \$2,312,758.

In addition, included in restricted cash in the Capital Improvement and Contingency Fund is \$5,128,767 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 \$63,269 in cash restricted by outside sources. Of this amount \$11,081 is restricted for employee benefits, \$15,171 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, 2019, 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, 2019

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 \$25,542,945 for the year ended June 30, 2019. 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	\$ 25,542,945
Depreciation and amortization on statement of revenues, expenses, and changes in net position	<u>25,355,497</u>
Difference (depreciation charged to other operating expense accounts)	\$ <u>187,448</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, 2019 was \$123,461.

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, 2019. Interest cost incurred and expensed during the year ended June 30, 2019 was \$1,849,391.

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, 2019

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, 2019 is as follows:

	<u>General Fund</u>	<u>Water Resources</u>	<u>Evergreen Cemetery</u>
Allowance for -			
Taxes Receivable	\$ 2,311,074		
Other	2,478,756		
Accounts Receivable		\$ 150,358	\$ 28,378

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, 2019, will not be available for collection until fiscal year 2019, beginning October 2019, 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, 2019

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 \$28,600,098 of restricted net position for the primary government, of which \$397,632 is restricted by enabling legislation and \$7,619,092 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, 2019

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, 2019 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	\$ 85,416					\$ 85,416
Recreation inventory	99,635					99,635
Airport inventory					\$ 25,475	25,475
Cafeteria inventory					78,148	78,148
Prepays	37,810					37,810
Permanent fund					2,304,511	2,304,511
Restricted						
State road projects	1,318,424					1,318,424
Law enforcement	736,344					736,344
Recreation projects	88,705					88,705
State street aid	3,007,302					3,007,302
Capital projects				\$ 65,699,964		65,699,964
Education capital projects					3,843,778	3,843,778
Education					1,706,976	1,706,976

(continued)

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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	17,876					17,876
Law enforcement					279,190	279,190
Airport					840,926	840,926
Community development	83					83
Education		\$ 7,336,009				7,336,009
School nutrition					2,843,091	2,843,091
Capital improvement					1,062,892	1,062,892
Extended school program					487,938	487,938
Assigned						
Recreation projects	22,400					22,400
Education		256,163				256,163
Debt service			\$ 362,858			362,858
Cemetery operations					677,603	677,603
Other	242,260					242,260
Unassigned	61,086,685					61,086,685
	<u>\$ 66,742,940</u>	<u>\$ 7,592,172</u>	<u>\$ 362,858</u>	<u>\$ 65,699,964</u>	<u>\$ 14,150,528</u>	<u>\$ 154,548,462</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	\$ 222,861				\$ 2,408,134	\$ 2,630,995
Restricted	5,150,775			\$ 65,699,964	5,550,754	76,401,493
Committed	17,959	\$ 7,336,009			5,514,037	12,868,005
Assigned	264,660	256,163	\$ 362,858		677,603	1,561,284
Unassigned	61,086,685					61,086,685
Total fund balances	<u>\$ 66,742,940</u>	<u>\$ 7,592,172</u>	<u>\$ 362,858</u>	<u>\$ 65,699,964</u>	<u>\$ 14,150,528</u>	<u>\$ 154,548,462</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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 \$(480,729,324) difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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

General Government -	
General Obligation refunding bonds	\$ (180,135,000)
Add: Unamortized Premium	(14,806,395)
Bank loan	(145,000)
Local government public improvement bonds	(58,000,000)
TMBF loans payable	(62,180,907)
Accrued interest payable	(955,926)
Energy Efficient School Loans	(2,358,220)
Landfill post-closure costs	(1,045,000)
Compensated absences	(14,074,649)
Net pension liability	(27,764,636)
OPEB liability	<u>(119,263,591)</u>
Net adjustment	<u>\$ (480,729,324)</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 \$18,532,330 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	\$ 9,144,623
Deferred experience income or (loss) on pension plans	5,423,981
Net difference between projected and actual earnings on investments	2,322,187
Changes in assumptions	7,142,318
Changes in proportion of net pension liability (asset)	548,967
Deferred outflows related to pensions	<u>\$ 24,582,076</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	\$ (5,171,528)
Net difference between projected and actual earnings on investments	(852,008)
Changes in proportion of net pension liability (asset)	<u>(26,210)</u>
Deferred inflows related to pensions	<u>\$ (6,049,746)</u>
Net adjustment	<u>\$ 18,532,330</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, 2019

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

The details of this \$33,513,538 difference are as follows:

Capital outlay	\$ 61,160,931
Depreciation	(27,647,393)
Net adjustment	<u>\$ 33,513,538</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 \$1,810,707 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.

Net adjustment	\$ (2,178,460)
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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>\$ 3,989,167</u> <u>\$ 1,810,707</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 \$(24,604,123) difference are as follows:

Debt issued or incurred	\$ (58,580,406)
Amortization of premium	1,948,644
Amortization of deferred outflow-refunding	(33,153)
Change in landfill liability	14,000
Principal repayments	<u>32,046,792</u>
Net adjustment	<u>\$ (24,604,123)</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 \$ (7,816,937) difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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

Change in compensated absences	\$	(822,370)
Change in accrued interest		(233,669)
Change in inventory - purchase method		(6,544)
Change in pension expense		
Actuarially determined pension expense		(7,327,277)
Other changes to pension liability (asset)		153
Contributions expensed per fund statements		9,144,623
Change in OPEB expense		
Actuarially determined OPEB expense		(10,103,248)
OPEB benefits expensed per fund statements		<u>1,531,395</u>
Net adjustment	\$	<u><u>(7,816,937)</u></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, 2019, the City had the following investments in bonds and notes and their maturities:

	Fair Value	Investment Maturities in Years		
		<1	1-5	6-10
General Fund -				
U.S. Government Bonds & Notes	\$ 4,671,425	\$ 2,001,830	\$ 2,669,595	
	<u>\$ 4,671,425</u>	<u>\$ 2,001,830</u>	<u>\$ 2,669,595</u>	
TMBF/Bond Fund -				
U.S. Government Bonds & Notes	\$ 60,805,742	\$ 60,805,742		
	<u>\$ 60,805,742</u>	<u>\$ 60,805,742</u>		
Risk Management Fund -				
U.S. Government Bonds & Notes	\$ 2,033,386	\$ 2,033,386		
	<u>\$ 2,033,386</u>	<u>\$ 2,033,386</u>		
Employee Pension Plan -				
Municipal Bonds	\$ 705,462		\$ 705,462	
Corporate Bonds & Notes	10,431,781	\$ 1,252,418	5,770,719	\$ 3,408,644
Total	<u>\$ 11,137,243</u>	<u>\$ 1,252,418</u>	<u>\$ 6,476,181</u>	<u>\$ 3,408,644</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note D – CASH AND INVESTMENTS (continued)

	Fair Value	Investment Maturities in Years		
		<1	1-5	6-10
Electric Department Pension Plan -				
Municipal Bonds	\$ 361,732		\$ 361,732	
Corporate Bonds & Notes	8,422,036	\$ 725,592	4,284,124	\$ 3,412,320
Total	<u>\$ 8,783,768</u>	<u>\$ 725,592</u>	<u>\$ 4,645,856</u>	<u>\$ 3,412,320</u>
Perpetual Care Cemetery Fund -				
Corporate Bonds & Notes	\$ 1,368,608	\$ 289,804	\$ 699,123	\$ 379,681
Total	<u>\$ 1,368,608</u>	<u>\$ 289,804</u>	<u>\$ 699,123</u>	<u>\$ 379,681</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, 2019, 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, 2019.

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, \$10,431,781, \$8,422,036 and \$1,368,608 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note D – CASH AND INVESTMENTS (continued)

At June 30, 2019, the City had investments in obligations of U.S. government agencies that are only implicitly guaranteed by the U.S. government. The Moody's rating for these obligations is AAA.

At June 30, 2019, 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	\$ 1,361,813	\$ 1,050,304	\$ 210,898
A2	1,452,083	857,390	153,721
A3	2,082,666	1,754,088	430,864
AAA	274,935		
AA1	338,317	478,857	
AA2	155,283	207,044	
AA3	159,367	287,333	
BA1	201,878		
BAA1	3,474,012	2,061,395	421,400
BAA2	572,797	1,358,605	111,843
BAA3	140,099	269,895	39,882
NR	218,531	97,125	
	<u>\$ 10,431,781</u>	<u>\$ 8,422,036</u>	<u>\$ 1,368,608</u>

Moody's Rating	Fair Value: Municipal Bonds & Notes		
	City's Pension Plan	Electric Department Pension Plan	Perpetual Care Cemetery
AA3	\$ 148,117		
NR	557,345	\$ 361,732	
	<u>\$ 705,462</u>	<u>\$ 361,732</u>	<u>\$ -</u>

NR=not rated

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

<u>Governmental activities</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets, not being depreciated -				
Land	\$ 269,894,732	\$ 2,114,452	\$ 1,041,145	\$ 270,968,039
Construction in progress	64,785,560	63,732,384	36,285,521	92,232,423
Subtotal	<u>\$ 334,680,292</u>	<u>\$ 65,846,836</u>	<u>\$ 37,326,666</u>	<u>\$ 363,200,462</u>
Capital assets, being depreciated -				
Buildings	\$ 219,176,432	\$ 6,822,110	\$ 1,193,334	\$ 224,805,208
Improvements other than buildings	103,167,035	10,385,178	131,404	113,420,809
Equipment	106,243,260	9,117,106	530,565	114,829,801
Computer software	3,934,531	83,740		4,018,271
Infrastructure	356,349,711	9,226,550		365,576,261
Subtotal	<u>\$ 788,870,969</u>	<u>\$ 35,634,684</u>	<u>\$ 1,855,303</u>	<u>\$ 822,650,350</u>
Less accumulated depreciation -				
Buildings	\$ (58,849,883)	\$ (6,130,263)	\$ (93,712)	\$ (64,886,434)
Improvements other than buildings	(49,212,149)	(4,774,701)	(129,146)	(53,857,704)
Equipment	(56,833,210)	(8,046,522)	(449,229)	(64,430,503)
Computer software	(1,964,348)	(433,132)		(2,397,480)
Infrastructure	(116,997,333)	(8,262,775)		(125,260,108)
Subtotal	<u>\$ (283,856,923)</u>	<u>\$ (27,647,393)</u>	<u>\$ (672,087)</u>	<u>\$ (310,832,229)</u>
Capital assets, being depreciated, net	<u>\$ 505,014,046</u>	<u>\$ 7,987,291</u>	<u>\$ 1,183,216</u>	<u>\$ 511,818,121</u>
Capital assets, net	<u>\$ 839,694,338</u>	<u>\$ 73,834,127</u>	<u>\$ 38,509,882</u>	<u>\$ 875,018,583</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note E – CAPITAL ASSETS (continued)

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

Governmental activities -		
General government	\$	1,132,251
Police		3,577,325
Fire and rescue		1,402,559
City Court		3,644
Engineering		8,765,173
Building and codes		482
Planning		1,715
Solid waste		917,761
Transportation		216,237
Airport		465,719
Strategic Partners		143,604
Recreation		4,942,799
Education		<u>6,078,124</u>
Total governmental activities		
depreciation expense	\$	<u><u>27,647,393</u></u>

	<u>Balance</u>		<u>Adjustments/</u>	<u>Balance</u>
	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 18,168,800			\$ 18,168,800
Construction in progress	12,730,906	\$ 22,078,943	\$ 20,774,640	<u>14,035,209</u>
Subtotal	<u>\$ 30,899,706</u>	<u>\$ 22,078,943</u>	<u>\$ 20,774,640</u>	<u>\$ 32,204,009</u>
Capital assets, being depreciated -				
Structures and improvements	\$ 126,897,973	\$ 154,085	\$ 136,235	\$ 126,915,823
Transmission and distribution				
mains	372,047,716	15,603,559	855	387,650,420
Electric plant	206,549,517	15,488,472	5,167,770	216,870,219
Equipment	99,655,512	2,576,290	1,222,567	101,009,235
Subtotal	<u>\$ 805,150,718</u>	<u>\$ 33,822,406</u>	<u>\$ 6,527,427</u>	<u>\$ 832,445,697</u>
Less: accumulated depreciation -				
Structures and improvements	\$ (45,214,711)	\$ (3,506,506)	\$ (138,504)	\$ (48,582,713)
Transmission and distribution				
mains	(107,865,733)	(7,769,907)	569	(115,636,209)
Electric plant	(64,500,469)	(7,872,951)	(2,552,276)	(69,821,144)
Equipment	(41,422,006)	(6,393,581)	(1,152,734)	(46,662,853)
	<u>\$ (259,002,919)</u>	<u>\$ (25,542,945)</u>	<u>\$ (3,842,945)</u>	<u>\$ (280,702,919)</u>
Capital assets, being depreciated, net	<u>\$ 546,147,799</u>	<u>\$ 8,279,461</u>	<u>\$ 2,684,482</u>	<u>\$ 551,742,778</u>
Capital assets, net	<u>\$ 577,047,505</u>	<u>\$ 30,358,404</u>	<u>\$ 23,459,122</u>	<u>\$ 583,946,787</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, 2019

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, 2019 are \$771,253.

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

Business-type activities:

Water Resources	\$ 16,595,693
Electric	8,325,140
Cemetery	24,180
Stormwater fund	597,932
Total business-type activities depreciation expense	<u>\$ 25,542,945</u>

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS

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,	Governmental Activities	
	Principal	Interest
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	15,165,000	3,986,400
2025-2029	72,955,000	12,026,100
2030-2034	36,130,000	2,405,340
	<u>\$ 180,135,000</u>	<u>\$ 41,097,640</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS (continued)

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 2020-2021 and bear interest at fixed rates ranging from 2.00% to 3.38%. The maturities for the revenue and tax bonds for the Water Resources Department range from 2020-2026 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 matured in the fiscal year end 2019. The bonds are secured by a pledge of net revenues from operations

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%	\$ 750,000
Water Resources Department – Series 2016	1.31%	<u>16,715,000</u>
		<u>\$ 17,465,000</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>
2020	\$ 2,840,000	\$ 676,850
2021	2,965,000	541,326
2022	2,705,000	399,250
2023	2,830,000	264,000
2024	2,960,000	122,500
2025-2026	<u>3,165,000</u>	<u>95,300</u>
	<u>\$ 17,465,000</u>	<u>\$ 2,099,226</u>

Direct Placement Refunding Bonds - 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 2020 through 2021 at a fixed rate of 1.31%.

<u>Year Ending</u> <u>June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,695,000	\$ 97,464
2021	<u>3,745,000</u>	<u>49,060</u>
	<u>\$ 7,440,000</u>	<u>\$ 146,524</u>

Tennessee Municipal Bond Fund Loans - The City participated in the Tennessee Municipal Bond Fund (TMBF) 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:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS (continued)

Tennessee Municipal Bond Fund Loans (continued)

<u>Purpose</u>	<u>Interest Rates</u>		
Governmental activities	Variable	\$	35,391,907
Governmental activities	2.17%		26,029,000
Governmental activities	1.25%		<u>760,000</u>
		\$	62,180,907
Business-type activities	Variable		<u>26,535,000</u>
		\$	<u>88,715,907</u>

Annual debt service requirements for the TMBF Loans to maturity are as follows:

TMBF Loans Year Ending June 30,	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2020	\$ 13,751,000	\$ 1,379,910	\$ 3,535,000
2021	13,328,907	1,065,173	3,691,000	394,761
2022	7,343,000	759,931	3,854,000	333,937
2023	7,632,000	587,572	4,026,000	270,468
2024	7,935,000	408,302	2,671,000	205,077
2025-2028	<u>12,191,000</u>	<u>536,218</u>	<u>8,758,000</u>	<u>311,890</u>
	\$ <u>62,180,907</u>	\$ <u>4,737,106</u>	\$ <u>26,535,000</u>	\$ <u>1,969,181</u>

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

Local Government Public Improvement Bonds, Series 2019 - On March 1, 2019, the City entered into a loan agreement with the Public Building Authority of Sevier County TN and Regions Bank in the amount of \$58,000,000 in Local Government Public Improvement Bonds, Series 2019 to fund certain capital projects. The bonds are set to mature on June 1, 2034, bearing interest at a rate of 2.84%.

Annual debt service requirements for the Local Government Public Improvement Bonds, Series 2019 to maturity are as follows:

Year Ending <u>June 30,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,155,000	\$ 1,674,653
2021	3,245,000	1,579,231
2022	3,335,000	1,485,793
2023	3,430,000	1,389,764
2024	3,530,000	1,294,536
2025-2029	19,210,000	4,873,675
2030-2034	<u>22,095,000</u>	<u>1,945,275</u>
	\$ <u>58,000,000</u>	\$ <u>14,242,927</u>

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS (continued)

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
2020	\$ 371,094	\$ 12,666
2021	372,403	11,357
2022	315,431	10,038
2023	234,573	8,709
2024	179,242	7,370
2025-2029	885,477	16,422
	<u>\$ 2,358,220</u>	<u>\$ 66,562</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%.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	<u>\$ 145,000</u>	<u>\$ 1,160</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, 2019, the Water Resources Department borrowed a total of \$11,705 from the State of Tennessee on one of these revolving loans. The total outstanding balance of the revolving loans at June 30, 2019 is \$50,695,957. 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
2020	\$ 2,640,588	\$ 571,680
2021	2,670,912	541,356
2022	2,701,620	510,648
2023	2,732,664	479,604
2024	2,764,104	448,164
2025-2029	14,304,984	1,756,356
2030-2034	15,148,128	913,212
2035-2038	7,732,957	141,282
	<u>\$ 50,695,957</u>	<u>\$ 5,362,302</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS (continued)

Long-term debt activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>	<u>One Year</u>
Governmental Activities -					
<i>Bonds -</i>					
General Obligation bonds	\$ 196,190,000		\$ 16,055,000	\$ 180,135,000	\$ 14,430,000
Add: Premium on bonds	16,755,039		1,948,644	14,806,395	
<i>Total bonds</i>	<u>\$ 212,945,039</u>		<u>\$ 18,003,644</u>	<u>\$ 194,941,395</u>	<u>\$ 14,430,000</u>
<i>Notes from Direct Borrowings</i>					
<i>and Direct Placements -</i>					
Local Government Public Improvement		\$ 58,000,000		\$ 58,000,000	\$ 3,155,000
Tennessee Municipal Bond Fund Loans	\$ 77,067,501	580,406	\$ 15,467,000	62,180,907	13,751,000
Bank Loan	300,000		155,000	145,000	145,000
Energy Efficient School Loan	2,728,012		369,792	2,358,220	371,094
<i>Total notes from direct borrowings</i>					
<i>and direct placements</i>	<u>\$ 80,095,513</u>	<u>\$ 58,580,406</u>	<u>\$ 15,991,792</u>	<u>\$ 122,684,127</u>	<u>\$ 17,422,094</u>
Total long-term debt	<u>\$ 293,040,552</u>	<u>\$ 58,580,406</u>	<u>\$ 33,995,436</u>	<u>\$ 317,625,522</u>	<u>\$ 31,852,094</u>

Changes in other long-term obligations activity for the year ended June 30, 2019, was as follows:

Estimated landfill closure costs	\$ 1,059,000		\$ 14,000	\$ 1,045,000	\$ 217,000
Compensated absences	13,252,279	\$ 4,309,814	3,487,444	14,074,649	978,980
Claims and judgments	3,858,000	1,777,648	2,584,880	3,050,768	2,048,433
	<u>\$ 18,169,279</u>	<u>\$ 6,087,462</u>	<u>\$ 6,086,324</u>	<u>\$ 18,170,417</u>	<u>\$ 3,244,413</u>
OPEB liability	112,200,813	10,604,671	3,541,893	119,263,591	
Total other long-term obligations	<u>\$ 130,370,092</u>	<u>\$ 16,692,133</u>	<u>\$ 9,628,217</u>	<u>\$ 137,434,008</u>	<u>\$ 3,244,413</u>

Business-type Activities -

Bonds -

Revenue Bonds	\$ 20,400,000		\$ 2,935,000	\$ 17,465,000	\$ 2,840,000
Matured bonds payable	36,000			36,000	36,000
Add: premium on refunding	1,733,956		539,441	1,194,515	
<i>Total bonds</i>	<u>\$ 22,169,956</u>		<u>\$ 3,474,441</u>	<u>\$ 18,695,515</u>	<u>\$ 2,876,000</u>

Notes from Direct Borrowings

and Direct Placements -

State revolving loans	\$ 53,328,452	\$ 11,705	\$ 2,644,200	\$ 50,695,957	\$ 2,640,588
Direct placement refunding loan	11,090,000		3,650,000	7,440,000	3,695,000
Tennessee Municipal Bond Fund Loans	29,920,000		3,385,000	26,535,000	3,535,000
<i>Total notes from direct borrowings</i>					
<i>and direct placements</i>	<u>\$ 94,338,452</u>	<u>\$ 11,705</u>	<u>\$ 9,679,200</u>	<u>\$ 84,670,957</u>	<u>\$ 9,870,588</u>
Total long-term debt	<u>\$ 116,508,408</u>	<u>\$ 11,705</u>	<u>\$ 13,153,641</u>	<u>\$ 103,366,472</u>	<u>\$ 12,746,588</u>

Changes in other long-term obligations activity for the year ended June 30, 2019, was as follows:

Compensated absences	\$ 3,530,712	\$ 500,501	\$ 545,667	\$ 3,485,546	\$ 268,159
OPEB liability	34,509,804	2,986,005	647,250	36,848,559	
Total other long-term obligations	<u>\$ 38,040,516</u>	<u>\$ 3,486,506</u>	<u>\$ 1,192,917</u>	<u>\$ 40,334,105</u>	<u>\$ 268,159</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note F – LONG-TERM DEBT AND LONG-TERM OBLIGATIONS (continued)

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, 2019, the Department did not make any plant purchases. Currently, the amount due on prior purchases total \$583,702 as of June 30, 2019.

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, \$3,050,768 of internal service funds claims and judgments are included in the amounts in the table on the previous page.

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.

Note G – CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2019, outstanding funds advanced by TVA totaled \$1,886,419 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, 2019, the outstanding receivables for loans made from these funds amounted to \$1,811,218.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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

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, 2019, 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.

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 last 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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

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, 2018, the actuarial valuation date, was 12.32%. The contribution rate for the fiscal year ended June 30, 2019 was 12.87%.

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	274
Terminated employees entitled to deferred benefits	277
Active participants	591
	<u>1,142</u>

Investment Policy – The City adopted a formal Investment Policy statement in May of 2015 for the fiscal year ended June 30, 2018, 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% (amended from 7.25% to 7.00% in 2018) 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.

