OFFICIAL STATEMENT

**NEW ISSUE**

**Ratings: Moody's: "Aa1"**
**Standard and Poor's: "AA"**

BOOK-ENTRY-ONLY

(See "MISCELLANEOUS-Rating")

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).*

# $79,000,000
# CITY OF MURFREESBORO, TENNESSEE
## General Obligation Bonds, Series 2016

Dated: April 25, 2016 Due: June 1 (as indicated below)

The City of Murfreesboro, Tennessee (the "City") is issuing its $79,000,000 General Obligation Bonds, Series 2016 (the "Bonds") book-entry-only Bonds in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2016 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from and secured by unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are hereby irrevocably pledged.

Bonds maturing June 1, 2024 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2023.

| Due (June 1) | Amount | Interest Rate | Yield | | CUSIPs** | Due (June 1) | Amount | Interest Rate | Yield | | CUSIPs** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2017 | $ 3,575,000 | 5.00% | 0.60% | | 626524 J94 | 2025 | $ 5,625,000 | 3.00% | 1.72% | c | 626524 K92 |
| 2018 | 4,050,000 | 5.00 | 0.72 | | 626524 K27 | 2026 | 5,800,000 | 2.00 | 1.90 | c | 626524 L26 |
| 2019 | 4,250,000 | 5.00 | 0.82 | | 626524 K35 | 2027 | 5,900,000 | 2.00 | 2.05 | | 626524 L34 |
| 2020 | 4,450,000 | 5.00 | 0.96 | | 626524 K43 | 2028 | 6,025,000 | 3.00 | 2.10 | c | 626524 L42 |
| 2021 | 4,675,000 | 5.00 | 1.10 | | 626524 K50 | 2029 | 6,200,000 | 3.00 | 2.30 | c | 626524 L59 |
| 2022 | 4,900,000 | 5.00 | 1.24 | | 626524 K68 | 2030 | 6,400,000 | 3.00 | 2.41 | c | 626524 L67 |
| 2023 | 5,150,000 | 5.00 | 1.36 | | 626524 K76 | 2031 | 6,600,000 | 3.00 | 2.49 | c | 626524 L75 |
| 2024 | 5,400,000 | 4.00 | 1.47 | c | 626524 K84 | | | | | | |

c = Yield to call on June 1, 2023.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from Craig Tindall, counsel to the City. It is expected that the Bonds, will be available for delivery through the facilities of DTC, New York, New York, on or about April 25, 2016.

**Cumberland Securities Company, Inc.**
*Financial Advisor*

April 6, 2016

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such acts. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

** These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. The City is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

CITY OF MURFREESBORO, TENNESSEE

## OFFICIALS

| | |
|---|---|
| Shane McFarland | *Mayor* |
| Rob Lyons | *City Manager* |
| James Crumley | *Assistant City Manager* |
| Jennifer Moody | *Assistant City Manager* |
| Melissa Wright | *City Recorder* |
| Craig Tindall | *City Attorney* |

## COUNCIL MEMBERS

Doug Young, Vice Mayor
Madelyn Scales Harris
Eddie Smotherman
Ron Washington
Bill Shacklett
Rick LaLance

## UNDERWRITER

FTN Financial Capital Markets
Memphis, Tennessee

## BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

## REGISTRATION AND PAYING AGENT

U.S. Bank National Association
Nashville, Tennessee

## FINANCIAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

# TABLE OF CONTENTS

**SUMMARY STATEMENT** ..... i

**SECURITIES OFFERED**
- Authority and Purpose ..... 1
- Description of the Bonds ..... 1
- Security ..... 2
- Optional Redemption ..... 2
- Notice of Redemption ..... 2

**BASIC DOCUMENTATION**
- Registration Agent ..... 4
- Book-Entry-Only System ..... 4
- Discontinuance of Book-Entry-Only System ..... 7
- Disposition of Bond Proceeds ..... 7
- Discharge and Satisfaction of Bonds ..... 8
- Remedies of Bondholders ..... 9