At June 30, 2018, the measurement date, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 8.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Rate of Return – The investment rate of return is 7.00% per annum, compounded annually. The long-term expected rate of return on pension plan investments was determined using a mix of forward looking Capital Market Assumptions and historical 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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

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>	<u>Target Allocation</u>
US small/midcap Equity	8.18%	10%
US large cap equity	7.42%	18%
International equity	7.71%	16%
Emerging markets equity	8.82%	6%
Cash equivalent	3.05%	1%
Core US bonds	4.46%	18%
Global bonds	3.22%	12%
High yield bonds	5.82%	7%
Natural resources	4.92%	5%
Global real estate	6.66%	7%
		<u>100%</u>

Discount rate – the discount rate used is 7.00% 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.

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, 2017	\$ 150,360,062	\$ 129,906,348	\$ 20,453,714
Service cost	\$ 2,665,039		\$ 2,665,039
Interest	10,896,723		10,896,723
Difference between expected and actual experience	9,413,495		9,413,495
Contributions - employer		\$ 4,127,857	(4,127,857)
Net investment income		10,451,242	(10,451,242)
Benefit payments, including refund of employee contributions	(5,450,947)	(5,450,947)	
Administrative expense		(360,537)	360,537
Net changes	\$ 17,524,310	\$ 8,767,615	\$ 8,756,695
Balance at June 30, 2018	\$ 167,884,372	\$ 138,673,963	\$ 29,210,409

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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

Note: June 30, 2018 is the measurement date and valuation date for the reporting date June 30, 2019.

As of the measurement date, plan fiduciary net position as a percentage of total pension liability is 82.60%.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net pension (asset) liability	\$ 27,764,636	\$ 1,445,773	\$ 29,210,409

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:

	<u>1% Decrease 6.00%</u>	<u>Current Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Net pension (asset) liability	\$ 51,912,878	\$ 29,210,409	\$ 10,182,949

Actuarial assumptions – the total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.25 %
Salary increases	4.00 %
Investment rate of return	7.00 %, net of investment expense, including inflation
Cost of Living Adjustments	None
Mortality	RP 2014 Combined Mortality Table with Generational Mortality Improvement

The City selected the assumptions and funding methods described above based on the review of plan experience in conjunction with the July 1, 2018 actuarial valuation report. The actuary annually reviews the assumptions and methods for reasonableness.

Changes in assumptions – In 2018, the following assumptions were changed: decreased the investment rate of return from 7.25 percent to 7.00 percent; mortality assumption was changed from the RP 2000 Combined Mortality Table to the RP 2014 Combined Mortality Table; mortality improvement assumptions was changed from Scale AA at the valuation year to the general MP-2017, and the retirement assumption was updated to reflect the trend of participants working longer.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2019, the recognized pension expense is \$7,223,517.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension expense	\$ 6,676,397	\$ 547,120	\$ 7,223,517

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Experience gains or losses	\$ 4,217,978	\$ 52,895	\$ 391,150	\$ 1,976,388
Difference due to assumption changes	4,755,570	597,158		
Net difference between projected and actual earnings on investments	2,332,186	511,225		
Contributions made subsequent to measurement date	3,761,117	646,527		
	<u>\$ 15,066,851</u>	<u>\$ 1,807,805</u>	<u>\$ 391,150</u>	<u>\$ 1,976,388</u>

Contributions made subsequent to the measurement date of \$3,761,117 and \$646,527 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, 2020.

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, 2019 will be recognized in pension expense as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2020	\$ 4,370,329	\$ 263,347
2021	2,613,011	(117,872)
2022	651,497	(541,335)
2023	1,569,282	(287,706)
2024	1,700,465	(131,544)
	<u>\$ 10,904,584</u>	<u>\$ (815,110)</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. The plan is administered by ICMA-RC. 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, 2019 is \$1,741,804 and rollovers to the plan in the amount of \$29,568. For the year ended June 30, 2019, forfeited balances of terminated participants' nonvested accounts were used or to be used to reduce the City's future contributions in the amount of \$281,398.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

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; but must not have attained age sixty (60) on the date of hire.

The Board of Directors of the employer acts as the Pension Committee with the responsibility to oversee the operation of the plan. Effective, January 1, 1994, the Employer entered into an agreement with Pinnacle Financial Partners (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.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)
Contributions, Membership and Funding Requirements -

Current membership in the plan was comprised of the following as of the June 30, 2019, the actuarial valuation date:

Retirees and beneficiaries currently receiving benefits	49
Terminated employees entitled to deferred benefits	15
Active participants	48
	<u>112</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, 2019, the Department’s annual contribution was \$1,200,000.

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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.16%.

Actuarial assumptions – The total pension asset was determined by an actuarial valuation as of June 30, 2019, 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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

Mortality rates were based on the RP 2014 Adjusted to 2006 Total Dataset 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, 2019 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.

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%	6.29 %
Domestic Equity – Large Cap	32-65%	8.52 %
Domestic Equity – Mid Cap	32-65%	7.40 %
International Equity	0-18%	8.50 %
International Equity – Emerging Markets	0-18%	8.99 %
Fixed Income	35-45%	4.68 %
Real Estate	1-10%	6.41 %
Cash	1-10%	2.96 %

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 liability.

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 <u>6.00%</u>	Current Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension (asset) liability	\$ (792,757)	\$ (3,595,064)	\$ (5,959,841)

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

Net Pension Asset – The employer’s net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019.

The components of the net pension (asset) liability of Murfreesboro Electric Department at June 30, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2018	\$ 20,893,838	\$ 25,330,591	\$ (4,436,753)
Service cost	\$ 332,128		\$ 332,128
Interest	1,445,794		1,445,794
Difference between expected and actual experience	434,581		434,581
Changes in assumptions	1,022,522		1,022,522
Contributions - employer		\$ 1,200,000	(1,200,000)
Net investment income		1,306,897	(1,306,897)
Benefit payments, including refund of employee contributions	(1,143,524)	(1,143,524)	
Administrative expense		(113,561)	113,561
Net changes	\$ 2,091,501	\$ 1,249,812	\$ 841,689
Balance at June 30, 2019	\$ 22,985,339	\$ 26,580,403	\$ (3,595,064)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2019, the recognized pension expense is \$522,572. At June 30, 2019, the Department reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 934,213	
Changes in assumptions	818,018	\$ 533,054
Net difference between projected and actual earnings on investments	391,748	
	\$ 2,143,979	\$ 533,054

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, 2019 will be recognized in pension expense as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

Year Ending June 30	Total
2020	\$ 228,881
2021	424,360
2022	573,411
2023	384,273
	<u>\$ 1,610,925</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, 2019 is \$269,820. For the year ended June 30, 2019, \$15,628.44 in forfeited balances of terminated participants' nonvested accounts were used or available to reduce the Department's contributions.

Tennessee Consolidated Retirement System

Teacher Legacy Pension Plan

Plan Description – Teachers employed by the Murfreesboro City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 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 <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies>.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes 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 if 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, 2019

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.

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, 2019 to the Teacher Legacy Pension Plan were \$3,274,740 which is 10.46 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, 2019, the Murfreesboro City Schools reported an asset of \$(3,139,161) for its proportionate share of net pension asset. The 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 that date. 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 contribution of all participating LEAs. At the measurement date of June 30, 2018, the Murfreesboro City Schools' proportion was .892082 percent. The proportion measured as of June 30, 2017 was .891816 percent.

Pension Expense (negative pension expense) – For the year ended June 30, 2019, Murfreesboro City Schools recognized negative pension expense of (\$694,131).

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2019, 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	\$ 634,531	\$ 4,234,976
Changes in assumptions	1,854,003	
Net difference between projected and actual earnings on pension plan investments		683,212
Changes in proportion of net pension liability (asset)	548,967	
LEA's contributions subsequent to measurement date of June 30, 2018	3,274,740	
	<u>\$ 6,312,241</u>	<u>\$ 4,918,188</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

Murfreesboro City Schools' employer contributions of \$3,274,740 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, 2020. 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>
2020	\$ 851,588
2021	(798,030)
2022	(1,644,205)
2023	(290,040)
	<u>\$ (1,880,687)</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, 2018 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 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 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, 2018 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.

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 weighting 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, 2019

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	\$ 24,198,628	\$ (3,139,161)	\$ (25,757,372)

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, 2019, Murfreesboro City Schools reported a payable of \$271,678 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2019.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan

Plan description – Teachers employed by the Murfreesboro City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 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 <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies>.

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, 2019 to the Teacher Retirement Plan were \$368,183 which is 3.96 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, 2019, Murfreesboro City Schools reported an asset of \$(395,580) for its proportionate share of the net pension asset. The 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 value as of that date.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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, 2018, Murfreesboro City Schools' proportion was .872228 percent. The proportion measured at June 30, 2017 was .805632 percent.

Pension Expense – For the year ended June 30, 2018, Murfreesboro City Schools recognized pension expense of \$132,831.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2019, 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	\$ 22,405	\$ 15,756
Net difference between projected and actual earnings on pension plan investments		22,345
Changes in assumptions	18,662	
Changes in proportion of net pension liability (asset)		26,210
Murfreesboro City Schools' contributions subsequent to the measurement date of June 30, 2018	368,183	
	<u>\$ 409,250</u>	<u>\$ 64,311</u>

Murfreesboro City Schools' employer contributions of \$368,183 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, 2020. 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>
2020	\$ (5,158)
2021	(5,867)
2022	(9,052)
2023	(3,213)
2024	(237)
Thereafter	283
	<u>\$ (23,244)</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, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Actuarial assumptions – The total pension liability in the June 30, 2018 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 8.72 to 3.44 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, 2018 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.

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, 2019

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. 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	\$ 61,157	\$ (395,580)	\$ (732,087)

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, 2019, Murfreesboro City Schools reported a payable of \$31,805 for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2019.

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 <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies>.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by 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, 2019

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, 2018, 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	323
Active employees	503
Total	<u>1,079</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, 2019, employer contributions for Murfreesboro City Schools were \$1,740,683 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, 2018, 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, 2018 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 8.72 to 3.44 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, 2018 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, 2019

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

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, 2018, the measurement date, were as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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, 2017	\$ 28,961,681	\$ 28,263,710	\$ 697,971
Service cost	\$ 1,091,863		\$ 1,091,863
Interest	2,137,521		2,137,521
Difference between expected and actual experience	(445,387)		(445,387)
Changes in assumptions			-
Contributions - employer		\$ 1,653,512	(1,653,512)
Contributions - employee			-
Net investment income		2,365,350	(2,365,350)
Benefit payments, including refund of employee contributions	(1,141,004)	(1,141,004)	
Administrative expenses		(47,607)	47,607
Other changes			-
Net changes	\$ 1,642,993	\$ 2,830,251	\$ (1,187,258)
Balance at June 30, 2018	\$ 30,604,674	\$ 31,093,961	\$ (489,287)

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)	\$ 3,670,820	\$ (489,287)	\$ (3,937,551)

Pension expense – For the year ended June 30, 2019 Murfreesboro City Schools recognized pension expense of \$1,212,180 for the public employee pension plan.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2019, 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, 2019

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	\$ 549,067	\$ 529,646
Net difference between projected and actual earnings on pension plan investments		146,451
Changes in assumptions	514,083	
Contributions subsequent to the measurement date of June 30, 2018	1,740,683	
	<u>\$ 2,803,833</u>	<u>\$ 676,097</u>

The amount shown for “Contributions subsequent to the measurement date of June 30, 2018,” 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 June 30	Total
2020	\$ 361,597
2021	64,105
2022	(97,046)
2023	31,068
2024	90,944
Thereafter	(63,615)
	<u>\$ 387,053</u>

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

At June 30, 2019, Murfreesboro City Schools reported a payable of \$141,089 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2019.

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		\$ 3,595,064
Teacher Legacy Pension Plan	\$ 3,139,161	
Teacher Retirement Plan	395,580	
Public Employee Retirement Plan	489,287	
	<u>\$ 4,024,028</u>	<u>\$ 3,595,064</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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	\$ 15,056,752	\$ 949,790
Murfreesboro Electric Department Employee Pension Plan		2,143,979
Teacher Legacy Pension Plan	6,312,241	
Teacher Retirement Plan	409,250	
Public Employee Retirement Plan	<u>2,803,833</u>	
	<u>\$ 24,582,076</u>	<u>\$ 3,093,769</u>
Net Pension Liability		
City of Murfreesboro Employees' Pension Plan	\$ <u>27,764,636</u>	\$ <u>1,445,773</u>
	<u>\$ 27,764,636</u>	<u>\$ 1,445,773</u>
Deferred Inflows Related to Pensions		
City of Murfreesboro Employees' Pension Plan	\$ 391,150	\$ 1,976,388
Murfreesboro Electric Department Employee Pension Plan		533,054
Teacher Legacy Pension Plan	4,918,188	
Teacher Retirement Plan	64,311	
Public Employee Retirement Plan	<u>676,097</u>	
	<u>\$ 6,049,746</u>	<u>\$ 2,509,442</u>
Pension Expense/Expenditures		
City of Murfreesboro Employees' Pension Plan	\$ 6,676,397	\$ 547,120
Murfreesboro Electric Department Employee Pension Plan		522,572
Teacher Legacy Pension Plan	(694,131)	
Teacher Retirement Plan	132,831	
Public Employee Retirement Plan	<u>1,212,180</u>	
	<u>\$ 7,327,277</u>	<u>\$ 1,069,692</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, 2019

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, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Methods- The total OPEB liability on the June 30, 2019, 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, 2019

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, 2019 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>Governmental Activities</u>	<u>Business-type Activities</u>	
Balance at June 30, 2018	\$ <u>106,997,972</u>	\$ <u>21,146,097</u>	\$ <u>128,144,069</u>
Changes for the year:			
Service Cost	\$ 6,417,038	\$ 1,125,107	\$ 7,542,145
Interest	3,341,445	653,268	3,994,713
Benefit payments	<u>(1,285,982)</u>	<u>(349,470)</u>	<u>(1,635,452)</u>
Total changes	\$ <u>8,472,501</u>	\$ <u>1,428,905</u>	\$ <u>9,901,406</u>
Balance at June 30, 2019	\$ <u><u>115,470,473</u></u>	\$ <u><u>22,575,002</u></u>	\$ <u><u>138,045,475</u></u>

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><u>1235</u></u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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, 2019, the City’s collective OPEB expense recognized by the plan was \$11,536,858 of which \$9,758,483 was recognized by the Governmental Activities and \$1,778,375 was recognized by the Business-type Activities. At June 30, 2019, 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	\$ 165,725,028	\$ 138,045,475	\$ 116,136,501

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	\$ 111,627,337	\$ 138,045,475	\$ 173,214,893

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, 2019

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, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Methods. The total OPEB liability on the June 30, 2019, 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, 2019 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, 2018	\$ <u>13,363,707</u>
Changes for the year:	
Service Cost	\$ 777,890
Interest	446,610
Benefit payments	<u>(314,650)</u>
Total changes	\$ <u>909,850</u>
Balance at June 30, 2019	\$ <u><u>14,273,557</u></u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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, 2019 is as follows:

	Murfreesboro Electric Department
Active Employees Eligible for Retirement Benefits	81
Active Employees Not Eligible for Retirement Benefits	-
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	36
Total	<u>117</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2019, the Murfreesboro Electric Department’s OPEB expense recognized by the plan was \$1,224,500. At June 30, 2019, 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	\$ 16,832,774	\$ 14,273,557	\$ 12,242,686

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	\$ 11,819,738	\$ 14,273,557	\$ 17,522,508

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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

Murfreesboro City Schools

Closed Teacher Group OPEB 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, 2018, the valuation date of OPEB liability for the TGOP is as follows:

	Murfreesboro City Schools TGOP
Active Employees Eligible for Retirement Benefits	791
Active Employees Not Eligible for Retirement Benefits	1
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	44
Total	<u>836</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 \$245,413 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, 2018 and was determined by an actuarial valuation as of June 30, 2018.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

Actuarial Assumptions and Methods - The collective 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	3.62%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4.00%
Healthcare Cost Trend Rate	
Medical	6.75% for 2019, decreasing annually to an ultimate rate of 3.85% 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 rates 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.

Discount rate -The discount rate used to measure the total OPEB liability was 3.62 percent. This 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, 2019

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

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

	Total OPEB Liability
Balance at June 30, 2017	\$ <u>7,937,113</u>
Changes for the year:	
Service Cost	\$ 463,455
Interest	292,097
Difference between expected and actual experience	(2,931,123)
Changes in assumptions	215,843
Benefit payments	<u>(391,196)</u>
Total changes	\$ <u>(2,350,924)</u>
Balance at June 30, 2018	\$ <u><u>5,586,189</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,793,072
Employer's proportionate share of the collective total OPEB liability	3,793,117
Employer's proportion of the collective total OPEB liability	67.90%

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 2.35% from the measurement date. Murfreesboro City Schools recognized \$138,576 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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumptions decreased the total OPEB liability.

OPEB Expense - For the fiscal year ended June 30, 2019, the OPEB expense recognized by the City for the TGOP was \$483,341.

Deferred outflows of resources and deferred inflows of Resources – For the fiscal year ended June 30, 2019, 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, 2019

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ 1,817,214
Changes in assumptions	\$ 133,817	230,418
Changes in proportions	173,969	
Benefits paid after the measurement date	245,413	
	<u>\$ 553,199</u>	<u>\$ 2,047,632</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>
2020	\$ (168,268)
2021	(168,268)
2022	(168,268)
2023	(168,268)
2024	(168,268)
Thereafter	(898,506)
	<u>\$ (1,739,846)</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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate.

	1%	Current Discount Rate	1%
	Decrease		Increase
	2.62%	3.62%	4.62%
Total OPEB Liability	\$ 4,088,364	\$ 3,793,117	\$ 3,514,775

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB 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 (5.75% decreasing to 2.85%) or 1-percentage-point higher (7.75% decreasing to 4.85%) than the current healthcare cost trend rate.

	1%	Current Healthcare Cost Trend Rate	1%
	5.75% decreasing to 2.85%	6.75% decreasing to 3.85%	7.75% decreasing to 4.85%
Total OPEB Liability	\$ 3,339,854	\$ 3,793,117	\$ 4,336,174

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 this 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, 2018, the valuation date of OPEB liability for the TNP is as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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	516
Active Employees Not Eligible for Retirement Benefits	72
Inctive Employees or Beneficiaries	
Currently Receiving Benefits	100
Total	<u>688</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, 2018 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Methods - The collective 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	3.62%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% 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, 2019

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

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

Discount rate -The discount rate used to measure the total OPEB liability was 3.62 percent. This 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, 2017	\$ <u>1,886,744</u>
Changes for the year:	
Service Cost	\$ 47,064
Interest	67,872
Difference between expected and actual experience	(416,543)
Changes in assumptions	(13,786)
Benefit payments	<u>(54,596)</u>
Total changes	\$ <u>(369,989)</u>
Balance at June 30, 2018	\$ <u><u>1,516,755</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,516,755
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 Murfreesboro City Schools' proportion of 0% did not change from the prior measurement date. Murfreesboro City Schools recognized \$51,375 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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumptions decreased the total collective OPEB liability.

OPEB Expense - For the fiscal year ended June 30, 2019, the OPEB expense recognized by the City for the TNP was \$51,375.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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 OPEB Plan	\$ 553,199	
	<u>\$ 553,199</u>	
Total OPEB Liability		
City of Murfreesboro Administered OPEB Plan	\$ 115,470,473	\$ 22,575,002
Murfreesboro Electric Department Administered OPEB Plan		14,273,557
Closed Teacher Group OPEB Plan	3,793,118	
	<u>\$ 119,263,591</u>	<u>\$ 36,848,559</u>
Deferred Inflows Related to OPEB Plans		
Closed Teacher Group OPEB Plan	\$ 2,047,632	
	<u>\$ 2,047,632</u>	
OPEB Expense/Expenditures		
City of Murfreesboro Administered OPEB Plan	\$ 9,758,483	\$ 1,778,375
Murfreesboro Electric Department Administered OPEB Plan		1,224,500
Closed TN Plan	51,375	
Closed Teacher Group OPEB Plan	483,341	
	<u>\$ 10,293,199</u>	<u>\$ 3,002,875</u>
OPEB Revenue - Special Funding Situation		
Closed Teacher Group OPEB Plan	\$ 138,576	
Closed TN Plan	51,375	
	<u>\$ 189,951</u> *	

* The City recognized \$189,951 in revenue for support provided by nonemployer contributing entities for benefits paid to the Closed TN Plan and the closed Teacher Group OPEB Plan for Murfreesboro City Schools retired employees.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

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	\$ 2,955,832
Investments, at fair value	140,850,729
Accrued interest receivable	131,686
Due from others	260,464
	<u>\$ 144,198,711</u>
Liabilities -	
Due to others	<u>\$ 50,698</u>
Net Position -	
Held in trust for pension benefits	<u>\$ 144,148,013</u>

STATEMENT OF CHANGES IN NET POSITION

Additions -	
Employer contributions	\$ 4,407,544
Net investment income	6,933,452
	<u>\$ 11,340,996</u>
Deductions -	
Benefits to participants	<u>\$ 5,866,947</u>
	<u>\$ 5,866,947</u>
Net increase	<u>\$ 5,474,049</u>
Net Position Held in Trust for Pension Benefits -	
Beginning of year	<u>\$ 138,673,964</u>
End of year	<u>\$ 144,148,013</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 \$1,045,000. 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, 2019

Note L – COMMITMENTS AND CONTINGENCIES (contingencies)

Construction – The City has entered into agreements as follows:

	Project Authorization	Expended To Date	Remaining Commitment
ADA Renovations	\$ 202,676	\$ 175,026	\$ 27,650
Airport Security Fence	23,020		23,020
Airport Terminal Building	4,878,903	1,212,847	3,666,056
City Hall Administration Renovations & Security	174,204	156,549	17,655
Fire Department - Two Rescue Trucks	1,199,269	1,137,058	62,211
Fire Station #4	5,995,908	5,969,811	26,097
Information Technology Fiber Project	190,663	140,660	50,003
Information Technology Development Software	535,472	151,286	384,186
McKnight Maintenance Building	867,450	138,377	729,073
Middle TN Blvd Widening	14,289,181	13,687,097	602,084
Mitel Telephone System for City Hall	208,703	162,188	46,515
Northfield Blvd Extension Phase I	2,481,457	1,474,303	1,007,154
Public Safety Communications Equipment	11,370,000	9,096,000	2,274,000
Salem Elementary School	24,596,130	22,588,451	2,007,679
Salem Elementary School Road	1,763,360	1,090,482	672,878
Stones River Greenway Phase 4	5,445,977	3,148,436	2,297,541
West Park	2,000,000	1,013,970	986,030
	<u>\$ 76,222,373</u>	<u>\$ 61,342,541</u>	<u>\$ 14,879,832</u>

The Murfreesboro Water Resources Department has commitments for construction contracts at June 30, 2019 in the amount of \$9,555,878 and the Stormwater Fund has commitments for construction contracts at June 30, 2019 in the amount of \$155,742.

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, 2019

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 \$1,089,778 for the year ended June 30, 2019.

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 \$4,031,752, respectively. Accumulated depreciation at June 30, 2019 was \$1,858,196. 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
2020	\$ 69,166
2021	69,166
2022	69,166
2023	69,166
2024	69,166
Thereafter	103,750
	<u>\$ 449,580</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, 2019

Note N – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2019, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Water Resources fund	\$ 388,533	
Nonmajor enterprise funds	573,239	
General purpose school fund	5,161	
Nonmajor governmental funds		\$ 79,828
	<u>\$ 966,933</u>	<u>\$ 79,828</u>
General Purpose School Fund		
General fund		\$ 5,161
Nonmajor governmental funds	\$ 15,320	1,039
	<u>\$ 15,320</u>	<u>\$ 6,200</u>
Internal Service Fund		
Water Resources fund	\$ 25	
	<u>\$ 25</u>	
Nonmajor Governmental Funds		
General fund	\$ 79,828	
General purpose school fund	1,039	\$ 15,320
Nonmajor governmental funds	2,389	2,389
	<u>\$ 83,256</u>	<u>\$ 17,709</u>
Water Resources Fund		
General fund		\$ 388,533
Internal service fund		25
Nonmajor enterprise funds	\$ 481,129	
	<u>\$ 481,129</u>	<u>\$ 388,558</u>
Nonmajor Enterprise Funds		
General fund		\$ 573,239
Water Resources fund		481,129
		<u>\$ 1,054,368</u>
	<u>\$ 1,546,663</u>	<u>\$ 1,546,663</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, 2019

Note N – INTERFUND TRANSACTIONS (continued)

Interfund transfers during the year ended June 30, 2019 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						\$ 3,010,519	\$ 3,010,519
General Purpose							
School Fund	\$ 6,585,103						6,585,103
Debt Service Fund	38,827,525			\$ 37,814	\$ 150,000		39,015,339
Nonmajor							
Governmental Funds	23,169	\$ 811,224	\$ 5,717,705		45,416		6,597,514
Nonmajor							
Enterprise Fund					60,054		60,054
	<u>\$ 45,435,797</u>	<u>\$ 811,224</u>	<u>\$ 5,717,705</u>	<u>\$ 37,814</u>	<u>\$ 255,470</u>	<u>\$ 3,010,519</u>	<u>\$ 55,268,529</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. 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, 2019 were \$2,584,880. 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.

Beginning July 1, 2019 the City discontinued self-insurance for workers compensation, general liability and automobile claims. Claims in existence before that date will be covered by the City, and claims from that date forward will be covered under the City's premium based policy. Claims for workers' compensation will be covered fully subject to the City first satisfying a \$500,000 annual aggregate deductible retention. General liability, auto liability, and errors and omissions claims will be covered fully subject to the City first satisfying a single \$300,000 general annual aggregate deductible retention. Claims against public transportation will be covered by commercial insurance with a \$5,000 deductible. Fire and casualty claims, law-enforcement-related-claims, airport-related claims, and cyber-type claims will be covered in the same manner as in FY 2019.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note O – RISK MANAGEMENT PROGRAM (continued)

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, 2019. 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, 2019 were \$16,282,652.

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

Claims Liability – The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2019 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 non-incremental claims adjustment expenses. Changes in the Funds' claims liability amounts during the year ended June 30, 2019 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 -				
2018	\$ 4,763,500	\$ 2,342,382	\$ 3,247,882	\$ 3,858,000
2019	\$ 3,858,000	\$ 1,777,648	\$ 2,584,880	\$ 3,050,768
Insurance Fund -				
2018	\$ 1,221,284	\$ 14,255,739	\$ 14,572,022	\$ 905,001
2019	\$ 905,001	\$ 16,282,652	\$ 15,576,092	\$ 1,611,561

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note P – FAIR VALUE MEASUREMENTS (continued)

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, 2019, 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.

The fair values of assets measured on a recurring basis at June 30, 2019 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		\$ 4,671,425
		<u>\$ 4,671,425</u>
TMBF/Bond Fund		
U.S. Government notes and bonds		\$ 60,805,742
		<u>\$ 60,805,742</u>
Risk Management Fund		
U.S. Government notes and bonds		\$ 2,033,386
		<u>\$ 2,033,386</u>
Employee Pension Plan		
Mutual funds	\$ 107,232,234	
Municipal notes and bonds		\$ 705,462
Corporate notes and bonds	10,431,781	
Common/preferred stock	21,905,094	
	<u>\$ 139,569,109</u>	<u>\$ 705,462</u>
Electric Department Pension Plan		
Mutual funds	\$ 5,760,450	
Municipal notes and bonds		\$ 361,732
Corporate notes and bonds	8,422,036	
Common/preferred stock	8,508,969	
	<u>\$ 22,691,455</u>	<u>\$ 361,732</u>
Perpetual Care Cemetery Fund		
Mutual funds	\$ 944,150	
Corporate notes and bonds	1,368,608	
	<u>\$ 2,312,758</u>	

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2019

Note Q – SUBSEQUENT EVENT

On January 9, 2020, the City Council approved the sale of the Murfreesboro Electric Department (MED) to Middle Tennessee Electric Membership Corporation (MTEMC). The MTEMC board approved the purchase of MED on January 10, 2020. Upon closing, the City will receive \$43 million. The remaining purchase amount of \$202 million will be paid over 15 years through annual payments at 3.3 percent interest. The sale is pending the approval of the Tennessee Valley Authority.

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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Total Pension Liability					
Service cost	\$ 2,955,999	\$ 2,925,747	\$ 2,830,251	\$ 2,814,115	\$ 2,665,039
Interest	8,695,137	9,267,726	9,748,217	10,355,800	10,896,723
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	188,248	(1,315,180)	357,290	(411,159)	9,413,495
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>	<u>(5,450,947)</u>
Net Change in Total Pension Liability	\$ 8,095,389	\$ 6,799,585	\$ 8,703,802	\$ 7,912,368	\$ 17,524,310
Total Pension Liability - beginning	<u>118,848,917</u>	<u>126,944,306</u>	<u>133,743,891</u>	<u>142,447,693</u>	<u>150,360,061</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>	\$ <u><u>167,884,371</u></u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,468,963	\$ 4,468,997	\$ 4,609,441	\$ 4,118,541	\$ 4,127,857
Contributions - member	-	-	-	-	-
Net investment income	17,416,539	(1,849,412)	(3,199,937)	13,789,565	10,451,242
Benefit payments, including refunds of member contributions	(3,743,995)	(4,078,708)	(4,231,956)	(4,846,388)	(5,450,947)
Administrative expense	-	-	(333,078)	(321,756)	(360,537)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 18,141,507	\$ (1,459,123)	\$ (3,155,530)	\$ 12,739,962	\$ 8,767,615
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>	<u>129,906,347</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>	\$ <u><u>138,673,962</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>	\$ <u><u>29,210,409</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.9%	90.0%	82.3%	86.4%	82.6%
Covered Payroll	\$ 36,996,942	\$ 36,691,273	\$ 37,414,294	\$ 33,429,716	\$ 33,505,333
City's Net Pension Liability as a Percentage of Covered Payroll	14.0%	36.6%	67.6%	61.2%	87.2%

(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	FYE 2019
Total Pension Liability						
Service cost	\$ 460,924	\$ 402,454	\$ 400,801	\$ 372,911	\$ 365,423	\$ 332,128
Interest	1,322,046	1,366,114	1,229,644	1,314,126	1,373,668	1,445,794
Changes in benefit terms	-	-	39,499	-	-	-
Differences between expected and actual experience	(358,659)	287,323	464,559	171,897	422,696	434,581
Changes in assumptions	-	(3,198,319)	-	-	-	1,022,522
Benefit payments, including refunds of member contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)
Net Change in Total Pension Liability	\$ 712,198	\$ (1,902,935)	\$ 1,284,045	\$ 909,945	\$ 1,109,074	\$ 2,091,501
Total Pension Liability - beginning	18,781,511	19,493,709	17,590,774	18,874,819	19,784,764	20,893,838
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>	\$ <u>22,985,339</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,100,000	\$ 1,200,000
Contributions - member	-	-	-	-	-	-
Net investment income	2,744,581	227,180	36,383	2,250,394	1,517,686	1,306,897
Benefit payments, including refunds of member contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)
Administrative expense	(84,031)	(92,549)	(92,726)	(100,835)	(111,476)	(113,561)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 3,148,437	\$ 574,124	\$ 293,199	\$ 2,500,570	\$ 1,453,497	\$ 1,249,812
Plan Fiduciary Net Position - beginning	17,360,764	20,509,201	21,083,325	21,376,524	23,877,094	25,330,591
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>	\$ <u>26,580,403</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>	\$ <u>(3,595,064)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.2%	119.9%	113.3%	120.7%	121.2%	115.6%
Covered Payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	\$ 4,032,670
Net Pension Liability as a Percentage of Covered Payroll	0.0%	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	FYE	FYE	FYE
	2015	2016	2017	2018
Murfreesboro City School's proportionate share of the net pension liability (asset)	-0.62903%	-0.73384%	-0.80563%	-0.87223%
Murfreesboro City School's proportion of the net pension liability (asset)	\$ (25,306)	\$ (76,395)	\$ (212,554)	\$ (395,580)
Murfreesboro City School's covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134	\$ 7,621,243
Murfreesboro City School's proportionate share of the net pension asset as a percentage of its covered payroll	-1.94%	-2.37%	-4.17%	-5.19%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%

(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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Murfreesboro City School's proportionate share of the net pension liability (asset)	0.78223%	0.82060%	0.88806%	0.89182%	0.89208%
Murfreesboro City School's proportion of the net pension liability (asset)	\$ (127,108)	\$ 336,145	\$ 5,549,890	\$ (291,790)	\$ (3,139,161)
Murfreesboro City Schools' covered payroll	\$ 30,702,294	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854	\$ 31,238,682
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%	-10.05%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%

(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	FYE
	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 581,710	\$ 771,103	\$ 843,186	\$ 949,471	\$ 1,091,863
Interest	1,603,649	1,749,663	1,831,406	1,985,448	2,137,521
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	545,205	(443,662)	398,851	362,286	(445,387)
Changes in assumptions	-	-	-	719,715	-
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)	(1,141,004)
Net Change in Total Pension Liability	\$ 1,808,071	\$ 1,053,392	\$ 1,978,599	\$ 2,860,099	\$ 1,642,993
Total Pension Liability - beginning	21,261,520	23,069,591	24,122,983	26,101,582	28,961,681
Total Pension Liability - ending (a)	\$ 23,069,591	\$ 24,122,983	\$ 26,101,582	\$ 28,961,681	\$ 30,604,674
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,110,112	\$ 1,135,640	\$ 1,384,686	\$ 1,511,862	\$ 1,653,512
Contributions - member	-	95	88	-	-
Net investment income	3,300,207	722,386	647,279	2,865,818	2,365,350
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)	(1,141,004)
Administrative expense	(13,867)	(19,806)	(33,706)	(40,907)	(47,607)
Other	-	-	-	4,981	-
Net Change in Plan Fiduciary Net Position	\$ 3,473,959	\$ 814,603	\$ 903,503	\$ 3,184,933	\$ 2,830,251
Plan Fiduciary Net Position - beginning	19,886,712	23,360,671	24,175,274	25,078,777	28,263,710
Plan Fiduciary Net Position - ending (b)	\$ 23,360,671	\$ 24,175,274	\$ 25,078,777	\$ 28,263,710	\$ 31,093,961
Net Pension Liability (Asset) - ending (a)-(b)	\$ (291,080)	\$ (52,291)	\$ 1,022,805	\$ 697,971	\$ (489,287)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.3%	100.2%	96.1%	97.6%	101.6%
Covered Payroll	\$ 9,151,773	\$ 9,331,470	\$ 11,418,781	\$ 12,422,881	\$ 13,586,628
Net Pension Liability as a Percentage of Covered Payroll	3.2%	0.6%	9.0%	5.6%	-3.6%

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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Actuarially determined contribution	\$ 4,468,963	\$ 4,160,790	\$ 4,609,440	\$ 3,914,619	\$ 4,107,754	\$ 4,407,544
Contributions in relation to the actuarially determined contribution	4,468,963	4,468,997	4,609,440	4,118,541	4,127,857	4,407,544
Contribution deficiency (excess)	\$ -	\$ (308,207)	\$ -	\$ (203,922)	\$ (20,103)	\$ -
Covered payroll	\$ 36,996,942	\$ 36,691,273	\$ 37,414,294	\$ 33,429,713	\$ 33,505,333	\$ 34,246,655
Contributions as a percentage of covered payroll	12.1%	12.2%	12.3%	12.3%	12.3%	12.9%

Notes to Schedule

Valuation date: July 1, 2017

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

Changes in assumptions: In 2018, the following assumptions were changed: decreased investment return from 7.25 percent to 7.00 percent; mortality assumption was changed from the RP 2000 Combined Mortality Table to the RP 2014 Combined Mortality Table; mortality improvement assumptions were changed from Scall AA at the valuation year to the generational table MP-2017, and the retirement assumption was updated to reflect the trend of participants working longer.

(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 -**

	<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>	<u>FYE</u> <u>2019</u>
Actuarially determined contribution	\$ 602,257	\$ 430,626	\$ 428,857	\$ 399,015	\$ 499,073	\$ 474,147
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>	<u>1,200,000</u>
Contribution deficiency (excess)	<u>\$ (597,743)</u>	<u>\$ (769,374)</u>	<u>\$ (771,143)</u>	<u>\$ (900,985)</u>	<u>\$ (600,927)</u>	<u>\$ (725,853)</u>
Covered payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	\$ 4,032,670
Contributions as a percentage of covered payroll	26.1%	26.3%	27.2%	29.6%	26.1%	29.8%

Notes to Schedule

Valuation date: June 30, 2019

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 -2014 adjusted to 2006 Total Dataset Mortality Table reflects mortality improvements through the valuation date using a 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	FYE 2019
Contractually required contribution	\$ 32,673	\$ 80,826	\$ 211,507	\$ 124,299	\$ 368,183
Contributions in relation to the contractually required contribution	52,279	129,156	211,507	304,889	368,183
Contribution deficiency (excess)	\$ <u>(19,606)</u>	\$ <u>(48,330)</u>	\$ <u>-</u>	\$ <u>(180,590)</u>	\$ <u>-</u>
Murfreesboro City Schools' covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134	\$ 7,621,243	\$ 9,299,215
Contributions as a percentage of Murfreesboro City Schools' covered payroll	4.0%	4.0%	4.1%	4.0%	4.0%

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.

(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	FYE
	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 2,726,364	\$ 2,777,010	\$ 2,897,973	\$ 2,849,884	\$ 2,836,392	\$ 3,274,740
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>2,836,392</u>	<u>3,274,740</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Murfreesboro City Schools' covered payroll	\$ 30,702,254	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854	\$ 31,238,682	\$ 31,304,388
Contributions as a percentage of Murfreesboro City Schools' covered payroll	8.9%	9.0%	9.0%	9.0%	9.1%	10.5%

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.

(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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Actuarially determined contribution	\$ 1,110,112	\$ 1,135,640	\$ 1,382,677	\$ 1,470,869	\$ 1,652,134	\$ 1,740,683
Contributions in relation to the actuarially determined contribution	1,110,112	1,135,640	1,382,677	1,511,862	1,653,512	1,740,683
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (40,993)	\$ (1,378)	\$ -
Covered payroll	\$ 9,151,773	\$ 9,331,470	\$ 11,362,212	\$ 12,422,881	\$ 13,586,628	\$ 14,303,072
Contributions as a percentage of covered payroll	12.1%	12.2%	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	2.50%
Salary increases	Graded salary ranges from 8.72 to 3.44 % based on age, including inflation, averaging 4.00%
Investment rate of return	7.25% , 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	2.25%

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.

(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>FYE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	16.83%	-1.52%	-2.66%	11.82%	8.10%	5.32%

Murfreesboro Electric Department Employees' Pension Plan -	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	15.27%	1.09%	0.17%	10.49%	6.82%	5.16%

(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	FYE
	2018	2019
Total OPEB Liability		
Service cost	\$ 7,182,995	\$ 7,542,145
Interest	3,708,189	3,994,713
Changes in benefit terms	-	-
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	(1,631,962)	(1,635,452)
Net Change in Total OPEB Liability	\$ 9,259,222	\$ 9,901,406
Total OPEB Liability - beginning	118,884,847	128,144,069
Total OPEB Liability - ending	\$ 128,144,069	\$ 138,045,475
Covered-Employee Payroll	\$ 46,867,676	\$ 48,742,383
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	273.4%	283.2%

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	FYE
	2018	2019
Total OPEB Liability		
Service cost	\$ 740,848	\$ 777,890
Interest	418,142	446,610
Changes in benefit terms	-	-
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	(291,343) *	(314,650)
Net Change in Total OPEB Liability	\$ 867,647	\$ 909,850
Total OPEB Liability - beginning	12,496,060	13,363,707
Total OPEB Liability - ending	<u>\$ 13,363,707</u>	<u>\$ 14,273,557</u>
Covered-Employee Payroll	\$ 6,116,371	\$ 6,361,026
Total OPEB Liability as a Percentage of Covered-Employee Payroll	218.5%	224.4%

* 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>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 500,795	\$ 463,455
Interest	242,095	292,097
Changes in benefit terms	-	-
Difference between expected and actual experience		(2,931,123)
Changes in assumptions	(411,541)	215,843
Benefit payments, including refunds of member contributions	(368,759)	(391,196)
Net Change in Total OPEB Liability	<u>\$ (37,410)</u>	<u>\$ (2,350,924)</u>
Total OPEB Liability - beginning	<u>7,974,523</u>	<u>7,937,113</u>
Total OPEB Liability - ending	<u><u>\$ 7,937,113</u></u>	<u><u>\$ 5,586,189</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,734,272	\$ 1,793,072
Employer's proportionate share of the collective total OPEB liability	\$ 5,202,841	\$ 3,793,117
Covered-Employee Payroll	\$ 39,364,000	\$ 39,205,000
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	13.22%	9.68%

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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018.

The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year.

The assumed initial trend rate applicable to the 2019 plan year was revised from 5.40% to 6.75%. These changes are 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>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 57,915	\$ 47,064
Interest	59,979	67,872
Changes in benefit terms	-	-
Difference between expected and actual experience		(416,543)
Changes in assumptions	(200,897)	(13,786)
Benefit payments, including refunds of member contributions	(52,800)	(54,596)
Net Change in Total OPEB Liability	\$ (135,803)	\$ (369,989)
Total OPEB Liability - beginning	2,022,547	1,886,744
Total OPEB Liability - ending	\$ <u>1,886,744</u>	\$ <u>1,516,755</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,886,744	\$ 1,516,755
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -
Covered-Employee Payroll	NA	NA
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	NA	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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. 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, 2019

	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	\$ 5,718,393	\$ 1,201,330		\$ 6,919,723
Certificates of deposit	228,248			228,248
Due from other funds	83,256			83,256
Due from other governments	1,013,144			1,013,144
Accounts receivable, net	129,363		\$ 67,559	196,922
Other receivables			12,736	12,736
Inventory	103,623			103,623
Restricted assets -				
Cash and cash equivalents		5,128,767	589,061	5,717,828
Investments, at fair value			2,312,758	2,312,758
	<u>\$ 7,276,027</u>	<u>\$ 6,330,097</u>	<u>\$ 2,982,114</u>	<u>\$ 16,588,238</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities-				
Accounts payable	\$ 278,409	\$ 1,284,989		\$ 1,563,398
Accrued liabilities	655,920			655,920
Due to other funds	17,709			17,709
Unearned revenue	11,391	138,438		149,829
Other deposits	37,823			37,823
	<u>\$ 1,001,252</u>	<u>\$ 1,423,427</u>		<u>\$ 2,424,679</u>
Deferred Inflows of Resources-				
Unavailable revenue	<u>\$ 13,031</u>			<u>\$ 13,031</u>
	<u>\$ 13,031</u>			<u>\$ 13,031</u>
Fund Balances-				
Nonspendable	\$ 103,623		\$ 2,304,511	\$ 2,408,134
Restricted	1,706,976	\$ 3,843,778		5,550,754
Committed	4,451,145	1,062,892		5,514,037
Assigned			677,603	677,603
	<u>\$ 6,261,744</u>	<u>\$ 4,906,670</u>	<u>\$ 2,982,114</u>	<u>\$ 14,150,528</u>
	<u>\$ 7,276,027</u>	<u>\$ 6,330,097</u>	<u>\$ 2,982,114</u>	<u>\$ 16,588,238</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

	<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	\$ 10,959,892	\$ 5,299,788			\$ 16,259,680
Charges for services	7,541,211				7,541,211
Interest and investment earnings	18,637	36,964		\$ 291,646	347,247
Miscellaneous	443,967	1,648			445,615
	<u>\$ 18,963,707</u>	<u>\$ 5,338,400</u>		<u>\$ 291,646</u>	<u>\$ 24,593,753</u>
Expenditures -					
Current-					
Police	\$ 280,223				\$ 280,223
Community services	5,232,889				5,232,889
Airport	1,760,491				1,760,491
Education	4,970,468				4,970,468
Food service	5,319,174				5,319,174
Capital outlay	921,030	\$ 1,781,548			2,702,578
Debt service -					
Principal			\$ 5,455,945		5,455,945
Interest			1,118,400		1,118,400
	<u>\$ 18,484,275</u>	<u>\$ 1,781,548</u>	<u>\$ 6,574,345</u>		<u>\$ 26,840,168</u>
Excess of Revenues Over (Under)					
Expenditures	<u>\$ 479,432</u>	<u>\$ 3,556,852</u>	<u>\$ (6,574,345)</u>	<u>\$ 291,646</u>	<u>\$ (2,246,415)</u>
Other Sources (Uses) -					
Transfers in	\$ 23,169		\$ 6,574,345		\$ 6,597,514
Transfers out	(195,416)			\$ (60,054)	(255,470)
	<u>\$ (172,247)</u>		<u>\$ 6,574,345</u>	<u>\$ (60,054)</u>	<u>\$ 6,342,044</u>
Net change in fund balances	\$ 307,185	\$ 3,556,852	\$ -0-	\$ 231,592	\$ 4,095,629
Fund Balances at beginning of year	5,961,103	1,349,818	-0-	2,750,522	10,061,443
Change in reserve for inventory	(6,544)				(6,544)
Fund Balances at end of year	<u>\$ 6,261,744</u>	<u>\$ 4,906,670</u>	<u>\$ -0-</u>	<u>\$ 2,982,114</u>	<u>\$ 14,150,528</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, 2019