**LEGAL MATTERS**
- Litigation ..... 10
- Tax Matters
  - *Federal* ..... 10
  - *State Taxes* ..... 12
- Changes in Federal and State Tax Law ..... 12
- Closing Certificates ..... 12
- Approval of Legal Proceedings ..... 13

**MISCELLANEOUS**
- Ratings ..... 14
- Competitive Public Sale ..... 14
- Financial Advisor; Related Parties; Other ..... 14
- Debt Record ..... 15
- Additional Debt ..... 16
- Continuing Disclosure ..... 16
  - *Five-Year History Filing* ..... 16
  - *Content of Annual Report* ..... 16
  - *Reporting of Significant Events* ..... 17
  - *Termination of Reporting Obligation* ..... 18
  - *Amendment; Waiver* ..... 18
  - *Default* ..... 19
- Additional Information ..... 19

**CERTIFICATION OF ISSUER** ..... 21

**APPENDIX A: FORM OF LEGAL OPINION**

**APPENDIX B: SUPPLEMENTAL INFORMATION STATEMENT**

**General Information**


Location ..... B-1
General ..... B-1
Transportation ..... B-1
Education ..... B-2
Healthcare ..... B-3
Manufacturing and Commerce ..... B-4
*Major Employers in the City* ..... B-6
Employment Information ..... B-7
Economic Data ..... B-8
Parks and Recreation ..... B-8
Recent Developments ..... B-9


**Debt Structure**


Summary of Bonded Indebtedness ..... B-11
Indebtedness and Debt Ratios ..... B-12
Debt Service Requirements - General Obligation ..... B-14
Debt Service Requirements – Water and Sewer ..... B-15
Debt Service Requirements – Electric ..... B-16


**Financial Operations**


Introduction ..... B-17
Basis of Accounting and Presentation ..... B-17
Budgetary Process ..... B-17
Fund Balances and Retained Earnings ..... B-18
Five-Year Summary of Revenues, Expenditures and Changes in Fund Balance – General Fund ..... B-19
Investment and Cash Management Practices ..... B-20
Real Property Assessment, Tax Levy and Collection Procedures
*State Taxation of Property* ..... B-20
*County Taxation of Property* ..... B-21
*Assessment of Property* ..... B-22
*Periodic Reappraisal and Equalization* ..... B-23
*Valuation for Property Tax Purposes* ..... B-23
*Certified Tax Rate* ..... B-23
*Tax Freeze for the Elderly Homeowners* ..... B-24
*Tax Collection and Tax Lien* ..... B-24
*Assessed Valuations* ..... B-25
*Property Tax Rates and Collections* ..... B-25
*Ten Largest Taxpayers* ..... B-26
Sales Tax ..... B-26
Charter Debt Margin ..... B-27
Pension Plans ..... B-28
Unfunded Accrued Liability for Post-Employment Benefits Other Than Pensions ..... B-29


**APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS**

# SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

| | |
|---|---|
| Issuer | City of Murfreesboro, Tennessee (the "City", "Municipality" or "Issuer") See APPENDIX B contained herein. |
| The Bonds | $79,000,000 General Obligation Bonds, Series 2016 (the "Bonds"). |
| Security | The Bonds shall be payable from and secured by unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are irrevocably pledged. |
| Purpose | The Bonds are being issued for the purpose of financing (a) all or a portion of the costs of certain public works projects, consisting of the acquisition of land for and the construction, improvement, acquisition, extension, renovation, and equipping of the following: (1) schools, (2) City Hall, (3) public buildings and facilities, (4) parks and recreational facilities and vehicles, (5) fire and rescue facilities and vehicles, (6) police facilities and vehicles, (7) solid waste facilities and vehicles, (8) streets, roads, bridges, plazas, sidewalks, lighting, drainage, streetscapes, and signage and related department vehicles, (9) library, (10) senior center, (11) transit building, (12) community technology center, (13) equipment for City departments, including but not limited to, fire and rescue, parks and recreation, solid waste and police, and (14) communication and technology improvements related to or in connection with the foregoing public works projects; (b) acquisition, construction and improvement of all other property, real and personal, appurtenant thereto or connected therewith, including all utilities, infrastructure and vehicles related to the foregoing public works projects; (c) all legal, fiscal, administrative, and engineering costs incident thereto (collectively, the "Projects"); (d) reimbursement, if any, for prior expenditures for any and all of the foregoing; and (e) costs incident to issuing the Bonds. |
| Optional Redemption | The Bonds are subject to redemption, in whole or in part, at a price of par plus accrued interest on June 1, 2023, in whole or in part, and at anytime thereafter at the price of par plus accrued interest to the redemption date. See the section entitled "SECURITIES OFFERED-Optional Redemption." |
| Tax Matters | In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled "LEGAL MATTERS-Tax Matters" and APPENDIX A (form of opinion) included herein. |
| Ratings | Moody's: "Aa1". Standard and Poor's: "AA". See the section entitled "MISCELLANEOUS - Ratings" for more information. |
| Registration and Paying Agent | U.S. Bank National Association, Nashville, Tennessee (the "Registration Agent"). |
| Bond Counsel | Bass, Berry & Sims PLC, Nashville, Tennessee. |

Financial Advisor ..... Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS - Financial Advisor; Related Parties; Other", herein.

Underwriter..... FTN Financial Capital Markets, Memphis, Tennessee.

Book Entry Only ..... The Bonds will be issued under the Book Entry System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book Entry System".

General ..... The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure ..... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID") established in Tennessee, if any, annual financial statements and other pertinent credit information, including the Comprehensive Annual Financial Reports. For additional information, see the section entitled "MISCELLANEOUS - Continuing Disclosure" for additional information

Other Information..... The information in the OFFICIAL STATEMENT is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the City, or the OFFICIAL STATEMENT, contact Shane McFarland, Mayor, P.O. Box 1139, 111 West Vine Street, Murfreesboro, TN 37133, Telephone: (615) 893-5210; or the City's Financial Advisor, Cumberland Securities Company, Inc., Knoxville, Tennessee, Telephone: (865) 988-2663.

**GENERAL FUND BALANCES**
**Summary of Changes In Fund Balances**
For the Fiscal Year Ended June 30

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Beginning Fund Balance | $49,248,735 | $48,451,934 | $52,758,488 | $52,623,369 | $56,249,193 |
| Revenues | 98,402,990 | 104,476,931 | 107,921,073 | 117,742,334 | 119,766,887 |
| Expenditures | 72,145,962 | 73,408,040 | 77,716,209 | 84,180,110 | 88,995,111 |
| Excess of Revenues Over (under) Expenditures | 26,257,028 | 31,068,891 | 30,204,864 | 33,562,224 | 30,771,776 |
| Other Financing Sources: | | | | | |
| Land Sales & Other Sources | - | - | - | - | 2,762,510 |
| Transfers In | 2,712,122 | 2,826,981 | 2,870,868 | 3,047,251 | 3,120,100 |
| Transfers Out | (29,765,951) | (29,589,318) | (31,047,956) | (33,021,769) | (31,279,650) |
| Excess of Revenues Over (Under) Expenditures | (796,801) | 4,306,554 | 2,027,776 | 3,587,706 | 5,374,736 |
| Prior Period Adjustments | - | - | (2,162,895) | 38,118 | 314,178 |
| **Ending Fund Balance** | **$48,451,934** | **$52,758,488** | **$52,623,369** | **$56,249,193** | **$61,938,107** |

*Source:* City of Murfreesboro Financial Statements with Report of Certified Public Accountants.

# $79,000,000
# CITY OF MURFREESBORO, TENNESSEE
## General Obligation Bonds, Series 2016

## SECURITIES OFFERED

### AUTHORITY AND PURPOSE

This OFFICIAL STATEMENT which includes the Summary Statement hereof and Appendices hereto is furnished in connection with the offering by the City of Murfreesboro, Tennessee (the "Municipality" or "Issuer") of its $79,000,000 General Obligation Bonds, Series 2016 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated,* as amended, and other applicable provisions of the law and pursuant to resolutions adopted by the City Council (the "Council"). The bond resolution (the "Resolution") was adopted by the Council on March 10, 2016.