	<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	\$ 684,342	\$ 210,632	\$ 459,648	\$ 2,920,097	\$ 1,443,674	\$ 5,718,393
Certificates of deposit			228,248			228,248
Due from other funds		79,828	3,428			83,256
Due from other governments	370,763	3,944	8,573		629,864	1,013,144
Accounts receivable, net	121,382		7,981			129,363
Inventory	25,475			78,148		103,623
	<u>\$ 1,201,962</u>	<u>\$ 294,404</u>	<u>\$ 707,878</u>	<u>\$ 2,998,245</u>	<u>\$ 2,073,538</u>	<u>\$ 7,276,027</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities-						
Accounts payable	\$ 274,586	\$ 3,823				\$ 278,409
Accrued liabilities	23,152		\$ 206,909	\$ 77,006	\$ 348,853	655,920
Due to other funds					17,709	17,709
Unearned revenue		11,391				11,391
Deposits	37,823					37,823
	<u>\$ 335,561</u>	<u>\$ 15,214</u>	<u>\$ 206,909</u>	<u>\$ 77,006</u>	<u>\$ 366,562</u>	<u>\$ 1,001,252</u>
Deferred Inflows of Resources-						
Unavailable revenue - other			\$ 13,031			\$ 13,031
			<u>\$ 13,031</u>			<u>\$ 13,031</u>
Fund Balances-						
Nonspendable	\$ 25,475			\$ 78,148		\$ 103,623
Restricted					\$ 1,706,976	1,706,976
Committed	840,926	\$ 279,190	\$ 487,938	2,843,091		4,451,145
	<u>\$ 866,401</u>	<u>\$ 279,190</u>	<u>\$ 487,938</u>	<u>\$ 2,921,239</u>	<u>\$ 1,706,976</u>	<u>\$ 6,261,744</u>
	<u>\$ 1,201,962</u>	<u>\$ 294,404</u>	<u>\$ 707,878</u>	<u>\$ 2,998,245</u>	<u>\$ 2,073,538</u>	<u>\$ 7,276,027</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

	<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	\$ 362,406			\$ 5,029,729	\$ 5,567,757	\$ 10,959,892
Charges for services	2,012,667		\$ 4,594,539	934,005		7,541,211
Interest	13,039	\$ 5,598				18,637
Miscellaneous	685	297,781	145,501			443,967
	<u>\$ 2,388,797</u>	<u>\$ 303,379</u>	<u>\$ 4,740,040</u>	<u>\$ 5,963,734</u>	<u>\$ 5,567,757</u>	<u>\$ 18,963,707</u>
Expenditures-						
Education					\$ 4,970,468	\$ 4,970,468
Police		\$ 280,223				280,223
Community services			\$ 4,761,601		471,288	5,232,889
Airport	\$ 1,760,491					1,760,491
Food service				\$ 5,319,174		5,319,174
Capital outlay	394,588	240,675	41,455		244,312	921,030
	<u>\$ 2,155,079</u>	<u>\$ 520,898</u>	<u>\$ 4,803,056</u>	<u>\$ 5,319,174</u>	<u>\$ 5,686,068</u>	<u>\$ 18,484,275</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 233,718</u>	<u>\$ (217,519)</u>	<u>\$ (63,016)</u>	<u>\$ 644,560</u>	<u>\$ (118,311)</u>	<u>\$ 479,432</u>
Other Sources (Uses)-						
Transfers in		\$ 23,169				\$ 23,169
Transfers out	\$ (150,000)				\$ (45,416)	(195,416)
	<u>\$ (150,000)</u>	<u>\$ 23,169</u>			<u>\$ (45,416)</u>	<u>\$ (172,247)</u>
Net change in fund balances	\$ 83,718	\$ (194,350)	\$ (63,016)	\$ 644,560	\$ (163,727)	\$ 307,185
Fund Balances at beginning of year	782,683	473,540	550,954	2,283,223	1,870,703	5,961,103
Change in reserve for inventory				(6,544)		(6,544)
Fund Balances at end of year	<u>\$ 866,401</u>	<u>\$ 279,190</u>	<u>\$ 487,938</u>	<u>\$ 2,921,239</u>	<u>\$ 1,706,976</u>	<u>\$ 6,261,744</u>

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State funds	\$ 432,700	\$ 432,700	\$ 323,938	\$ (108,762)
Federal funds	615,800	615,800	38,468	(577,332)
Interest	1,000	1,000	13,039	12,039
Rental income	539,268	539,268	552,891	13,623
Fuel sales	1,020,000	1,340,000	1,459,776	119,776
Miscellaneous	<u>1,050,300</u>	<u>1,050,300</u>	<u>685</u>	<u>(1,049,615)</u>
	<u>\$ 3,659,068</u>	<u>\$ 3,979,068</u>	<u>\$ 2,388,797</u>	<u>\$ (1,590,271)</u>
Expenditures -				
Salaries and wages	\$ 248,324	\$ 241,324	\$ 199,710	\$ 41,614
Employee benefits	86,337	86,337	61,438	24,899
Contractual services	1,600	1,600	3,515	(1,915)
Utility services	43,850	50,850	44,531	6,319
Professional services	14,750	14,750	18,887	(4,137)
Repairs and maintenance	125,400	125,400	133,617	(8,217)
Training and travel	6,200	6,200	4,996	1,204
Administrative supplies	7,700	7,700	7,458	242
Other supplies	904,100	1,486,100	1,240,880	245,220
Fixed charges other	11,000	12,800	11,304	1,496
Insurance	21,570	21,570	684	20,886
Other miscellaneous	25,200	33,900	33,471	429
Capital outlay	<u>1,112,700</u>	<u>785,700</u>	<u>394,588</u>	<u>391,112</u>
	<u>\$ 2,608,731</u>	<u>\$ 2,874,231</u>	<u>\$ 2,155,079</u>	<u>\$ 719,152</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,050,337</u>	<u>\$ 1,104,837</u>	<u>\$ 233,718</u>	<u>\$ (871,119)</u>
Other Financing Sources and (Uses) -				
Transfer in	\$ 123,000	\$ 123,000		\$ (123,000)
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (123,000)</u>
	<u>\$ (27,000)</u>	<u>\$ (27,000)</u>	<u>\$ (150,000)</u>	<u>\$ (123,000)</u>
Net change in fund balance	\$ 1,023,337	\$ 1,077,837	\$ 83,718	\$ (994,119)
Fund Balance at beginning of year	<u>782,683</u>	<u>782,683</u>	<u>782,683</u>	
Fund Balance at end of year	<u>\$ 1,806,020</u>	<u>\$ 1,860,520</u>	<u>\$ 866,401</u>	<u>\$ (994,119)</u>

CITY OF MURFREESBORO, TENNESSEE

Drug Enforcement Fund

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

Year Ended June 30, 2019

	<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	\$ 23,170	\$ (81,830)
Seizure awards	170,000	170,000	270,539	100,539
Interest	700	700	5,598	4,898
Miscellaneous	19,600	19,600	4,072	(15,528)
	<u>\$ 295,300</u>	<u>\$ 295,300</u>	<u>\$ 303,379</u>	<u>\$ 8,079</u>
Expenditures -				
Salaries and wages	\$ 100,000	\$ 100,000	\$ 82,118	\$ 17,882
Contractual services			210	(210)
Utility services	30,340	30,340	32,617	(2,277)
Professional services	5,000	5,000		5,000
Repairs and maintenance	82,480	72,480	50,609	21,871
Training and travel	30,100	30,100	17,754	12,346
Administrative supplies	4,550	4,550	1,614	2,936
Other supplies	6,850	6,850	3,717	3,133
Other miscellaneous	94,000	104,000	91,584	12,416
Capital outlay	81,640	266,640	240,675	25,965
	<u>\$ 434,960</u>	<u>\$ 619,960</u>	<u>\$ 520,898</u>	<u>\$ 99,062</u>
Excess of Revenues Over (Under) Expenditures	\$ (139,660)	\$ (324,660)	\$ (217,519)	\$ 107,141
Other Financing Sources -				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>23,169</u>	<u>(76,831)</u>
Net change in fund balance	\$ (39,660)	\$ (224,660)	\$ (194,350)	\$ 30,310
Fund Balance at beginning of year	<u>473,540</u>	<u>473,540</u>	<u>473,540</u>	
Fund Balance at end of year	<u>\$ 433,880</u>	<u>\$ 248,880</u>	<u>\$ 279,190</u>	<u>\$ 30,310</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Charges for services	\$ 4,436,902	\$ 4,436,902	\$ 4,594,539	\$ 157,637
Other local revenues	6,800	6,800	145,501	138,701
	<u>\$ 4,443,702</u>	<u>\$ 4,443,702</u>	<u>\$ 4,740,040</u>	<u>\$ 296,338</u>
Expenditures -				
Community services	\$ 4,827,653	\$ 4,387,889	\$ 4,761,601	\$ (373,712)
Capital outlay	43,000	43,000	41,455	1,545
	<u>\$ 4,870,653</u>	<u>\$ 4,430,889</u>	<u>\$ 4,803,056</u>	<u>\$ (372,167)</u>
Excess of Revenues Over (Under) Expenditures	\$ (426,951)	\$ 12,813	\$ (63,016)	\$ (75,829)
Fund Balance at beginning of year	550,954	550,954	550,954	
Fund Balance at end of year	<u>\$ 124,003</u>	<u>\$ 563,767</u>	<u>\$ 487,938</u>	<u>\$ (75,829)</u>

CITY OF MURFREESBORO, TENNESSEE

School Nutrition Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 4,296,574	\$ 4,296,574	\$ 4,553,887	\$ 257,313
State program revenues	40,000	40,000	83,773	43,773
USDA Commodities		403,580	392,069	(11,511)
Charges for services	<u>1,923,456</u>	<u>1,923,456</u>	<u>934,005</u>	<u>(989,451)</u>
	<u>\$ 6,260,030</u>	<u>\$ 6,663,610</u>	<u>\$ 5,963,734</u>	<u>\$ (699,876)</u>
Expenditures -				
Food service	\$ 6,136,965	\$ 6,750,688	\$ 4,927,105	\$ 1,823,583
USDA commodities		<u>392,069</u>	<u>392,069</u>	
	<u>\$ 6,136,965</u>	<u>\$ 7,142,757</u>	<u>\$ 5,319,174</u>	<u>\$ 1,823,583</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 123,065	\$ (479,147)	\$ 644,560	\$ 1,123,707
Fund Balance at beginning of year	2,283,223	2,283,223	2,283,223	
Change in reserve for inventory			<u>(6,544)</u>	<u>(6,544)</u>
Fund Balance at end of year	<u>\$ 2,406,288</u>	<u>\$ 1,804,076</u>	<u>\$ 2,921,239</u>	<u>\$ 1,117,163</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State program revenues	\$ 1,228,779	\$ 1,232,629	\$ 1,232,629	
Federal program revenues	<u>4,248,780</u>	<u>4,858,389</u>	<u>4,335,128</u>	\$ <u>(523,261)</u>
	\$ <u>5,477,559</u>	\$ <u>6,091,018</u>	\$ <u>5,567,757</u>	\$ <u>(523,261)</u>
Expenditures -				
Regular instruction	\$ 1,488,640	\$ 1,704,358	\$ 1,598,350	\$ 106,008
Special education	1,041,634	1,027,200	914,098	113,102
Health services	119,850	119,850	104,100	15,750
Other student support	30,036	79,043	21,254	57,789
Regular instruction - support	651,768	911,041	647,340	263,701
Special education - support	495,575	595,123	552,697	42,426
Community services	476,808	476,808	471,288	5,520
Early childhood education	1,128,779	1,132,629	1,132,629	
Capital outlay			<u>244,312</u>	<u>(244,312)</u>
	\$ <u>5,433,090</u>	\$ <u>6,046,052</u>	\$ <u>5,686,068</u>	\$ <u>359,984</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 44,469	\$ 44,966	\$ (118,311)	\$ (163,277)
Other Financing Sources (Uses)				
Transfers out	<u>(44,469)</u>	<u>(44,966)</u>	<u>(45,416)</u>	<u>(450)</u>
Net change in fund balance	\$ - 0 -	\$ - 0 -	\$ (163,727)	\$ (163,727)
Fund Balance at beginning of year	<u>1,870,703</u>	<u>1,870,703</u>	<u>1,870,703</u>	
Fund Balance at end of year	\$ <u>1,870,703</u>	\$ <u>1,870,703</u>	\$ <u>1,706,976</u>	\$ <u>(163,727)</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 from bonds and the proceeds from notes from direct borrowings and direct placements, and the expenditures related to various capital projects funded by the bonds and notes.

CITY OF MURFREESBORO, TENNESSEE

TMBF/Bond Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 150,000	\$ 150,000	\$ 561,504	\$ 411,504
Miscellaneous income	50,000	50,000	723,634	673,634
	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,285,138</u>	<u>\$ 1,085,138</u>
Expenditures-				
Capital outlay and other projects	\$ 72,000,000	\$ 72,000,000	\$ 44,340,637	\$ 27,659,363
Debt issuance costs	295,000	295,000	126,010	168,990
	<u>\$ 72,295,000</u>	<u>\$ 72,295,000</u>	<u>\$ 44,466,647</u>	<u>\$ 27,828,353</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (72,095,000)</u>	<u>\$ (72,095,000)</u>	<u>\$ (43,181,509)</u>	<u>\$ 28,913,491</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 33,000,000	\$ 33,000,000	\$ 58,580,405	\$ 25,580,405
Transfers out	(100,000)	(100,000)	(37,814)	62,186
	<u>\$ 32,900,000</u>	<u>\$ 32,900,000</u>	<u>\$ 58,542,591</u>	<u>\$ 25,642,591</u>
Net change in fund balance	\$ (39,195,000)	\$ (39,195,000)	\$ 15,361,082	\$ 54,556,082
Fund Balance at beginning of year	50,338,882	50,338,882	50,338,882	
Fund Balance at end of year	<u>\$ 11,143,882</u>	<u>\$ 11,143,882</u>	<u>\$ 65,699,964</u>	<u>\$ 54,556,082</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
County shared bond funds		\$ 5,299,788	\$ 5,299,788	
Interest income	\$ 600	600	36,964	\$ 36,364
Revenues from other agencies	<u>168,000</u>	<u>168,000</u>	<u>1,648</u>	<u>(166,352)</u>
	\$ <u>168,600</u>	\$ <u>5,468,388</u>	\$ <u>5,338,400</u>	\$ <u>(129,988)</u>
Expenditures-				
Capital outlay and other projects	\$ 375,600	\$ 5,675,388	\$ 1,781,548	\$ 3,893,840
Miscellaneous	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
	\$ <u>376,100</u>	\$ <u>5,675,888</u>	\$ <u>1,781,548</u>	\$ <u>3,894,340</u>
Excess of Revenues Over (Under) Expenditures	\$ (207,500)	\$ (207,500)	\$ 3,556,852	\$ 3,764,352
Fund Balance at beginning of year	<u>1,349,818</u>	<u>1,349,818</u>	<u>1,349,818</u>	
Fund Balance at end of year	\$ <u><u>1,142,318</u></u>	\$ <u><u>1,142,318</u></u>	\$ <u><u>4,906,670</u></u>	\$ <u><u>3,764,352</u></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, 2019

	<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>1,115</u>	\$ <u>1,115</u>
Expenditures -				
Principal retirement	\$ <u>32,046,792</u>	\$ <u>32,046,792</u>	\$ <u>26,590,846</u>	\$ <u>5,455,946</u>
Interest	<u>9,856,164</u>	<u>9,856,164</u>	<u>8,384,277</u>	<u>1,471,887</u>
Debt issuance costs and fiscal agent fees	<u>100,000</u>	<u>100,000</u>	<u>40,616</u>	<u>59,384</u>
Other	<u>5,000</u>	<u>5,000</u>	<u>9,130</u>	<u>(4,130)</u>
	\$ <u>42,007,956</u>	\$ <u>42,007,956</u>	\$ <u>35,024,869</u>	\$ <u>6,983,087</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(42,007,956)</u>	\$ <u>(42,007,956)</u>	\$ <u>(35,023,754)</u>	\$ <u>6,984,202</u>
Other Financing Sources (Uses) -				
Transfers in	\$ <u>39,937,956</u>	\$ <u>39,937,956</u>	\$ <u>39,015,339</u>	\$ <u>(922,617)</u>
Transfers out			<u>(5,717,705)</u>	<u>(5,717,705)</u>
	\$ <u>39,937,956</u>	\$ <u>39,937,956</u>	\$ <u>33,297,634</u>	\$ <u>(6,640,322)</u>
Net change in fund balance	\$ <u>(2,070,000)</u>	\$ <u>(2,070,000)</u>	\$ <u>(1,726,120)</u>	\$ <u>343,880</u>
Fund Balance at beginning of year	<u>2,088,978</u>	<u>2,088,978</u>	<u>2,088,978</u>	
Fund Balance at end of year	\$ <u><u>18,978</u></u>	\$ <u><u>18,978</u></u>	\$ <u><u>362,858</u></u>	\$ <u><u>343,880</u></u>

NONMAJOR DEBT SERVICE FUND

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

CITY OF MURFREESBORO, TENNESSEE

School Debt Service Fund

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

Year Ended June 30, 2019

	<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	\$ 5,459,545	\$ 5,459,545	\$ 5,455,945	\$ 3,600
Interest	<u>1,420,105</u>	<u>1,420,105</u>	<u>1,118,400</u>	<u>301,705</u>
	\$ <u>6,879,650</u>	\$ <u>6,879,650</u>	\$ <u>6,574,345</u>	\$ <u>305,305</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(6,879,650)</u>	\$ <u>(6,879,650)</u>	\$ <u>(6,574,345)</u>	\$ <u>(305,305)</u>
Other Financing Sources (Uses) -				
Transfers in	\$ <u>6,879,650</u>	\$ <u>6,879,650</u>	\$ <u>6,574,345</u>	\$ <u>(305,305)</u>
	\$ <u>6,879,650</u>	\$ <u>6,879,650</u>	\$ <u>6,574,345</u>	\$ <u>(305,305)</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, 2019

	<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	\$ 5,964,987	\$ 368,309	\$ 6,333,296
Accounts receivable		224,329	224,329
Inventories		65,249	65,249
Prepaid items	9,281	4,625	13,906
Total Current Assets	<u>\$ 5,974,268</u>	<u>\$ 662,512</u>	<u>\$ 6,636,780</u>
Noncurrent Assets -			
Land and construction in progress	\$ 2,895,300	\$ 935	\$ 2,896,235
Other capital assets, net of depreciation	3,553,949	145,283	3,699,232
Total Noncurrent Assets	<u>\$ 6,449,249</u>	<u>\$ 146,218</u>	<u>\$ 6,595,467</u>
Total Assets	<u>\$ 12,423,517</u>	<u>\$ 808,730</u>	<u>\$ 13,232,247</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	\$ 121,636		\$ 121,636
Total Deferred Outflows of Resources	<u>\$ 121,636</u>		<u>\$ 121,636</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,545,153</u>	<u>\$ 808,730</u>	<u>\$ 13,353,883</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities -			
Accounts payable	\$ 35,565	\$ 2,371	\$ 37,936
Accrued and withheld liabilities	41,476	3,017	44,493
Compensated absences	6,566		6,566
Due to other funds	1,054,368		1,054,368
Total Current Liabilities	<u>\$ 1,137,975</u>	<u>\$ 5,388</u>	<u>\$ 1,143,363</u>
Long-term Liabilities -			
Compensated absences	\$ 33,078		\$ 33,078
Net pension liability	97,277		97,277
Total OPEB liability	<u>1,089,828</u>		<u>1,089,828</u>
Total Long-term Liabilities	<u>\$ 1,220,183</u>		<u>\$ 1,220,183</u>
Total Liabilities	<u>\$ 2,358,158</u>	<u>\$ 5,388</u>	<u>\$ 2,363,546</u>
<u>DEFERRED INTFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	\$ 132,980		\$ 132,980
Total Deferred Inflows of Resources	<u>\$ 132,980</u>		<u>\$ 132,980</u>
Net Position -			
Investment in capital assets	\$ 6,449,249	\$ 146,218	\$ 6,595,467
Restricted for capital expenditures		37,177	37,177
Unrestricted	3,604,766	619,947	4,224,713
Total Net Position	<u>\$ 10,054,015</u>	<u>\$ 803,342</u>	<u>\$ 10,857,357</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 12,545,153</u>	<u>\$ 808,730</u>	<u>\$ 13,353,883</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

	<u>Murfreesboro Stormwater Fund</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Operating Revenues - Charges for services	\$ <u>3,042,893</u>	\$ <u>690,444</u>	\$ <u>3,733,337</u>
Operating Expenses - Operating expenses	\$ <u>2,153,867</u>	\$ <u>530,055</u>	\$ <u>2,683,922</u>
Depreciation expense	<u>597,932</u>	<u>24,180</u>	<u>622,112</u>
	\$ <u>2,751,799</u>	\$ <u>554,235</u>	\$ <u>3,306,034</u>
Operating Income (Loss)	\$ <u>291,094</u>	\$ <u>136,209</u>	\$ <u>427,303</u>
Nonoperating Revenues (Expenses) - Interest	\$ <u>50,386</u>	\$ <u>4,625</u>	\$ <u>55,011</u>
Total non-operating revenues (expenses)	\$ <u>50,386</u>	\$ <u>4,625</u>	\$ <u>55,011</u>
Income (Loss) Before Transfers	\$ <u>341,480</u>	\$ <u>140,834</u>	\$ <u>482,314</u>
Transfers in	<u> </u>	<u>60,054</u>	<u>60,054</u>
Change in Net Position	\$ <u>341,480</u>	\$ <u>200,888</u>	\$ <u>542,368</u>
Net Position at beginning of year	<u>9,712,535</u>	<u>602,454</u>	<u>10,314,989</u>
Net Position at end of year	\$ <u><u>10,054,015</u></u>	\$ <u><u>803,342</u></u>	\$ <u><u>10,857,357</u></u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2019

	Murfreesboro Stormwater Fund	Evergreen Cemetery	Totals
Cash Flows from Operating Activities -			
Cash received from customers		\$ 649,546	\$ 649,546
Cash payments to suppliers		(224,621)	(224,621)
Cash payments to employees		(319,712)	(319,712)
Transfers of stormwater fees from the Murfreesboro Water Resources Department	\$ 1,571,710		1,571,710
Reimbursements to the Murfreesboro Water Resources Department	<u>(1,513,713)</u>		<u>(1,513,713)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 57,997</u>	<u>\$ 105,213</u>	<u>\$ 163,210</u>
Cash Flows from Noncapital Financing Activities -			
Transfers in		\$ 60,054	\$ 60,054
Net Cash Provided (Used) by Noncapital Financing Activities		<u>\$ 60,054</u>	<u>\$ 60,054</u>
Cash Flows From Capital and Related Financing Activities -			
Acquisition and construction of capital assets		\$ (16,335)	\$ (16,335)
Net Cash Used by Capital and Related Financing Activities		<u>\$ (16,335)</u>	<u>\$ (16,335)</u>
Cash Flows From Investing Activities -			
Interest received	\$ 50,386	\$ 4,625	\$ 55,011
Net Cash Provided by Investing Activities	<u>\$ 50,386</u>	<u>\$ 4,625</u>	<u>\$ 55,011</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 108,383	\$ 153,557	\$ 261,940
Cash and Cash Equivalents at Beginning of Year	5,856,604	214,752	6,071,356
Cash and Cash Equivalents at End of Year	<u>\$ 5,964,987</u>	<u>\$ 368,309</u>	<u>\$ 6,333,296</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 291,094	\$ 136,209	\$ 427,303
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	597,932	24,180	622,112
Changes in assets and liabilities -			
Accounts receivable		(40,898)	(40,898)
Inventory		(11,456)	(11,456)
Prepaid expenses	35,982	(2,221)	33,761
Deferred outflows of resources	(29,947)		(29,947)
Accounts payable	(3,613)	(3,618)	(7,231)
Accrued and withheld liabilities	5,272	3,017	8,289
Due to other funds	(949,042)		(949,042)
Net pension liability	(39,291)		(39,291)
Total OPEB liability	68,982		68,982
Deferred inflows of resources	80,628		80,628
Net Cash Provided (Used) by Operating Activities	<u>\$ 57,997</u>	<u>\$ 105,213</u>	<u>\$ 163,210</u>
Non-Cash Capital and Related Financing Activities -			
Capital assets acquired with due to other funds	\$ 750,587		\$ 750,587
	<u>\$ 750,587</u>		<u>\$ 750,587</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, 2019

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets -			
Cash and cash equivalents	\$ 9,713,541	\$ 4,081,230	\$ 13,794,771
Investments		2,033,386	2,033,386
Due from others	152,448	34,044	186,492
Due from other funds	25		25
Total Current Assets	<u>\$ 9,866,014</u>	<u>\$ 6,148,660</u>	<u>\$ 16,014,674</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>\$ 9,866,014</u>	<u>\$ 6,648,660</u>	<u>\$ 16,514,674</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities -			
Accounts payable	\$ 1,611,561	\$ 141,573	\$ 1,753,134
Accrued and withheld liabilities		26,560	26,560
Due to others		39	39
Claims and judgments payable		2,048,433	2,048,433
Total Current Liabilities	<u>\$ 1,611,561</u>	<u>\$ 2,216,605</u>	<u>\$ 3,828,166</u>
Noncurrent Liabilities -			
Claims and judgments payable		<u>1,002,335</u>	<u>1,002,335</u>
Total Liabilities	<u>\$ 1,611,561</u>	<u>\$ 3,218,940</u>	<u>\$ 4,830,501</u>
Net Position -			
Unrestricted	<u>\$ 8,254,453</u>	<u>\$ 3,429,720</u>	<u>\$ 11,684,173</u>
Total Net Position	<u>\$ 8,254,453</u>	<u>\$ 3,429,720</u>	<u>\$ 11,684,173</u>
Total Liabilities and Net Position	<u>\$ 9,866,014</u>	<u>\$ 6,648,660</u>	<u>\$ 16,514,674</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Operating Revenues -			
Premiums from City departments	\$ 14,277,929	\$ 3,665,082	\$ 17,943,011
Premiums from others	2,824,196	1,824	2,826,020
Miscellaneous	379,792		379,792
	<u>\$ 17,481,917</u>	<u>\$ 3,666,906</u>	<u>\$ 21,148,823</u>
Operating Expenses -			
Claims and administrative expense	\$ 17,549,339	\$ 2,902,267	\$ 20,451,606
Administrative support services		150,000	150,000
Salaries and wages		229,835	229,835
Employee benefits		75,012	75,012
Contractual services		5,621	5,621
Utility Services		1,468	1,468
Professional services		4,750	4,750
Repairs and maintenance		1,020	1,020
Training and travel		4,862	4,862
Administrative supplies		2,927	2,927
Other supplies		609	609
Capital outlay		1,212	1,212
Miscellaneous		490	490
	<u>\$ 17,549,339</u>	<u>\$ 3,380,073</u>	<u>\$ 20,929,412</u>
Operating Income (Loss)	<u>\$ (67,422)</u>	<u>\$ 286,833</u>	<u>\$ 219,411</u>
Nonoperating Revenue -			
Interest earned	\$ 84,505	\$ 51,408	\$ 135,913
Unrealized gain on investment		20,605	20,605
	<u>\$ 84,505</u>	<u>\$ 72,013</u>	<u>\$ 156,518</u>
Change in Net Position	\$ 17,083	\$ 358,846	\$ 375,929
Net Position at beginning of year	8,237,370	3,070,874	11,308,244
Net Position at end of year	<u>\$ 8,254,453</u>	<u>\$ 3,429,720</u>	<u>\$ 11,684,173</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2019

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Cash Flows From Operating Activities-			
Cash received from interfund services provided	\$ 17,102,485	\$ 3,665,082	\$ 20,767,567
Cash payments to employees		(304,847)	(304,847)
Cash payments of claims and administrative expenses	(16,839,161)	(3,883,725)	(20,722,886)
Other receipts	506,328	1,824	508,152
Other payments		(172,959)	(172,959)
Net Cash Provided (Used) by Operating Activities	<u>\$ 769,652</u>	<u>\$ (694,625)</u>	<u>\$ 75,027</u>
Cash Flows From Investing Activities-			
Interest received	<u>\$ 84,505</u>	<u>\$ 31,476</u>	<u>\$ 115,981</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 84,505</u>	<u>\$ 31,476</u>	<u>\$ 115,981</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 854,157	\$ (663,149)	\$ 191,008
Cash and Cash Equivalents at Beginning of Year	<u>8,859,384</u>	<u>4,744,379</u>	<u>13,603,763</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,713,541</u>	<u>\$ 4,081,230</u>	<u>\$ 13,794,771</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (67,422)	\$ 286,833	\$ 219,411
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Changes in assets and liabilities -			
Due from other funds	360		360
Due from others	126,536	(20,123)	106,413
Prepaid items	3,618		3,618
Accounts payable	706,560	(152,686)	553,874
Claims and judgments payable		(807,232)	(807,232)
Accrued and withheld liabilities		(1,387)	(1,387)
Due to others		(30)	(30)
Net Cash Provided (Used) by Operating Activities	<u>\$ 769,652</u>	<u>\$ (694,625)</u>	<u>\$ 75,027</u>
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position -			
Cash and Cash Equivalents	<u>\$ 9,713,541</u>	<u>\$ 4,081,230</u>	<u>\$ 13,794,771</u>
Non-Cash Investing Activities -			
Reinvested investment earnings		<u>\$ 40,537</u>	<u>\$ 40,537</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, 2019

	<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	\$ 2,955,832	\$ 2,061,996	\$ 5,017,828
Certificates of deposit	576,158	1,183,443	1,759,601
Investments, at fair value -			
Mutual funds	107,232,234	5,760,450	112,992,684
US government and municipal obligations	705,462	361,732	1,067,194
Corporate notes and bonds	10,431,781	8,422,036	18,853,817
Common/preferred stock	21,905,094	8,508,969	30,414,063
Accrued interest receivable	131,686	81,777	213,463
Due from others	260,464	200,000	460,464
	<u>\$ 144,198,711</u>	<u>\$ 26,580,403</u>	<u>\$ 170,779,114</u>
<u>LIABILITIES</u>			
Due to others	\$ <u>50,698</u>		\$ <u>50,698</u>
	<u>\$ 50,698</u>		<u>\$ 50,698</u>
<u>NET POSITION</u>			
Net Position -			
Restricted for pensions	<u>\$ 144,148,013</u>	<u>\$ 26,580,403</u>	<u>\$ 170,728,416</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds

Year Ended June 30, 2019

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Employee Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ 4,407,544	\$ 1,200,000	\$ 5,607,544
Investment income-			
Net appreciation in fair value of investments	\$ 1,518,466	\$ 363,563	\$ 1,882,029
Interest	418,886	321,765	740,651
Dividends	5,395,546	621,569	6,017,115
Total investment income	\$ 7,332,898	\$ 1,306,897	\$ 8,639,795
Less administrative expenses	(399,446)	(113,561)	(513,007)
Net investment income	\$ 6,933,452	\$ 1,193,336	\$ 8,126,788
Total additions	\$ 11,340,996	\$ 2,393,336	\$ 13,734,332
Deductions -			
Benefits to participants	\$ 5,866,947	\$ 1,143,524	\$ 7,010,471
Total deductions	\$ 5,866,947	\$ 1,143,524	\$ 7,010,471
Net Increase	\$ 5,474,049	\$ 1,249,812	\$ 6,723,861
Net Position Restricted for Pensions			
Beginning of year	138,673,964	25,330,591	164,004,555
End of year	\$ 144,148,013	\$ 26,580,403	\$ 170,728,416

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>ASSETS</u>				
Cash and cash equivalents	\$ 796,349	\$ 1,562,233	\$ 1,578,587	\$ 779,995
Cash on hand		3,812		3,812
Certificates of deposit	10,000			10,000
Other receivables	8,826		2,303	6,523
Inventory	1,797			1,797
Other assets	4,002		886	3,116
Total Assets	<u>\$ 820,974</u>	<u>\$ 1,566,045</u>	<u>\$ 1,581,776</u>	<u>\$ 805,243</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 820,974</u>	<u>\$ 1,568,944</u>	<u>\$ 1,584,675</u>	<u>\$ 805,243</u>
Total Liabilities	<u>\$ 820,974</u>	<u>\$ 1,568,944</u>	<u>\$ 1,584,675</u>	<u>\$ 805,243</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, 2019

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Funds -			
Extended School Program Fund			
Pinnacle Financial Partners	0.30 %	03/03/2020	\$ 100,000
Pinnacle Financial Partners	0.25	09/19/2019	128,248
			<u>\$ 228,248</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	2.45 %	09/02/2021	\$ 201,212
Goldman Sachs FDIC Insured CD	2.20	01/14/2020	100,039
State Bank of India CD	2.15	12/16/2019	149,907
Synovus Bank CD (Formerly World's Foremost Bank CD)	2.45	05/15/2023	125,000
			<u>\$ 576,158</u>
Electric Department Employee Pension Fund			
American Express Bank CD	2.20 %	11/20/2019	\$ 149,967
American Federal Bank CD	2.45	09/30/2022	150,535
Discover Bank FDIC Insured CD	2.15	09/17/2019	109,975
Goldman Sachs Bank FDIC Insured CD	2.20	01/14/2020	125,049
State Bank of India CD	2.15	12/16/2019	149,907
Wells Fargo Bank NA CD	2.35	07/15/2019	248,010
Synovus Bank CD (Formerly World's Foremost Bank CD)	2.00	05/25/2021	250,000
			<u>\$ 1,183,443</u>
Extended School Program Private Purpose Trust Fund			
Pinnacle Financial Partners	0.30 %	03/06/2020	<u>\$ 163,090</u>
School Activity Agency Fund			
Pinnacle Financial Partners	0.30 %	03/22/2020	<u>\$ 10,000</u>
Total Certificates of Deposit			<u>\$ 2,660,939</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2019

	Interest Rate		Maturity Date	Fair Value
General Fund -				
US Treasury Notes	2.500	%	05/31/2020	\$ 1,004,410
US Treasury Notes	2.750		11/30/2020	1,012,500
US Treasury Notes	1.500		11/30/2019	997,420
US Treasury Notes	2.000		05/31/2021	1,657,095
				<u>\$ 4,671,425</u>
TMBF/Bond Fund -				
Federal Home Loan Banks Debenture	1.500	%	09/25/2019	\$ 2,995,620
Federal Home Loan Banks Discount OID	2.300		07/15/2019	1,998,280
Federal Home Loan Banks Discount OID	2.320		01/29/2020	2,148,878
Federal National Mortgage Association Note	1.125		07/26/2019	1,299,012
US Treasury Bills OID	2.090		12/05/2019	1,045,737
US Treasury Bills OID	2.330		10/17/2019	993,860
US Treasury Bills OID	2.430		12/05/2019	1,982,440
US Treasury Bills OID	2.350		07/18/2019	2,497,575
US Treasury Bills OID	2.370		08/15/2019	3,989,520
US Treasury Bills OID	2.380		09/12/2019	3,983,280
US Treasury Bills OID	2.390		10/10/2019	3,976,480
US Treasury Notes	0.750		08/15/2019	1,996,240
US Treasury Notes	0.875		09/15/2019	2,991,300
US Treasury Notes	1.250		08/31/2019	2,994,840
US Treasury Notes	1.500		11/30/2019	1,994,840
US Treasury Notes	0.750		07/15/2019	1,998,860
US Treasury Notes	1.000		10/15/2019	2,990,400
US Treasury Notes	1.250		10/31/2019	1,994,060
US Treasury Notes	1.000		11/15/2019	2,987,340
US Treasury Notes	1.375		01/15/2020	1,992,340
US Treasury Notes	1.000		11/15/2019	1,991,560
US Treasury Notes	1.375		12/15/2019	1,993,680
US Treasury Notes	1.375		01/15/2020	1,992,340
US Treasury Notes	1.375		02/15/2020	1,991,400
US Treasury Notes	1.625		03/15/2020	1,994,140
US Treasury Notes	1.500		04/15/2020	1,991,720
				<u>\$ 60,805,742</u>
Risk Management Fund -				
Federal Home Loan Banks Debenture	2.375	%	04/29/2020	\$ 501,630
US Treasury Notes	1.500		10/31/2019	508,944
US Treasury Notes	1.375		01/15/2020	498,085
US Treasury Notes	1.625		07/31/2019	524,727
				<u>\$ 2,033,386</u>
Employees' Pension Trust Fund -				
Jackson TN Energy Rev Taxable	2.650	%	04/01/2021	\$ 351,799
Jackson TN Energy Rev Taxable	3.200		04/01/2024	205,546
Salt Lake City, Utah Redevel Agy	4.411		04/01/2022	148,117
Actavis Services	3.800		03/15/2025	140,099
Aetna Inc. Senior Bond	2.750		11/15/2022	175,992
American Express Co. Bond	3.625		12/05/2024	105,001
American Water Cap Corp Callable	3.850		03/01/2024	105,612
Amgen Inc. Senior Bond	3.875		11/15/2021	103,200
Appalachian Pwr Co Sr Gbl-X Nt	3.300		06/01/2027	305,607
Apple Inc. Senior Debt	2.400		05/03/2023	338,317
Autozone Inc. Bond	2.875		01/15/2023	252,555
BB&T Corp Sr Medium Term Nts	3.700		06/05/2025	106,696
BP Capital Markets Senior	3.561		11/01/2021	412,860
Bank of America Corp Non-Callable	4.000		04/01/2024	266,405
Becton Dickinson & Co Callable	3.250		11/12/2020	201,878
Berkshire Hathaway Inc Del Nts	3.125		03/15/2026	155,283
Biogen, Inc.	2.900		09/15/2020	150,753
Blackrock Inc Callable	3.500		03/18/2024	159,367
CSX Corp Callable	3.700		10/30/2020	101,613
Citigroup Inc Note	3.750		06/16/2024	105,456
Coca Cola Co Bond	3.150		11/15/2020	253,610
ConocoPhillips Callable	3.350		11/15/2024	104,913
John Deere Capital Corp Callable	3.400		09/11/2025	184,823
Dollar General Corp New Senior Bond	4.150		11/01/2025	106,927
Exxon Mobil Corp Callable	3.176		03/15/2024	274,935

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2019

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
General Electric Co Callable	2.700	10/09/2022	99,889
General Electric Capital Co Floating Rate Libor Plus 1.0%	1.243	04/15/2023	196,704
Gilead Sciences Inc Note	3.500	02/01/2025	209,860
Gilead Sciences Inc.	3.650	03/01/2026	105,575
Goldman Sachs Group Inc Floating Rate	2.000	05/13/2020	400,204
Halliburton Co. Callable	3.800	11/15/2025	104,853
JPMorgan Chase & Co. Note	2.295	08/15/2021	99,853
JPMorgan Chase & Co. Bond	3.375	05/01/2023	205,634
JPMorgan Chase & Co. Bond	2.550	10/29/2020	100,245
Kinder Morgan Energy Partners LP	5.800	03/01/2021	289,878
Lockheed Martin Corp Callable	2.900	03/01/2025	154,232
Manufacturers and Trade Corporation Bond	2.100	02/06/2020	74,913
McDonalds Corp Snr Mtn	3.700	01/30/2026	106,306
Mondelez International Inc. Callable	4.000	02/01/2024	158,340
Morgan Stanley Bond	2.375	07/23/2019	99,995
Morgan Stanley Floating Rate Bond	2.000	04/28/2023	218,531
Morgan Stanley Bond	2.800	06/16/2020	150,698
Norfolk Southern Corp Callable	2.903	02/15/2023	102,038
Nucor Corp Callable	4.125	09/15/2022	263,682
Nucor Corp Note	4.000	08/01/2023	105,931
O'Reilly Automotive Inc New Sr	3.800	09/01/2022	519,245
PNC	2.700	11/01/2022	202,004
Qualcomm Inc Callable	2.900	05/20/2024	101,578
Schwab Charles Corp New Note	3.450	02/13/2026	209,310
Southern Power Co Note	1.950	12/15/2019	199,400
State Street Corporation	3.550	08/18/2025	184,625
Stryker Corp Callable	3.500	03/15/2026	104,638
Sysco Corp Callable	3.550	03/15/2025	104,803
TD Ameritrade Hldg Corp Note	5.600	12/01/2019	126,585
United Parcel Service Inc Note	3.050	11/15/2027	310,095
United Technologies Corp	3.100	06/01/2022	204,614
United Technologies Corp Note	3.950	08/16/2025	134,800
Unitedhealth Group Inc Snr Nts	3.750	07/15/2025	213,610
Virginia Elec & Power Co Sr Gbl A Nt	3.150	01/15/2026	154,922
Virginia Elec & Power Co Note	2.950	11/15/2026	101,666
Credit Suisse New York Branch Mtn	5.300	08/13/2019	200,623
Alphabet Inc. - CL A	NA	NA	449,362
Amazon Com Inc.	NA	NA	480,982
American Elec Pwr Co Inc Com	NA	NA	394,461
American Express Co. Com	NA	NA	367,358
American Tower Corporation New	NA	NA	616,212
Amgen Inc. Com	NA	NA	368,929
Apple Inc. Com	NA	NA	617,510
Automatic Data Processing Inc. Com	NA	NA	390,510
Chevron Corp New Com	NA	NA	370,333
Citigroup Inc.	NA	NA	324,169
Costco Whsl Corp New Com	NA	NA	455,584
Danaher Corp Del Com	NA	NA	565,820
Disney Walt Co Com	NA	NA	282,911
Ecolab Inc	NA	NA	239,297
Emerson Elec Co. Com	NA	NA	160,795
Exxon Mobil Corp Com	NA	NA	338,245
Facebook Inc Com	NA	NA	146,680
HCA Healthcare, Inc.	NA	NA	444,574
Home Depot Inc. Com	NA	NA	391,400
Honeywell International Inc. Com	NA	NA	453,236
Intel Corp Com	NA	NA	204,022
International Paper Co. Com	NA	NA	244,628
JPMorgan Chase & Co. Com	NA	NA	341,884
Lockheed Martin Corp Com	NA	NA	460,605
Microsoft Corp Com	NA	NA	749,104
Mondelez International Inc. CL A	NA	NA	441,657
Netflix Inc. Com	NA	NA	199,822
Nextera Energy Inc.	NA	NA	490,025

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2019

	Interest Rate		Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -				
Nike Inc CL B	NA		NA	334,457
Oracle Corp Com	NA		NA	439,865
Paypal Holdings Inc.	NA		NA	475,810
Pepsico Inc. Com	NA		NA	314,581
Philip Morris Intl Inc. Com	NA		NA	305,953
TJX Cos Inc. New Com	NA		NA	232,408
US Bankcorp Del Com New	NA		NA	144,624
United Parcel Service Inc. CL B	NA		NA	265,920
United Technologies Corp Com	NA		NA	228,631
United Health Group Inc. Com	NA		NA	472,403
Valero Energy Corp New	NA		NA	239,023
Verizon Communications Inc Com	NA		NA	381,114
Visa Inc. Com	NA		NA	626,863
Medtronic PLC	NA		NA	317,686
Ishares North American Natural Resources	NA		NA	6,135,641
Legg Mason BW Global Opportunities BD Fund CL IS	NA		NA	4,560,441
Pimco Global Bond Fund US Dollar Hedged FD	NA		NA	6,034,646
Principal High Income Fd Instl CL	NA		NA	8,511,962
TCW Total Return Bond Fund CL I	NA		NA	15,878,635
Vanguard Small Cap Growth ETF	NA		NA	4,853,192
Legg Mason Brandywine Large Cap Value Fund CL IS	NA		NA	11,500,799
Harbor Mid Cap Value Instl	NA		NA	3,591,805
Janus Enterprise Class I	NA		NA	3,872,259
Virtus Ceredex Small Cap Value Eq Fd 1	NA		NA	4,477,286
American Funds - Capital World Growth and Income Fund - R6	NA		NA	4,796,413
Dodge & Cox International Stock Fund	NA		NA	11,938,193
Janus Global Research Fund CL 1	NA		NA	5,052,160
Invesco Oppenheimer Developing Markets Fd R6	NA		NA	9,656,451
Prudential Global Real Estate Fund CL Z	NA		NA	12,507,992
				\$ 140,274,571
Electric Department Employee Pension Fund -				
AT&T Inc. Senior Bond	2.625	%	12/01/2022	\$ 100,682
AT&T Inc. Senior	3.000		06/30/2022	101,751
Abbvie Inc. Nts	3.375		11/14/2021	254,238
Aetna Inc. Senior Bond	2.750		11/15/2022	150,851
Amazon Com Inc. Callable	3.800		12/05/2024	215,288
Arlington County Virginia Development Taxable	5.320		08/01/2023	155,462
American Tower Corp. New Senior Debt	3.500		01/31/2023	170,336
Amphenol Corp Callable	3.200		04/01/2024	256,195
Apple Inc. Senior Debt	2.400		05/03/2023	201,980
Apple Inc. Note	3.250		02/23/2026	276,877
Autozone Inc. Bond	2.875		01/15/2023	303,066
BP Capital Markets Senior	3.561		11/01/2021	154,823
Bank of America Corp	3.300		01/11/2023	139,155
Bank of New York Mellon Callable	3.550		09/23/2021	256,850
Bank of New York Mellon Snr Mtn	3.950		11/18/2025	325,203
Berkshire Hathaway Inc Del Nts	3.125		03/15/2026	207,044
Biogen, Inc.	2.900		09/15/2020	201,004
Blackrock Inc. Callable	3.500		03/18/2024	212,490
CSX Corp Callable	3.700		10/30/2020	101,613
Celgene Corp Senior Bond	2.875		08/15/2020	276,460
Conocophillips Callable	3.350		11/15/2024	262,283
Dollar General New Senior Bond	4.150		11/01/2025	267,317
DowDupont Inc Nts	4.493		11/15/2025	221,312
Edison International Note	2.125		04/15/2020	99,559
General Electric Capital Corp Floating Rate Libor Plus 1%	1.243		04/15/2023	196,704
Goldman Sachs Group Inc Floating Rate	2.000		05/13/2020	250,128
Goldman Sachs Group Inc Snr Mtn	4.000		03/03/2024	106,108
JPMorgan Chase & Co Bond	3.375		05/01/2023	154,225
JPMorgan Chase & Co Senior Bond	2.750		06/23/2020	150,594
JPMorgan Chase & Co Senior Nt	3.200		06/15/2026	308,739
Kinder Morgan Energy Partners LP	5.800		03/01/2021	105,410
Lockheed Martin Corp Callable	2.900		03/01/2025	257,052

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2019

	Interest Rate	Maturity Date	Fair Value
Electric Department Employee Pension Fund (continued) -			
Medco Health Solutions, Inc Nts	4.125	09/15/2020	101,896
Morgan Stanley Non Callable	2.625	11/17/2021	251,513
Morgan Stanley Floating Rate Bond	2.000	04/28/2023	97,125
O'Reilly Automotive Inc New Sr Nt	3.800	09/01/2022	259,623
Portland Oregon Urban Renewal Sr Lien Ser-A	3.873	06/15/2022	206,270
Occidental Pete Corp Snr Nts	3.400	04/15/2026	203,758
Phillip Morris Intl Inc Note	3.250	11/10/2024	258,902
Stryker Corp Callable	3.375	05/15/2024	130,026
Sysco Corp Callable	3.550	03/15/2025	104,803
Toyota Motor Credit Non-Callable	1.550	10/18/2019	74,843
US Bankcorp Mtns Bk Ent	3.950	11/17/2025	162,960
United Technologies Corp Note	3.950	08/16/2025	134,800
Unitedhealth Group Inc Snr Nts	3.100	03/15/2026	205,982
Credit Suisse New York Branch Mtn	5.300	08/13/2019	150,468
Alphabet Inc CL A	NA	NA	241,464
Amazon Com Inc	NA	NA	259,427
American Elec Pwr Co Inc Com	NA	NA	208,584
American Express Co Com	NA	NA	185,901
American Tower Corp New	NA	NA	329,369
Amgen Inc Com	NA	NA	192,020
Apple Inc Com	NA	NA	332,110
Automatic Data Processing Inc Com	NA	NA	192,444
Chevron Corp New Com	NA	NA	194,375
Citigroup Inc	NA	NA	164,010
Costco Whsl Corp New Com	NA	NA	235,984
Danaher Corp Del Com	NA	NA	290,842
Delta Air Lines Inc Del Com New	NA	NA	129,503
Disney Walt Co Com	NA	NA	150,253
Ecolab Inc	NA	NA	120,043
Emerson Elec Co Com	NA	NA	80,398
Exxon Mobil Corp Com	NA	NA	169,506
Facebook Inc Com	NA	NA	91,289
HCA Healthcare Inc	NA	NA	228,708
Home Depot Inc Com	NA	NA	221,280
Honeywell Intl Inc Com	NA	NA	229,062
Intel Corp Com	NA	NA	101,006
Intel Paper Co Com	NA	NA	120,516
JP Morgan Chase & Co Com	NA	NA	232,097
Lockheed Martin Corp Com	NA	NA	226,849
Microsoft Corp Com	NA	NA	386,743
Mondelez Intl Inc CL A	NA	NA	225,679
Netflix Inc Com	NA	NA	99,544
Nextera Energy Inc	NA	NA	261,196
Nike Inc CL B	NA	NA	179,401
Oracle Corp Com	NA	NA	226,228
Paypal Hldgs Inc	NA	NA	242,197
Pepsico Inc Com	NA	NA	166,535
Phillip Morris Intl Inc Com	NA	NA	165,463
TJX Cos Inc New Com	NA	NA	124,955
US Bankcorp Del Com New	NA	NA	159,663
United Parcel Service Inc CL B	NA	NA	139,105
United Technologies Corp Com	NA	NA	118,091
Unitedhealth Group Inc Com	NA	NA	252,794
Valero Energy Corp New	NA	NA	124,391
Verizon Communications Inc Com	NA	NA	204,583
Visa Inc Com	NA	NA	339,117
Medtronic Plc	NA	NA	166,244
Ishares Russell Midcap Value	NA	NA	714,020
Ishares Russell Mid-Cap Growth Etf Index Fd	NA	NA	739,472
Federated Mdt Small Cap Growth Fund Instl Fd	NA	NA	707,634
Hartford Schrodgers Intl Multi Cap Fd CL I	NA	NA	1,386,108
Crawford Dividend Opportunity Fd CL I	NA	NA	708,712
William Blair Intl Leaders Fund CL I	NA	NA	1,504,504
			\$ 23,053,187

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2019

	Interest Rate		Maturity Date	Fair Value
Evergreen Cemetery Commission -				
AT&T Inc Callable	2.450	%	06/30/2020	\$ 49,979
Altria Group Inc Non-Callable	2.850		08/09/2022	25,264
Amerisourcebergen Corp Callable	3.500		11/15/2021	40,782
Amphenol Corp Callable	4.000		02/01/2022	31,144
Amphenol Corp Callable	3.125		09/15/2021	60,879
Autozone Inc	4.000		11/15/2020	25,466
BP Capital Markets Sr Debt	2.750		05/10/2023	25,275
Bank of New York Mellon Snr Mtn	3.950		11/18/2025	54,201
Church & Dwight Inc. Callable	2.875		10/01/2022	40,536
Citizens Bank NA/RI Callable	2.450		12/04/2019	24,997
Comcast Corp New Note	3.125		07/15/2022	20,575
Comcast Corp New Callable	3.000		02/01/2024	51,454
Conocophillips Callable	3.350		11/05/2024	52,456
Ford Motor Credit Co Bond	2.459		03/27/2020	39,882
General Electric Capital Corp Floating Rate Libor Plus 1.0%	1.243		04/15/2023	98,352
Goldman Sachs Group Inc Floating Rate	2.000		05/13/2020	100,051
Goldman Sachs Group Inc Snr Mtn	4.000		03/03/2024	53,054
AEP Indiana Michigan Power	3.200		03/15/2023	51,339
JPMorgan Chase & Co	4.350		08/15/2021	26,004
JPMorgan Chase & Co Bond	2.550		10/29/2020	50,123
JPMorgan Chase & Co Sr Nt	3.200		06/15/2026	61,748
Kinder Morgan Energy Partners LP	5.800		03/01/2021	21,082
Manufacturers and Trade Corp Bond	2.100		02/06/2020	24,971
McDonalds Corp Snr Mtn	3.700		01/30/2026	53,153
Morgan Stanley Bond	2.375		07/23/2019	24,999
Norfolk Southern Corp Callable	2.903		02/15/2023	20,408
O'Reilly Automotive Inc New Sr Nt	3.800		09/01/2022	41,540
Oracle Corp Callable	2.950		11/15/2024	51,512
Southern Power Co Note	1.950		12/15/2019	24,925
State St Corporation Callable	3.550		08/18/2025	52,750
TD Ameritrade Hldg Corp Nts	3.750		04/01/2024	15,846
US BankCorp Mtns Bk Ent	3.950		11/17/2025	27,160
Unitedhealth Group Inc Snr Nts	3.750		07/15/2025	26,701
Ishares MSCI Emerging Markets ETF Fd	NA		NA	42,052
Ishares MSCI EAFE ETF	NA		NA	85,120
Vanguard Total Stock Market Index	NA		NA	816,978
				\$ 2,312,758
Total Investments				\$ 233,151,069

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Governmental Activities - General Obligation Bonds -					
2020	2009 General Obligation Refunding Bonds	5.00 %	\$ 1,840,000	\$ 92,000	\$ 1,932,000
			<u>\$ 1,840,000</u>	<u>\$ 92,000</u>	<u>\$ 1,932,000</u>
2020	2014 General Obligation Bonds	2.00-5.00 %	\$ 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>\$ 21,265,000</u>	<u>\$ 4,191,025</u>	<u>\$ 25,456,025</u>
2020	2016 General Obligation Bonds	2.00-5.00 %	\$ 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>\$ 67,125,000</u>	<u>\$ 14,278,250</u>	<u>\$ 81,403,250</u>
2020	2016B General Obligation Refunding Bonds	2.00 - 5.00 %	\$ 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>\$ 22,295,000</u>	<u>\$ 2,827,875</u>	<u>\$ 25,122,875</u>
2020	2018 General Obligation Bonds	2.95 - 5.00 %	\$ 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>\$ 67,610,000</u>	<u>\$ 19,708,715</u>	<u>\$ 87,318,715</u>
	Total General Obligation Bonds		<u>\$ 180,135,000</u>	<u>\$ 41,097,865</u>	<u>\$ 221,232,865</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Governmental Activities - Notes from Direct Borrowings and Direct Placements -					
2020	2019 Local Government Improvement Bonds	2.84 %	\$ 3,155,000	\$ 1,674,653	\$ 4,829,653
2021			3,245,000	1,579,231	4,824,231
2022			3,335,000	1,485,793	4,820,793
2023			3,430,000	1,389,764	4,819,764
2024			3,530,000	1,294,536	4,824,536
2025			3,630,000	1,189,355	4,819,355
2026			3,735,000	1,084,831	4,819,831
2027			3,840,000	977,283	4,817,283
2028			3,945,000	869,087	4,814,087
2029			4,060,000	753,119	4,813,119
2030			4,175,000	636,213	4,811,213
2031			4,295,000	515,996	4,810,996
2032			4,415,000	393,399	4,808,399
2033			4,540,000	265,197	4,805,197
2034			4,670,000	134,470	4,804,470
			<u>\$ 58,000,000</u>	<u>\$ 14,242,927</u>	<u>\$ 72,242,927</u>
2020	Bank Loan	1.60 %	\$ 145,000	\$ 1,160	\$ 146,160
			<u>\$ 145,000</u>	<u>\$ 1,160</u>	<u>\$ 146,160</u>
2020	Tennessee Municipal Bond Fund Loan (1)		\$ 5,783,000	\$ 270,726	\$ 6,053,726
2021			5,839,907	130,084	5,969,991
			<u>\$ 11,622,907</u>	<u>\$ 400,810</u>	<u>\$ 12,023,717</u>
2020	Tennessee Municipal Bond Fund Loan (1)		\$ 406,000	\$ 19,298	\$ 425,298
2021			422,000	9,400	431,400
			<u>\$ 828,000</u>	<u>\$ 28,698</u>	<u>\$ 856,698</u>
2020	Tennessee Municipal Bond Fund Loan (1)		\$ 4,152,000	\$ 549,059	\$ 4,701,059
2021			4,359,000	447,746	4,806,746
2022			4,577,000	341,381	4,918,381
2023			4,806,000	229,696	5,035,696
2024			5,047,000	112,422	5,159,422
			<u>\$ 22,941,000</u>	<u>\$ 1,680,304</u>	<u>\$ 24,621,304</u>
2020	Tennessee Municipal Bond Fund Loan	2.17 %	\$ 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>\$ 26,029,000</u>	<u>\$ 2,622,544</u>	<u>\$ 28,651,544</u>
2020	Tennessee Municipal Bond Fund Loan	1.25 %	\$ 760,000	\$ 4,750	\$ 764,750
			<u>\$ 760,000</u>	<u>\$ 4,750</u>	<u>\$ 764,750</u>
2020	Energy Efficient School Loan	0 %	\$ 99,996		\$ 99,996
2021			99,996		99,996
2022			41,705		41,705
			<u>\$ 241,697</u>		<u>\$ 241,697</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Governmental Activities - Notes from Direct Borrowings and Direct Placements -</u>					
2020	Energy Efficient School Loan	0 %	\$ 97,152		\$ 97,152
2021			97,152		97,152
2022			97,152		97,152
2023			56,670		56,670
			<u>\$ 348,126</u>		<u>\$ 348,126</u>
2020	Energy Efficient School Loan	0.75 %	\$ 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			154,918	533	155,451
			<u>\$ 1,768,397</u>	<u>\$ 66,562</u>	<u>\$ 1,834,959</u>
	Total Notes from Direct Borrowings and Direct Placements		<u>\$ 122,684,127</u>	<u>\$ 19,047,755</u>	<u>\$ 141,731,882</u>
	Total Governmental Activities - Long-Term Debt		<u>\$ 302,819,127</u>	<u>\$ 60,145,620</u>	<u>\$ 362,964,747</u>
<u>Murfreesboro Water Resources Department - Tax and Revenue Refunding Bonds -</u>					
2020	2016 Tax and Revenue Refunding Bonds	2.00-5.00 %	\$ 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
	Total Tax and Revenue Refunding Bonds		<u>\$ 16,715,000</u>	<u>\$ 2,061,550</u>	<u>\$ 18,776,550</u>
<u>Murfreesboro Water Resources Department - Notes from Direct Borrowings and Direct Placements -</u>					
2020	Direct Placement Refunding Bonds	1.31 %	\$ 3,695,000	\$ 97,464	\$ 3,792,464
2021			3,745,000	49,060	3,794,060
			<u>\$ 7,440,000</u>	<u>\$ 146,524</u>	<u>\$ 7,586,524</u>
2020	Tennessee Municipal Bond Fund (3)		\$ 502,000	\$ 37,774	\$ 539,774
2021			518,000	28,563	546,563
2022			534,000	19,060	553,060
2023			552,000	9,260	561,260
			<u>\$ 2,106,000</u>	<u>\$ 94,657</u>	<u>\$ 2,200,657</u>
2020	Tennessee Municipal Bond Fund (3)		\$ 2,240,000	\$ 381,104	\$ 2,621,104
2021			2,341,000	339,958	2,680,958
2022			2,446,000	296,957	2,742,957
2023			2,556,000	252,028	2,808,028
2024			2,671,000	205,077	2,876,077
2025			2,792,000	156,014	2,948,014
2026			2,917,000	104,729	3,021,729
2027			3,049,000	51,147	3,100,147
			<u>\$ 21,012,000</u>	<u>\$ 1,787,014</u>	<u>\$ 22,799,014</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Water Resources Department - Notes from Direct Borrowings and Direct Placements (continued) -</u>					
2020	State Revolving Loans - CW1 13-317	0.93 %	\$ 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
			\$ 2,833,086	\$ 209,069	\$ 3,042,155
2020	State Revolving Loans - CW0 12-303	0.93 %	\$ 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
			\$ 6,232,346	\$ 497,964	\$ 6,730,310
2020	State Revolving Loans - CG2 14-338	1.30 %	\$ 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
			\$ 3,372,868	\$ 376,505	\$ 3,749,373

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Water Resources Department - Notes from Direct Borrowings and Direct Placements (continued) -</u>					
2020	State Revolving Loans - SRF 12-306	0.93 %	\$ 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
			\$ 10,821,769	\$ 864,771	\$ 11,686,540
2020	State Revolving Loans - SRF 14-339	1.30 %	\$ 1,333,992	\$ 348,732	\$ 1,682,724
2021			1,351,428	331,296	1,682,724
2022			1,369,104	313,620	1,682,724
2023			1,387,008	295,716	1,682,724
2024			1,405,152	277,572	1,682,724
2025			1,423,524	259,200	1,682,724
2026			1,442,148	240,576	1,682,724
2027			1,461,000	221,724	1,682,724
2028			1,480,104	202,620	1,682,724
2029			1,499,460	183,264	1,682,724
2030			1,519,080	163,644	1,682,724
2031			1,538,940	143,784	1,682,724
2032			1,559,064	123,660	1,682,724
2033			1,579,452	103,272	1,682,724
2034			1,600,116	82,608	1,682,724
2035			1,621,032	61,692	1,682,724
2036			1,642,236	40,488	1,682,724
2037			1,663,716	19,008	1,682,724
2038			559,332	1,517	560,849
			\$ 27,435,888	\$ 3,413,993	\$ 30,849,881
	Total Notes from Direct Borrowings and Direct Placements		\$ 81,253,957	\$ 7,390,497	\$ 88,644,454
	Total Murfreesboro Water and Sewer Department Long-Term Debt		\$ 97,968,957	\$ 9,452,047	\$ 107,421,004
<u>Murfreesboro Electric Department - Tax and Revenue Refunding Bonds</u>					
2020	2009 Tax and Revenue Refunding Bonds	2.00-3.375 %	\$ 370,000	\$ 24,850	\$ 394,850
2021			380,000	12,826	392,826
	Total Tax and Refunding Bonds		\$ 750,000	\$ 37,676	\$ 787,676

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2019

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Electric Department - Notes from Direct Borrowings and Direct Placements -</u>					
2020	Tennessee Municipal Bond Fund (2)		\$ 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
	Total Notes from Direct Borrowings and Direct Placements		\$ <u>3,417,000</u>	\$ <u>87,510</u>	\$ <u>3,504,510</u>
	Total Murfreesboro Electric Department Long-Term Debt		\$ <u>4,167,000</u>	\$ <u>125,186</u>	\$ <u>4,292,186</u>
	Total Indebtedness		\$ <u>404,955,084</u>	\$ <u>69,722,853</u>	\$ <u>474,677,937</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 2.43% was used which was the rate in effect at June 30, 2019.
- (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 1.00% was used.
- (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 1.83% was used.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
Governmental Activities -									
<u>BONDS PAYABLE</u>									
<u>Payable through Debt Service Fund</u>									
General Obligation Refunding, Series 2009	\$ 65,855,000	2 to 5 %	9/22/2009	6/1/2020	\$ 5,885,000		\$ 4,045,000		\$ 1,840,000
General Obligation Improvement, Series 2014	29,355,000	1 to 5	5/14/2014	4/1/2029	23,000,000		1,735,000		21,265,000
General Obligation, Series 2016	79,000,000	2 to 5	4/25/2016	6/1/2031	71,375,000		4,250,000		67,125,000
General Obligation Refunding, Series 2016B	27,430,000	2 to 5	8/12/2016	12/1/2025	24,930,000		2,635,000		22,295,000
General Obligation, Series 2018	71,000,000	2.95 to 5	4/10/2018	6/1/2033	71,000,000		3,390,000		67,610,000
Total Bonds Payable through Debt Service Fund					<u>\$ 196,190,000</u>		<u>\$ 16,055,000</u>		<u>\$ 180,135,000</u>
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
<u>Payable through Debt Service Fund</u>									
Government Public Improvement, Series 2019	\$ 58,000,000	2.84 %	3/1/2019	6/1/2034		\$ 58,000,000			\$ 58,000,000
Bank Loan	1,870,000	1.6	5/1/2013	8/1/2019	\$ 300,000		\$ 155,000		145,000
Tennessee Municipal Bond Fund, Series 2006	68,650,000	variable	6/27/2006	5/25/2021	17,209,907		5,587,000		11,622,907
Tennessee Municipal Bond Fund, Series 2006	4,640,000	variable	5/30/2006	5/25/2021	1,219,000		391,000		828,000
Tennessee Municipal Bond Fund, Series 2008	60,000,000	variable	2/14/2008	5/25/2024	26,895,000		3,954,000		22,941,000
Tennessee Municipal Bond Fund, Series 2012B	40,700,000	2.17	10/15/2012	10/1/2027	28,623,000		2,594,000		26,029,000
Tennessee Municipal Bond Fund, Series 2012A	5,100,000	1.25	10/15/2012	10/1/2019	1,511,000		751,000		760,000
Tennessee Municipal Bond Fund, Series 2014	10,430,000	variable	4/14/2014	5/25/2019	1,609,594	580,406	2,190,000		-
Energy Efficient School Loan, 2011	1,000,000	0	11/1/2011	11/1/2021	341,693		99,996		241,697
Energy Efficient School Loan, 2012	971,518	0	11/29/2012	1/1/2023	445,278		97,152		348,126
Energy Efficient School Loan, 2017	2,140,000	0.75	4/1/2017	4/1/2029	1,941,041		172,644		1,768,397
Total Notes Payable through Debt Service Fund					<u>\$ 80,095,513</u>	<u>\$ 58,580,406</u>	<u>\$ 15,991,792</u>		<u>\$ 122,684,127</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue (continued)

June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
Business-Type Activities -									
<u>BONDS PAYABLE</u>									
<u>Payable through Water Resources Department</u>									
(1) Matured Bonds Payable, Series 1959		N/A %			\$ 1,000				\$ 1,000
(1) Matured Bonds Payable, Series 1972		N/A			15,000				15,000
(1) Matured Bonds Payable, Series 1975		N/A			20,000				20,000
Tax and Revenue Refunding, Series 2009	\$ 40,860,000	2 to 5	9/30/2009	6/1/2026	\$ 2,475,000		\$ 2,475,000		-
Tax and Revenue Refunding, Series 2016	17,015,000	2 to 5	6/15/2016	6/1/2026	16,815,000		100,000		16,715,000
	<u>\$ 57,875,000</u>				<u>\$ 19,326,000</u>		<u>\$ 2,575,000</u>		<u>\$ 16,751,000</u>
<u>Payable through Electric Department</u>									
Tax and Revenue Refunding, Series 2009	\$ 15,445,000	2 to 3.375	9/30/2009	6/1/2021	<u>\$ 1,110,000</u>		<u>\$ 360,000</u>		<u>\$ 750,000</u>
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
<u>Payable through Water Resources Department</u>									
Tennessee Municipal Bond Fund	\$ 8,000,000	variable	12/10/2003	5/25/2023	\$ 2,592,000		\$ 486,000		\$ 2,106,000
Tennessee Municipal Bond Fund	41,440,000	variable	2/1/2007	5/25/2027	23,156,000		2,144,000		21,012,000
Tax and Revenue Refunding, Series 2013	28,610,000	1.31	5/1/2013	6/1/2021	11,090,000		3,650,000		7,440,000
(2) State Revolving Loan - CWI 13-317	4,000,000	0.93	12/1/2014	11/1/2034	3,003,210		170,124		2,833,086
(3) State Revolving Loan - CWO 12-303	9,793,184	0.93	3/1/2016	2/1/2036	6,576,458		344,112		6,232,346
State Revolving Loan - SRF 12-306	13,220,773	0.93	3/1/2016	2/1/2036	11,419,273		597,504		10,821,769
State Revolving Loan - CG2 14-338	4,000,000	1.30	1/1/2016	12/1/2035	3,554,968		182,100		3,372,868
State Revolving Loan - SRF 14-339	29,739,040	1.30	11/1/2017	10/1/2037	28,774,543	\$ 11,705	1,350,360		27,435,888
	<u>\$ 138,802,997</u>				<u>\$ 90,166,452</u>	<u>\$ 11,705</u>	<u>\$ 8,924,200</u>		<u>\$ 81,253,957</u>
<u>Payable through Electric Department</u>									
Tennessee Municipal Bond Fund, Series 2007	\$ 10,000,000	variable	12/27/2007	5/23/2023	<u>\$ 4,172,000</u>		<u>\$ 755,000</u>		<u>\$ 3,417,000</u>

- (1) Original amount of issue, interest rate, date of issue and last maturity date was not located for matured bonds
(2) Original amount of issue includes \$400,000 which was forgiven.
(3) Original amount of issue includes \$2,418,916 which was forgiven.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2019

Revenues -	
Charges for services	\$ 1,068,062
Miscellaneous	24,979
	<u>\$ 1,093,041</u>
Expenditures -	
Salaries and wages	\$ 1,749,794
Employee benefits	892,908
Contractual services	13,166
Utility services	46,305
Professional services	31,090
Repairs and maintenance	1,124,340
Training and travel	6,833
Administrative supplies	2,319
Other supplies	426,395
Fixed charges	11,083
Insurance	71,463
Grants and contributions	53
Other miscellaneous	1,837
	<u>\$ 4,377,586</u>
	Amount funded with general governmental revenues
	<u>\$ (3,284,545)</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, 2019

Revenues -	
County funds	\$ 170,900
State funds	63,867
Federal funds	22,386
Revenue from other agencies	26,521
Program income	87,830
Donations received	6,654
Interest	135
	<u>\$ 378,293</u>
Expenditures -	
Salaries and wages	\$ 540,096
Employee benefits	164,055
Contractual services	26,411
Utility services	52,824
Professional services	1,035
Repairs and maintenance	19,396
Training and travel	3,117
Administrative supplies	16,228
Other supplies	22,058
Insurance	607
Grants and contributions	250
Capital outlay	12,829
Program activity	45,177
Other miscellaneous	359
Community development grant reimbursement	(6,000)
	<u>\$ 898,442</u>
	Amount funded with general governmental revenues
	<u>\$ (520,149)</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>	176
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>	180
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>	185
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>	187
Utility Services Information <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	190

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 630,636,594
Restricted	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	26,144,982
Unrestricted	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)	(87,362,177)
Total governmental activities net position	\$ 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	\$ 569,419,399
Business-type activities										
Net investment in capital assets	\$ 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	\$ 480,838,678
Restricted	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	3,695,510
Unrestricted	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	135,148,652
Total business-type activities net position	\$ 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	\$ 619,682,840
Primary Government										
Net investment in capital assets	\$ 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	\$ 1,111,475,272
Restricted	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	29,840,492
Unrestricted	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	47,786,475
Total primary government net position	\$ 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	\$ 1,189,102,239

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position

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

	2010 (1)	2011	2012 (2)	2013	2014 (3)	2015	2016	2017	2018	2019 (4)
Expenses										
Governmental activities:										
General government	\$ 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	\$ 16,301,926
Police	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	39,593,607
Fire and rescue	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	24,407,411
City court	392,199	362,930	401,713	435,966	434,580	446,986	492,773	624,661	584,671	631,321
Legal	708,421	727,927								
Human resources	691,601	765,914								
Engineering					15,040,258	14,736,910	14,349,421	14,919,919	15,534,820	10,307,516
Streets	13,146,938	13,617,876	15,682,905	14,124,386						7,137,029
State street aid					2,730,069	2,131,722	2,089,531	2,037,697	2,407,894	3,639,133
Planning	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	2,551,186
Building and codes	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	2,358,354
Solid waste	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	5,868,834
Transportation	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	3,174,553
Urban environmental	964,579	939,172	944,736	977,490	1,012,736	948,153	1,057,798	1,207,404	1,360,605	
Strategic Partners	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	2,572,154
Community services	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	5,231,507
Airport										2,266,276
Recreation services	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	20,222,201
Community/economic development	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	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	81,849,532
Food service	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	5,325,718
Interest on long-term debt	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	7,996,611
Total governmental activities expenses	\$ 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	\$ 241,434,869
Business-type activities:										
Water, sewer and stormwater	\$ 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	\$ 42,703,113
Electric	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	167,032,576
Cemetery	592,384	484,801	472,475	468,656	460,814	476,190	525,415	472,593	505,399	554,532
Total business-type activities expenses	\$ 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	\$ 210,290,221
Total primary government expenses	\$ 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	\$ 451,725,090

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

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

	2010 (1)	2011	2012 (2)	2013	2014 (3)	2015	2016	2017	2018	2019 (4)
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 238,822	\$ 100,743	\$ 196,940	\$ 89,224	\$ 103,614	\$ 126,691	\$ 117,908	\$ 124,440	\$ 122,438	\$ 126,911
Police	217,038	177,723	209,286	282,964	445,741	409,833	307,250	251,746	262,156	651,187
Fire and Rescue	767,033	795,622	825,182	825,032	866,846	911,222	935,559	1,101,095	1,050,785	1,130,893
City court	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	2,172,530
Engineering					20,849	84,869	293,373	459,096	286,241	28,900
Streets	38,813	39,724	471,201	93,494						304,030
State street aid										68,499
Planning	29,778	29,246	22,583	36,655	47,271	39,374	56,985	59,741	43,314	290,861
Building and codes	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	4,088,574
Solid waste	35,058	11,428	39,915	48,234	34,825	34,837	2,927	3,726	5,028	1,068,062
Transportation	86,498	101,016	123,264	129,313	128,610	132,979	131,172	117,915	110,577	95,178
Urban environmental	3,335		22,050	125	30,016	9,322	11,787	105,495	4,165	
Community services	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	4,594,539
Airport										2,013,352
Recreation services	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	4,463,277
Community/economic development	35,199	168,749	31,244	36,532						
Education	22,425	11,762	18,470	7,550	14,915	9,975	60,753	114,640	138,117	123,778
Food service	1,209,432	1,147,656	1,100,168	1,063,310	966,356	460,757	279,784	298,526	366,075	934,005
Operating grants and contributions	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	92,215,228
Capital grants and contributions	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	19,310,293
Total governmental activities program revenues	\$ 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	\$ 133,680,097
Business-type activities:										
Charges for services:										
Water, sewer and stormwater	\$ 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	\$ 48,796,878
Electric	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	177,182,481
Cemetery	384,919	421,315	459,653	381,280	394,639	438,619	457,576	530,329	539,170	690,444
Operating grants and contributions	146,238	311,112	83,165	121,397	173,516	48,278	70,293	146,279	114,403	179,095
Capital grants and contributions	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	20,976,493
Total business-type activities program revenues	\$ 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	\$ 247,825,391
Total primary government program revenues	\$ 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	\$ 381,505,488
Net (expense)/revenue:										
Governmental activities	\$ (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)	\$ (107,754,772)
Business-type activities	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	37,535,170
Total primary government net expense	\$ (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)	\$ (70,219,602)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

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

	2010 (1)	2011	2012 (2)	2013	2014 (3)	2015	2016	2017	2018	2019 (4)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 43,181,786
Sales taxes	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	48,261,887
Other taxes	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	13,509,099
Grants and contributions not restricted to specific programs										
	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	14,983,399
Unrestricted investment earnings	261,512	305,592	227,584	215,830	163,775	136,810	210,921	812,812	739,635	2,135,524
Miscellaneous	112,948	621,495	218,657	419,486	422,525	442,140	139,871	65,488	267,085	81,868
Gain on sale of assets						1,907,322				6,092,943
Transfers	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	3,242,111
Total governmental activities	\$ 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	\$ 131,488,617
Business-type activities:										
Unrestricted investment earnings	\$ 371,857	\$ 387,778	\$ 315,436	\$ 172,363	\$ 126,436	\$ 173,959	\$ 210,653	\$ 245,485	\$ 293,489	\$ 1,774,940
Gain (loss) on sale of assets								324,069		(3,177,608)
Contributions to permanent funds	65,138	66,961	79,451	58,563	63,225	63,575	33,433	91,529	95,102	112,551
Transfers	(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)	(3,242,111)
Total business-type activities	\$ (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)	\$ (4,532,228)
Total primary government	\$ 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	\$ 126,956,389
Change in Net Position										
Governmental activities	\$ 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	\$ 23,733,845
Business-type activities	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	33,002,942
Total primary government	\$ 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	\$ 56,736,787

(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.

(4) In 2019, the following changes were made to classifications by function which may affect comparability with prior years.

- Communications which was formerly included in the community services function is reclassified to the general government function.
- The streets function is reported separate from the engineering function.
- Community development expenditures are reclassified as a component of planning from the community development/economic development function.
- Urban environmental expenditures are now considered expenditures of the streets function.
- Senior citizens expenditures are reclassified as a segment of the recreation services function from the community services function.
- Expenditures for the airport previously classified in the community services function, are reported as a separate function.
- The public, health, education and welfare function is renamed strategic partners.

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>
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
2019	43,181,786	48,261,887	13,509,099	104,952,772

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 486,661									
Unreserved	39,408,819									
Nonspendable		\$ 280,823	\$ 301,259	\$ 403,139	\$ 590,727	\$ 828,550	\$ 252,766	\$ 221,096	\$ 230,178	\$ 222,861
Restricted		545,005	949,243	798,333	1,971,000	2,574,940	3,521,217	4,179,590	4,520,908	5,150,775
Committed					10,939	11,415	12,480	13,987	15,922	17,959
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	264,660
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>	<u>61,086,685</u>
Total general fund	\$ <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>	\$ <u>66,742,940</u>
All other governmental funds										
Reserved	\$ 2,213,917									
Unreserved, reported in:										
Special revenue funds	16,326,009									
Debt service fund	4,790,767									
Capital projects funds	(7,086,468)									
Permanent funds	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	\$ 2,408,134
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	71,250,718
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	12,850,046
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	1,296,624
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>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>	\$ <u>87,805,522</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)**

	2010 (1)	2011	2012 (2)	2013	2014 (3)	2015	2016	2017	2018	2019 (4)
Revenues -										
Taxes	\$ 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	\$ 102,171,241
Intergovernmental	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	116,517,401
Charges for services	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	15,533,224
Donations	1,941,617	128,331	3,676,689	743,625	213,626	2,465,421	270,491	664,826	2,886,121	5,081,782
Interest and investment earnings	439,174	504,249	343,272	367,382	383,809	234,045	297,961	1,018,871	724,844	1,547,018
Licenses and permits	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	6,410,167
Miscellaneous	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	7,594,968
	<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>	<u>\$ 254,855,801</u>
Expenditures -										
General government	\$ 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	\$ 15,081,733
Police	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	31,284,402
Fire and rescue	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	20,417,057
City court	351,734	365,072	397,178	446,771	436,176	471,130	485,937	555,170	505,752	527,619
Legal	681,668	750,236								
Human resources	646,870	858,324								
Engineering					6,702,549	6,850,831	8,619,498	9,967,941	6,536,397	1,529,111
Streets	6,838,460	7,102,496	7,884,552	6,624,828						6,368,614
State street aid					2,767,337	2,196,271	2,204,354	2,605,724	3,561,304	5,033,481
Planning	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	2,345,713
Building and codes	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	1,975,910
Solid waste	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	4,377,586
Transportation	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	3,157,018
Urban environmental	909,214	926,237	921,753	963,107	1,025,071	984,480	1,120,873	1,252,127	1,161,760	
Strategic partners	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	2,428,550
Community services	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	5,232,889
Airport										1,760,491
Recreation services	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	13,738,645
Community/economic development	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	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	80,347,105
Food service	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	5,319,174
Capital outlay	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	59,165,282
Debt service										
Principal	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	32,046,791
Interest	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	9,502,677
Debt issuance cost and other	625,583	413,689	101,642	298,062	481,810	81,090	496,226	599,004	353,197	175,756
Total expenditures	<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>	<u>\$ 301,815,604</u>
Excess of revenues over (under) expenditures	\$ (19,085,836)	\$ (20,172,052)	\$ (12,392,907)	\$ (17,328,220)	\$ (43,338,427)	\$ (19,507,224)	\$ (18,093,269)	\$ (110,570,927)	\$ (51,009,406)	\$ (46,959,803)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

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

	2010 (1)	2011	2012 (2)	2013	2014 (3)	2015	2016	2017	2018	2019 (4)
Other financing sources (uses) -										
Issuance of debt	\$ 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	\$ 58,580,405
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 capital assets		219,699				2,762,510				8,271,403
Transfers in	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	55,208,475
Transfers out	(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)	(52,258,010)
	\$ <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>	\$ <u>69,802,273</u>
Net change in fund balances	\$ <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>	\$ <u>22,842,470</u>
Debt service as a percentage of noncapital expenditures	15.66%	15.25%	15.34%	16.47%	16.62%	15.39%	14.53%	26.68%	15.59%	17.27%

(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 which was previously included in the streets and signs function was moved to a separate function. Prior years was not restated for these changes.

(4) In 2019, the following changes were made to classifications by function which may affect comparability with prior years.

- a) Communications which was formerly included in the community services function is reclassified to the general government function.
- b) The streets function is reported separate from the engineering function.
- c) Community development expenditures are reclassified as a component of planning from the community development/economic development function.
- e) Urban environmental expenditures are now considered expenditures of the streets function.
- f) Senior citizens expenditures are reclassified as a segment of the recreation services function from the community services function.
- g) Expenditures for the airport previously classified in the community services function, are reported as a separate function.
- h) The public, health, education and welfare function is renamed strategic partners.

CITY OF MURFREESBORO, TENNESSEE

General Governmental Tax Revenues By Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Beer Tax</u>	<u>Liquor Tax</u>	<u>Gross Receipts Tax</u>	<u>Alcohol Privilege Taxes</u>	<u>Hotel/Motel Tax</u>	<u>Total Tax Revenue</u>
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
2019	43,181,786	48,261,887	3,432,189	1,448,538	4,059,690	148,015	1,639,136	102,171,241

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		
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%
2019	0.949	4,368,802,208	89,322,370	4,458,124,578	14,576,856,982	30.6%

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year Ended June 30,	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					
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	
2019	2018	0.949	0.485	0.052	0.010	1.005	0.047	0.500	2.099	3.048	42,296,726	93,593,867	135,890,593	

Source: City of Murfreesboro Tax Department and the Rutherford County budget document.

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

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2019

<u>Taxpayer</u>	<u>2018 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>2009 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
General Mills	\$ 93,473,999	1	2.10 %	\$ 53,038,265	1	2.19 %
Hines Global Reit	66,163,631	2	1.48			
Middle TN Electric Membership	30,848,583	3	0.69	14,977,547	6	0.62
Wal-Mart	29,502,410	4	0.66			
Kroger	27,463,916	5	0.62			
Lc Henley Station LLC	25,024,244	6	0.56			
Embassy Suites	23,017,054	7	0.52	22,362,676	3	0.92
Panther Murfreesboro/Integ	21,640,000	8	0.49			
SVAP II Stones River LLC	20,560,160	9	0.46			
Ww Stoneridge Farms LP	20,524,066	10	0.46			
Mahle Filter Systems				19,474,027	5	0.80
CF Murfreesboro Associates				30,643,833	2	1.26
Transwestern Stones River				20,204,120	4	0.83
Pointe at Raiders Campus				14,821,056	7	0.61
Rich Products				13,865,425	8	0.57
Adams Place LLC				12,661,880	9	0.52
Bellsouth Telecommunications				12,643,736	10	0.52
	<u>\$ 358,218,063</u>		<u>8.04 %</u>	<u>\$ 214,692,565</u>		<u>8.84 %</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>
2010	\$ 34,129,964	\$ 32,987,635	96.65 %	\$ 1,069,317	\$ 34,056,952	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	976,385	35,409,608	99.87
2013	35,719,435	34,725,579	97.22	939,604	35,665,183	99.85
2014	35,924,769	35,235,728	98.08	644,151	35,879,879	99.88
2015	36,595,836	35,967,377	98.28	578,499	36,545,876	99.86
2016	37,421,756	36,850,973	98.47	526,240	37,377,213	99.88
2017	39,330,214	38,737,865	98.49	540,846	39,278,711	99.87
2018	41,380,932	40,868,419	98.76	370,585	41,239,004	99.66
2019	42,296,726	41,741,658	98.69		41,741,658	98.69

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 (6)	Per Capita (6)
	General Obligation Bonds (1)	Notes from Direct Placements (2)	State and Other Loans (3)	Capital Leases	General Obligation Bonds	Matured Bonds	Notes from Direct Placements (4)	Revenue Bonds (1)	State and Other Loans (5)			
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	72,326,543	38,589,012		333,685,516	8.85	2,875
2014	56,513,566	172,704,771	3,135,563			36,000	67,305,000	33,479,011	4,799,592	337,973,503	8.74	2,888
2015	50,708,062	156,268,144	2,628,415			36,000	60,993,000	30,859,010	20,172,609	321,665,240	7.57	2,659
2016	130,987,713	138,685,077	2,116,267			36,000	54,510,000	28,749,439	35,389,088	390,473,584	8.55	3,268
2017	151,308,029	91,918,460	3,715,685			36,000	47,851,000	25,510,140	50,785,488	371,124,802	7.47	2,813
2018	212,945,039	77,067,501	3,028,012			36,000	41,010,000	22,133,956	53,328,452	409,548,960	8.75	3,332
2019	194,941,395	120,180,907	2,503,220			36,000	33,975,000	18,659,515	50,695,957	420,991,994	7.45	2,978

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 - Notes from Direct Placements include the Local Government Public Improvement Loan and Tennessee Municipal Bond Fund Loans.
- (3) 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.
- (4) Business-type Activities - Notes from Direct Placements include the direct placement refunding loan and Tennessee Municipal Bond Fund Loans.
- (5) Business-Type Activities - State and Other Loans includes state revolving loans and utility plan acquisition loans.
- (6) See the Schedule of Demographic and Economic Statistics on page 185 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>
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
2019	141,344	14,576,856,982	315,122,302	2.16	2,229

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 direct placement borrowings which are payable from general government resources

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2019

<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			\$ 317,625,522
Rutherford County (2)	\$ 463,800,273	43.51%	<u>201,799,499</u>
Total direct and overlapping debt			<u>\$ 519,425,021</u>
Ratio of direct and estimated overlapping debt to 2018 assessed value (3)			<u>11.65%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,675</u>

(1) As of June 30, 2019

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2019 Table 12.

(3) Based upon 2018 Taxable Assessed Valuation of \$4,458,124,578

(4) Based upon estimated population of 141,344

(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>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>	<u>2019</u>
Debt Limit	\$ 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	\$ 668,718,687
Total net debt applicable to limit	<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>	<u>302,456,269</u>
Legal debt margin	\$ <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>	\$ <u>366,262,418</u>
Total net debt applicable to the limit as a percentage of the debt limit	49.16%	51.49%	45.56%	50.77%	52.57%	44.41%	55.25%	47.27%	53.30%	45.23%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 4,458,124,578
Debt limit (15% of assessed value)	\$ <u>668,718,687</u>
Debt applicable to limit:	
General Obligation Bonds	\$ 180,135,000
Local government public improvement bonds	58,000,000
Bank Note	145,000
Energy Efficient School Loan	2,358,220
Tennessee Municipal Bond	
Fund Loans	62,180,907
Less: debt service fund	<u>(362,858)</u>
Total debt applicable to limit	\$ <u>302,456,269</u>
Legal debt margin	\$ <u><u>366,262,418</u></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 -						
2010	\$ 29,554,367	\$ 16,311,214	\$ 13,243,153	\$ 2,365,000	\$ 1,027,156	3.90
2011	31,790,418	17,342,539	14,447,879	2,240,000	1,655,050	3.71
2012	32,876,328	18,768,465	14,107,863	2,350,000	1,543,000	3.62
2013	43,126,948	18,471,309	24,655,639	2,460,000	1,425,550	6.35
2014	42,075,884	19,775,421	22,300,463	2,515,000	1,367,750	5.74
2015	46,735,420	20,605,427	26,129,993	2,115,000	1,242,000	7.78
2016	53,017,876	20,541,191	32,476,685	2,195,000	1,157,400	9.69
2017	44,246,674	21,340,482	22,906,192	2,260,000	1,081,800	6.85
2018	44,603,061	21,921,958	22,681,103	2,370,000	968,800	6.79
2019	46,667,125	23,269,111	23,398,014	2,575,000	780,750	6.97
Electric Department -						
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
2019	177,989,270	158,844,423	19,144,847	360,000	36,100	48.33

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>
2010	108,755	\$ 3,306,152,000	\$ 30,400	31.2	6,900	8.93 %
2011	110,000	3,454,000,000	31,400	32.1	6,881	8.37
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	3,903,417,400	33,350	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	3.89
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	2.63
2019	141,344	5,649,236,992	39,968	33.1	8,465	2.58

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 2016-2019. These figures represent the entire County of which Murfreesboro is a part.

CITY OF MURFREESBORO, TENNESSEE

Principal Employers

June 30, 2019

<u>Employer</u>	<u>2019</u>			<u>2010</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	4.74 %	4,400	2	3.28 %
Rutherford County Government and Board of Education	6,482	2	3.84	5,385	1	4.01
Middle Tennessee State University	2,205	3	1.31	2,151	3	1.60
National Healthcare Corp.	2,071	4	1.23			
Ingram Book Company	2,000	5	1.18	1,324	7	0.99
State Farm Insurance	1,650	6	0.98	1,708	5	1.27
Amazon Fulfillment Center	1,550	7	0.92			
St. Thomas Rutherford (formerly Middle TN Medical Center)	1,400	8	0.83	1,300	8	0.97
Alvin C. York Veterans Administration Medical Center	1,300	9	0.77	1,563	6	1.16
Assurion	1,250	10	0.74	1,165	9	0.87
City of Murfreesboro and Board of Education				2,025	4	1.51
Verizon				1,068	10	0.80
			<u>16.54 %</u>			<u>16.46 %</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, 2019, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (2)</u>
General Government										
Administrative and General	28	28	20	20	20	22	24	25	32	
City Manager's Office										11
Finance and Tax										18
Purchasing										2
Legal and Risk Management	10	10	10	10	10	10	10	10	10	9
Information Technologies			10	10	11	11	12	14	16	17
Human Resources	9	9	9	9	9	9	9	10	10	9
Communications	4	4	6	6	6	6	6	6	5	5
Fleet Services	13	13	13	13	13	13	14	14	15	15
General Government Buildings										11
Police -										
Officers	240	220	229	229	229	232	237	250	260	267
Civilians	57	53	53	53	53	53	53	55	60	59
Fire and Rescue -										
Firefighters and Officers	202	184	184	184	184	185	185	199	203	232
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	6	6	6	6	6	6	6	6	6	6
Engineering					12	15	46	49	49	14
Streets	29	28	28	28	27	29				51
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Planning	23	20	18	18	7	8	8	10	12	14
Community Development	2	2	2	2	2	2	2	2	2	1
Building and Codes	27	25	21	21	22	22	22	25	26	26
Solid Waste	57	55	42	42	41	41	41	41	41	42
Transportation	18	16	16	16	18	18	19	22	23	24
Urban Environmental	16	15	15	15	15	15	16	17	17	
Recreation Services										
Parks & Recreation	88	87	84	84	84	89	89	90	94	85
Golf										14
Senior Citizens	9	9	9	9	9	9	10	10	10	
Airport	1	1	1	1	1	1	1	2	2	2
Education	864	920	861	861	870	1,026	1,106	1,138	1,189	1,201
Food Service	25	24	24	26	30	29	32	32	30	32
Water Resources	147	147	156	156	154	155	159	160	164	168
Stormwater					7	7	7	7	8	8
Electric	87	83	83	80	78	83	92	94	92	84
Cemetery	9	9	9	9	9	9	9	10	9	9
Total	<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>	<u>2,440</u>

(1) 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 were not restated for these changes.

(2) In 2019, the following changes were made to classifications by function which may affect comparability with prior years.

- a) Communications which was formerly included in the community services function is reclassified to the general government function.
- b) The streets function is reported separate from the engineering function.
- c) Community development expenditures are reclassified as a component of planning from the community development/economic development function.
- e) Urban environmental expenditures are now considered expenditures of the streets function.
- f) Senior citizens expenditures are reclassified as a segment of the recreation services function from the community services function.
- g) Expenditures for the airport previously classified in the community services function, are reported as a separate function.
- h) The public, health, education and welfare function is renamed strategic partners.
- i) Prior to 2019, the City Manager's office, Finance and Tax and Purchasing Department were reported under Administrative and General.

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police -										
Arrests	8,530	7,944	8,804	8,866	9,993	8,921	8,177	6,463	6,681	6,467
911 calls	37,824	39,195	41,797	39,465	40,717	47,660	47,192	43,121	44,828	46,500
Traffic violations (b)	13,059	13,930	19,370	16,131	17,010	19,746	14,977	11,158	4,842	11,756
Fire and Rescue -										
Emergency responses (a)	10,417	11,192	11,971	8,562	9,743	11,060	12,084	12,175	13,386	18,612
Fire safety inspections (a)	4,759	4,239	4,010	4,310	3,731	3,071	2,916	3,038	5,336	7,425
Fire training hours (a)	64,785	60,366	70,855	73,122	72,776	76,310	71,741	77,753	60,083	73,257
Human Resources -										
Full time positions/applications	27/2,096	48/2,633	75/3,583	41/4,505	55/6,960	108/7,620	95/6,205	141/6,225	42/6,472	151/4,564
Part time positions/applications	147/1,954	146/1,674	153/2,908	82/3,043	94/3,193	176/4,418	91/2,734	143/2,536	92/2,327	119/2,779
Streets (a) -										
Street repaving (lane miles)	42	61	24	40	25	27	37	24	25	29
Planning -										
Preliminary plats reviewed	8	11	16	38	67	41	53	64	49	39
Final plats reviewed	60	56	56	75	103	103	139	136	119	96
Site plans reviewed	97	105	131	122	158	157	201	165	160	165
Annexations studied	2	1	3	9	12	10	13	20	18	14
Building and Codes -										
Single family home permits issued	425	329	486	643	833	704	1,022	1,030	1,092	1,089
Total building permits issued	1,357	1,277	1,396	1,704	1,950	2,086	2,861	2,357	2,267	2,273
Substandard and property maintenance complaint notices	8,334	10,360	8,444	2,147	2,219	3,742	2,483	2,478	2,944	4,326
Solid Waste (a) -										
Refuse collected (tons per year)	33,220	33,673	33,254	34,376	33,994	34,902	35,562	36,000	37,835	40,000
Airport -										
Gallons of fuel sold (Avgas and Jet A)	187,749	191,986	200,559	201,038	215,048	224,903	216,240	250,498	284,229	350,972
Education -										
K-6 Enrollment	6,876	6,881	7,060	7,140	7,204	7,707	8,419	8,597	8,855	8,955
Water Resources -										
Water sold annually in 100 cubic feet	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	4,310,376
Sewer sold annually in 100 cubic feet	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	4,862,383
Electric -										
Number of customers	52,001	52,148	53,311	54,379	55,513	57,610	59,193	62,065	64,387	66,589
Kilowatt hours sold (in thousands)	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	1,817,659

Sources: Various city departments

Note: Operating indicators are not available for General Government, City Court, Engineering, State Street Aid, Transportation, Strategic Partners, Community Services, Recreation, 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police -										
Patrol Units	135	139	137	150	141	148	134	179	157	227
Fire and Rescue -										
Fire engines	18	19	19	19	19	19	17	16	16	16
Rescue vehicles	3	3	3	3	5	6	6	6	6	6
Rescue boat	NA	NA	1	1	1	1	1	1	1	1
Fire stations	10	10	10	10	10	10	10	10	10	10
Streets -										
Streets (miles)	528	531	534	537	538	541	544	548	548	550
Traffic signals	127	131	134	138	140	145	146	149	152	155
Solid Waste -										
Collection trucks	34	33	30	30	33	32	32	36	35	35
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	11	11	11	11	11	11	11
Recreation -										
Park acreage	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	1,283.74
Greenway trails (miles)	10.1	11.6	11.6	11.6	11.6	11.6	11.6	12.9	12.9	12.9
Mountain bike trails (miles)										7.5
Education -										
Elementary schools	12	12	12	12	12	13	13	13	13	13
Water Resources -										
Water pipe (miles)	430	432	433	435	437	439	441	442	443	446
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)	569	573	575	580	586	624	633	651	662	679
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	24	24
Sewage pumping stations	44	44	45	45	45	46	48	46	44	46
Public fire hydrants	3,286	3,264	3,262	3,301	3,334	3,369	3,406	3,439	3,466	3,497
CUD public fire hydrants in City	NA	2,033	2,068	2,093	2,132	2,199	2,330	2,395	2,609	2,735
Repurified pipe (miles)	NA	NA	NA	NA	25	25	25	25	26	26
Stormwater Collection System (miles)	NA	668	678	693						
Electric -										
Overhead and underground primary and secondary cable (miles)	655.27	662.23	671.91	677.41	686.04	705.19	720.85	736.00	757.00	786.87
Poles	15,179	15,289	15,448	15,541	15,789	15,789	16,001	16,409	16,629	16,989
Transformers	13,627	13,726	13,828	13,988	14,229	14,229	14,732	15,241	15,713	16,053
Substations	10	10	10	10	11	13	13	13	14	14

Sources: Various City departments

Note: Capital asset statistics are not available for General Government, City Court, Engineering, State Street Aid, Planning, Building and Codes, Strategic Partners, Community Services, Food Service, and Cemetery Functions.

NA Information is not available

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure

Year Ended June 30, 2019

Murfreesboro Water Resources Department

As of June 30, 2019, Murfreesboro Water Resources Department serves approximately 26,441 water customers and 46,484 sewer customers of which 20,691 are in the Consolidated Utility District (“CUD”) water service area. The following rate structure was in place during the 2018/2019 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, 2018.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2019

Murfreesboro Electric Department

As of June 30, 2019, Murfreesboro Electric Department serves approximately 67,000 customers and had the following rate structure in place:

Residential:

Customer Charge - \$11.76 per month (also minimum bill)
Energy Charge - \$.07660 per KWH
Fuel Cost Adjustment (FCA) - \$.01815 per KWH

Commercial:

General Power (GSA)

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

Customer Charge	\$24.86
Energy Charge	\$.08742 per KWH
Fuel Cost Adjustment	\$.01799 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	\$.08851 per KWH FCA is \$.01782 per KWH
over 15,000	\$.04417 per KWH FCA is \$.01782 per KWH
Demand Charge	
1st 50	No Charge
over 50	\$13.19 per KWH

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

Customer Charge	\$122.00
Energy Charge	\$.04729 per KWH
FCA Charge	\$.01782 per KWH
Demand Charge	
1st 1,000 KWD	\$12.26 per KWH
over 1,000 KWH	\$12.22 per KWH

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2019

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	\$.06513 per KWH
FCA Charge	\$.01656 per KWH
Demand Charge – On peak	\$ 10.87 per KWH
Demand Charge – Max peak	\$ 5.21 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	\$.06513 per KWH
FCA Charge	\$.01656 per KWH
Demand Charge – On peak	\$ 10.87 per KWH
Demand Charge – Max peak	\$ 4.70 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	\$.05779 per KWH
FCA Charge	\$.01671 per KWH
Demand Charge – On peak	\$ 10.24 per KWH
Demand Charge–Max peak	\$ 2.26 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	\$.05667 per KWH
FCA Charge	\$.01671 per KWH
Demand Charge – On peak	\$ 10.24 per KWH
Demand Charge–Max peak	\$ 1.75 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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[?](#) Click to access definition
[+](#) Click to add a comment

Water Audit Report for: **Murfreesboro Water Resources Department**
Reporting Year: **2019** **7/2018 - 6/2019**

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:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="4,032.003"/>	MG/Yr
Water imported:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Water exported:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="7.510"/>	MG/Yr

Master Meter and Supply Error Adjustments

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

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

WATER SUPPLIED: **4,024.493** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="3,010.454"/>	MG/Yr
Billed unmetered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="151.647"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="5"/>	<input type="text" value="50.306"/>	MG/Yr

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

AUTHORIZED CONSUMPTION: **3,212.407** MG/Yr

Click here: for help using option buttons below

Pcnt:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="1.25%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
-------	----------------------------------	----------------------------------	------------------------------------	-----------------------	-----------------------	----------------------	-------

Use buttons to select percentage of water supplied OR value

Pcnt:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="0.25%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
-------	----------------------------------	----------------------------------	------------------------------------	-----------------------	-----------------------	----------------------	-------

Pcnt:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="1.00%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
Pcnt:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="0.25%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text" value="5.000"/>	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

812.086 MG/Yr

Apparent Losses

Unauthorized consumption: | | MG/Yr |

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

Customer metering inaccuracies:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="31.940"/>	MG/Yr
Systematic data handling errors:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="5.000"/>	MG/Yr

Apparent Losses: **47.002** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **765.084** MG/Yr

WATER LOSSES: **812.086** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **1,014.039** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="446.0"/>	miles
Number of <u>active AND inactive</u> service connections:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="26,818"/>	
Service connection density:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="60"/>	<input type="text" value="60"/>	conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: | | | ft |

Average operating pressure: | | | psi |

COST DATA

Total annual cost of operating water system:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="\$19,083,339"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="\$3.66"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="\$1,082.27"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 86 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: Unbilled metered



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: **2019** **7/2018 - 6/2019**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 86 out of 100 ***

System Attributes:

	Apparent Losses:	47.002	MG/Yr
+	Real Losses:	765.084	MG/Yr
=	Water Losses:	812.086	MG/Yr

? Unavoidable Annual Real Losses (UARL): 162.57 MG/Yr

Annual cost of Apparent Losses: \$172,026

Annual cost of Real Losses: \$828,028 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:	25.2%	
		Non-revenue water as percent by cost of operating system:	6.4%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	4.80	gallons/connection/day
		Real Losses per service connection per day:	78.16	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.15	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 765.08 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 4.71

* 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, 2019

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2018 (Receivable) Unearned	Receipts	Expenditures	Transfer/Adjustment	Balance June 30, 2019 (Receivable) Unearned	Passed Through to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Community Development Block Grants	14.218	B-16-MC-47-0009	\$ (96,204)	\$ 99,618	\$ 3,414			
Community Development Block Grants	14.218	B-17-MC-47-0009	(263,213)	373,844	106,999	\$ (3,632) (a)		
Community Development Block Grants	14.218	B-18-MC-47-0009		686,199	757,940		\$ (71,741)	\$ 126,157
<i>Total CFDA #14.218</i>			<u>\$ (359,417)</u>	<u>\$ 1,159,661</u>	<u>\$ 868,353</u>	<u>\$ (3,632)</u>	<u>\$ (71,741)</u>	<u>\$ 126,157</u>
Passed through the Tennessee Housing Development Agency -								
Emergency Solutions Grant Program	14.231	ESG-17-11	\$ (41,580)	\$ 41,580				
Emergency Solutions Grant Program	14.231	ESG-18-04		129,802	\$ 161,250		\$ (31,448)	\$ 150,000
<i>Total CFDA #14.231</i>			<u>\$ (41,580)</u>	<u>\$ 171,382</u>	<u>\$ 161,250</u>		<u>\$ (31,448)</u>	<u>\$ 150,000</u>
Total Department of Housing and Urban Development			<u>\$ (400,997)</u>	<u>\$ 1,331,043</u>	<u>\$ 1,029,603</u>	<u>\$ (3,632)</u>	<u>\$ (103,189)</u>	<u>\$ 276,157</u>
DEPARTMENT OF JUSTICE								
Edward Byrne Memorial Justice Assistance Grant	16.738	2016-DJ-BX-0727		\$ 31,749	\$ 31,749			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0304		59,812	59,812			\$ 29,910
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0330		30,649	30,649			
				\$ 122,210	\$ 122,210			\$ 29,910
Passed through Tennessee Finance and Administration -								
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-MU-BX-0804		200,000	200,000			
<i>Total CFDA #16.738</i>				<u>\$ 322,210</u>	<u>\$ 322,210</u>			<u>\$ 29,910</u>
Equitable Sharing Program	16.922			\$ 37,268	\$ 37,268			
<i>Total CFDA #16.922</i>				<u>\$ 37,268</u>	<u>\$ 37,268</u>			
Total Department of Justice				<u>\$ 359,478</u>	<u>\$ 359,478</u>			<u>\$ 29,910</u>
DEPARTMENT OF TRANSPORTATION								
Passed through the Tennessee Department of Transportation -								
Airport Improvement Program	20.106	3-47-SBGP-45	\$ (24,408)	\$ 24,408				
Airport Improvement Program	20.106	3-47-SBGP-49	(15,732)	34,530	\$ 18,798			
Airport Improvement Program	20.106	3-47-SBGP-38			19,670		\$ (19,670)	
<i>Total CFDA #20.106</i>			<u>\$ (40,140)</u>	<u>\$ 58,938</u>	<u>\$ 38,468</u>		<u>\$ (19,670)</u>	
Highway Planning and Construction	20.205	040145	\$ (551,936)	\$ 1,338,183	\$ 1,869,885		\$ (1,083,638)	
Highway Planning and Construction	20.205	170065	(81,724)	155,255	161,076		(87,545)	
Highway Planning and Construction	20.205	090036	(1,414,929)	2,306,266	1,554,349		(663,012)	
Highway Planning and Construction	20.205	110354	(6,819)	41,352	86,372		(51,839)	
Highway Planning and Construction	20.205	110327	(170,318)	329,455	204,024		(44,887)	
<i>Total CFDA #20.205</i>			<u>\$ (2,225,726)</u>	<u>\$ 4,170,511</u>	<u>\$ 3,875,706</u>		<u>\$ (1,930,921)</u>	

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2019

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2018 (Receivable) Unearned	Receipts	Expenditures	Transfer/Adjustment	Balance June 30, 2019 (Receivable) Unearned	Passed Through to Subrecipients
DEPARTMENT OF TRANSPORTATION (continued)								
Federal Transit - Formula Grants	20.507	TN-90-X291-00	\$ (108,789)		\$ 96,545		\$ (205,334)	
Federal Transit - Formula Grants	20.507	TN-2016-031	(271,574)	\$ 274,673	3,099			
Federal Transit - Formula Grants	20.507	TN-2018-018	(318,945)	318,945				
Federal Transit - Formula Grants	20.507	TN-2017-052			179,713		(179,713)	
Federal Transit - Formula Grants	20.507	TN-2019-005		321,167	917,290		(596,123)	\$ 7,776
<i>Total CFDA #20.507</i>			\$ (699,308)	\$ 914,785	\$ 1,196,647		\$ (981,170)	\$ 7,776
Federal Transit - Bus and Bus Facilities Formula Program	20.526	TN-2018-032			\$ 176,913		\$ (176,913)	
<i>Total CFDA #20.526</i>					\$ 176,913		\$ (176,913)	
<i>Total Federal Transit Cluster</i>			\$ (699,308)	\$ 914,785	\$ 1,373,560		\$ (1,158,083)	\$ 7,776
Passed through the Tennessee Department of Transportation - State and Community Highway Safety	20.600	PT-18-50/402	\$ (15,500)	\$ 48,608	\$ 33,108			
<i>Total CFDA #20.600</i>			\$ (15,500)	\$ 48,608	\$ 33,108			
<i>Total Department of Transportation</i>			\$ (2,980,674)	\$ 5,192,842	\$ 5,320,842		\$ (3,108,674)	\$ 7,776
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through the Greater Nashville Regional Council -								
Special Programs for Aging - Title III, Part D	93.043	2018-23	\$ (1,471)	\$ 1,467		\$ 4 (b)		
Special Programs for Aging - Title III, Part D	93.043	2019-23		400	\$ 2,000		\$ (1,600)	
<i>Total CFDA #93.043</i>			\$ (1,471)	\$ 1,867	\$ 2,000	\$ 4	\$ (1,600)	
Special Programs for Aging - Title III, Part B	93.044	2018-23	\$ (4,911)	\$ 4,913		\$ (2) (b)		
Special Programs for Aging - Title III, Part B	93.044	2019-23		14,739	\$ 19,650		\$ (4,911)	
<i>Total CFDA #93.044</i>			\$ (4,911)	\$ 19,652	\$ 19,650	\$ (2)	\$ (4,911)	
<i>Total Department of Health and Human Services</i>			\$ (6,382)	\$ 21,519	\$ 21,650	\$ 2	\$ (6,511)	
DEPARTMENT OF HOMELAND SECURITY								
FEMA - Assistance to Firefighters Grant	97.044	EMW-2016-FO-05336		\$ 156,063	\$ 156,063			
<i>Total CFDA #97.044</i>				\$ 156,063	\$ 156,063			
Staffing for Adequate Fire and Emergency Response Grant (SAFER)	97.083	EMW-2017-FH-00461		\$ 72,902	\$ 258,019		\$ (185,117)	
<i>Total CFDA #97.083</i>				\$ 72,902	\$ 258,019		\$ (185,117)	
<i>Total Department of Homeland Security</i>				\$ 228,965	\$ 414,082		\$ (185,117)	
TOTAL FEDERAL AWARDS			\$ (3,388,053)	\$ 7,133,847	\$ 7,145,655	\$ (3,630)	\$ (3,403,491)	\$ 313,843

(a) This amount was returned to the grantor and then resubmitted under a different classification of the grant (as directed by the grantor).

(b) To adjust for trivial difference in the amount received versus the amount expected to be received.

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, 2019

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2018 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Transfers/ Adjustments</u>	<u>Balance June 30, 2019 (Receivable) Unearned</u>
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council -						
Aging Services	2018-23	\$ (3,136)	\$ 3,138		\$ (2) (d)	
Aging Services	2019-23		9,414	\$ 12,550		\$ (3,136)
		<u>\$ (3,136)</u>	<u>\$ 12,552</u>	<u>\$ 12,550</u>	<u>\$ (2)</u>	<u>\$ (3,136)</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	75-555-0451-19		\$ 14,300	\$ 14,300		
Airport - Apron Design	75-555-0140-18	\$ (874)	3,836	1,044	\$ (1,918) (a)	
Airport - Runway Extension	75-555-0121-04	(1,912)	2,012	(42,500) (b)	(42,500) (b)	
					(100) (a)	
Airport - Approach Lighting and Clearing	75-555-0130-16	(1,356)	2,712		(1,356) (a)	
Airport - Security Fence	75-555-0123-04			1,093		\$ (1,093)
Airport - Terminal Building	75-555-0435-17			350,000		(350,000)
State Match - Section 5307 Urbanized Area Formula	GG-14-40159-00	(13,599)		12,068		(25,667)
State Match - Section 5307 Urbanized Area Formula	GG-18-58022-00	(22,500)	22,500			
State Match - Section 5307 Urbanized Area Formula	Z18-UROP08-00	(486,562)	486,370		192 (c)	
State Match - Section 5307 Urbanized Area Formula	GG-19-59672-00	(39,868)				(39,868)
State Match - Section 5307 Urbanized Area Formula	GG-18-58072-00			22,464		(22,464)
State Match - Section 5307 Urbanized Area Formula	N/A			29,022		(29,022)
State Match - Section 5307 Urbanized Area Formula	Z19-UROP00-00		256,527	492,802		(236,275)
State Match - Section 5339 Bus Program	Z-19-BP0002-00			22,114		(22,114)
		<u>\$ (566,671)</u>	<u>\$ 788,257</u>	<u>\$ 902,407</u>	<u>\$ (45,682)</u>	<u>\$ (726,503)</u>
TOTAL STATE AWARDS		<u>\$ (569,807)</u>	<u>\$ 800,809</u>	<u>\$ 914,957</u>	<u>\$ (45,684)</u>	<u>\$ (729,639)</u>

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

(b) To adjust for overstatement of State revenue in a prior year for an amount received that was a reimbursement of the City's deposit with the State.

(c) To adjust for one expenditure that was determined to be ineligible for reimbursement by the State.

(d) To adjust for trivial difference in amount received versus the amount expected to be received.

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, 2019

Note A - BASIS OF PRESENTATION

The accompanying schedules 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, 2019. The information in these schedules 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, 2018 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, 2018, 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 schedules 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, 2019, represents grant revenue earned which was not received from the grantor agency during the current period. The unearned revenue balance at June 30, 2019, 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	\$ 126,157
14.231	Emergency Solutions Grant Program	150,000
16.738	Edward Byrne Memorial Justice Assistance Grant	29,910
20.507	Federal Transit -Formula Grants	7,776



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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2019, 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 29, 2020. 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 29, 2020



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 the City of Murfreesboro, Tennessee's major federal program for the year ended June 30, 2019. The City of Murfreesboro, Tennessee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Murfreesboro, Tennessee's basic financial statements include the operations of the Murfreesboro City Schools, which expended \$7,423,780 in federal awards which is not included in the City of Murfreesboro, Tennessee's schedule of expenditures of federal awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of the Murfreesboro City Schools because this department engaged other auditors to perform an audit in accordance with 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 the City of Murfreesboro, Tennessee's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2019.

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 its 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 29, 2020

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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 program tested as a major program includes:

<u>Federal Program Name</u>	<u>CFDA Numbers</u>
Highway Planning and Construction (Federal-Aid Highway Program)	20.205

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, 2019

FINDINGS – FINANCIAL STATEMENTS AUDIT

No prior year findings.

FINDINGS – FEDERAL AWARDS AUDIT

No prior year findings.