The Bonds are being issued for the purpose of financing (a) all or a portion of the costs of certain public works projects, consisting of the acquisition of land for and the construction, improvement, acquisition, extension, renovation, and equipping of the following: (1) schools, (2) City Hall, (3) public buildings and facilities, (4) parks and recreational facilities and vehicles, (5) fire and rescue facilities and vehicles, (6) police facilities and vehicles, (7) solid waste facilities and vehicles, (8) streets, roads, bridges, plazas, sidewalks, lighting, drainage, streetscapes, and signage and related department vehicles, (9) library, (10) senior center, (11) transit building, (12) community technology center, (13) equipment for City departments, including but not limited to, fire and rescue, parks and recreation, solid waste and police, and (14) communication and technology improvements related to or in connection with the foregoing public works projects; (b) acquisition, construction and improvement of all other property, real and personal, appurtenant thereto or connected therewith, including all utilities, infrastructure and vehicles related to the foregoing public works projects; (c) all legal, fiscal, administrative, and engineering costs incident thereto (collectively, the "Projects"); (d) reimbursement, if any, for prior expenditures for any and all of the foregoing; and (e) costs incident to issuing the Bonds.

### DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from the date of issuance April 25, 2016. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2016. The Bonds are issuable in registered book-entry form only and in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registration Agent and the date of authentication noted thereon.

## SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected.

The Bonds will not be obligations of the State of Tennessee.

## OPTIONAL REDEMPTION OF THE BONDS

The Bonds maturing June 1, 2017 through June 1, 2023 are not subject to redemption prior to maturity. The Bonds maturing June 1, 2024 and thereafter shall be subject to redemption, in whole or in part, at a price of par plus accrued interest to the redemption date, on or after June 1, 2023. If less than all of the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City Council in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected as follows:

(a) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(b) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## NOTICE OF REDEMPTION

Notice of call for redemption, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As

long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

*(The remainder of this page left blank intentionally.)*

# BASIC DOCUMENTATION

## REGISTRATION AGENT

The Registration Agent, U.S. Bank National Association, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

## BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants*. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and

other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

*Purchase of Ownership Interests*. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

*Payments of Principal and Interest*. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices*. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and

Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE FINANCIAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds*. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the Issuer determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the Issuer will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices*. The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the Series 2016 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit, if any, or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested at the direction of the City Recorder in such investments as shall be permitted by applicable law to the extent permitted by applicable law and shall be retained therein. After completion of the Projects, monies, if any, remaining in the Construction Fund may be used to pay interest on the Bonds.

**DISCHARGE AND SATISFACTION OF BONDS**

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving or such notice);

3. By delivering such Bonds to the Registration Agent for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and if the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (1) or clause (2) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or

maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

**REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

*(The remainder of this page left blank intentionally.)*

# LEGAL MATTERS

## LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds. See the subsection entitled Closing Certificates for additional information.

## TAX MATTERS

### Federal

*General.* Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"),
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

*Bond Premium*. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Original Issue Discount*. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

**State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

## CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in

final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, bond counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, bond counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled "MISCELLANEOUS – "Competitive Public Sale", "Additional Information" and "Continuing Disclosure."

*(The remainder of this page left blank intentionally.)*

# MISCELLANEOUS

## RATINGS

Moody's Investor Services, Inc. ("Moody's") and Standard and Poor's Ratings Services ("Standard & Poor's") have given the Bonds the ratings of "Aa1" and "AA", respectively.

There is no assurance that such ratings will continue for any given period of time or that the ratings may not be suspended, lowered or withdrawn entirely by Standard & Poor's and Moody's, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The ratings reflect only the views of Standard & Poor's and Moody's and any explanation of the significance of such ratings should be obtained from Standard & Poor's and Moody's.

## COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on April 6, 2016. Details concerning the public sale were provided to potential bidders and others in the *Official Notice of Sale* that was dated March 28, 2016.

The successful bidder for the Bonds was an account led by FTN Financial Capital Markets, Memphis, Tennessee (the "Underwriters") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Official Bid Form to purchase the Bonds at a purchase price of $86,351,253.73 (consisting of the par amount of the Bonds, plus an net offering premium of $7,549,033.00, less an underwriter's discount of $197,779.27) or 109.305384% of par.

## FINANCIAL ADVISOR; RELATED PARTIES; OTHER

*Financial Advisor*. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as financial advisor (the "Financial Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the City to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the City to review

or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

*U.S. Bank National Association.* U.S. Bank National Association (the "Bank") provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statements*. Certain information relative to the location, economy and finances of the Issuer is found in the PRELIMINARY OFFICIAL STATEMENT, in final form and the OFFICIAL STATEMENT, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the PRELIMINARY OFFICIAL STATEMENT, in final form, and the OFFICIAL STATEMENT, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel*. From time to time, Bass, Berry & Sims PLC may represent the Bank on legal matters unrelated to the City.

*Other*. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the City's Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

**DEBT RECORD**

The Issuer has no record of default on principal or interest payments. Additionally, the Issuer has no agreements or legal proceedings relating to any securities that have been declared invalid or unenforceable.

## ADDITIONAL DEBT

The City is in the process of entering into a loan agreement in the amount of $2,140,000 with the State of Tennessee for HVAC improvements at various schools. Additionally, the City has various public improvement needs that will require additional debt issuance in the future. The current capital plan assumes approximately $72,000,000 of additional debt in the 2016-2017 Fiscal Year, approximately $60,000,000 of additional debt in the 2017-2018 Fiscal Year, approximately $50,000,000 of additional debt in the 2018-2019 Fiscal Year and approximately $52,000,000 of additional debt in the 2019-2020 Fiscal Year. The additional borrowings are subject to change and must be approved by the City prior to issuance.

## CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2016 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

*Five-Year History of Filing.* While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. With the exception of the foregoing, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information (which information may be included as part of the audited financial statements):

i. "Fund Balances"

ii. "Rutherford County Top Principal Employers"

iii. "Property Tax Rates, Levies, Collections Assessed Value, and Estimated Acutal Value of Taxable Property"

iv. "Principal Taxpayers"

v. "Local Option Sales Tax"

vi. "State Sales Tax"

vii. "Employee Pension Plans & Post-Employment Benefits"

viii. "Long Term Debt Service Requirements"

ix. "Statement of Bonded Debt"

x. "Charter Debt Margin"

xi. "Statements of Revenues, Expenditures, and Changes in Fund Balances"

Any or all of the items listed above may be incorporated by reference from other documents, including OFFICIAL STATEMENTS in final form for debt issues of the City or related public entities, which have been submitted to each of the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is an OFFICIAL STATEMENT, in final form, it will be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

    a. Principal and interest payment delinquencies;

    b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

g. Modifications to rights of Bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the securities, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

*Termination of Reporting Obligation.* The City's obligations under the Continuing Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver*. Notwithstanding any other provision of the Continuing Disclosure Certificate, the City may amend the Continuing Disclosure Certificate, and any provision of the Continuing Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the

identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Default.* In the event of a failure of the City to comply with any provision of the Continuing Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply with the Continuing Disclosure Certificate shall be an action to compel performance.

**ADDITIONAL INFORMATIO**N

Use of the words "shall," "must," or "will" in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12.

*(The remainder of this page left blank intentionally.)*

**CERTIFICATION OF ISSUER**

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Shane McFarland
City Mayor

ATTEST:

/s/ Melissa Wright
City Recorder

**APPENDIX A**

# FORM OF LEGAL OPINION

(FORM OF BOND COUNSEL OPINION)

April 25, 2016

City Council
City of Murfreesboro
Murfreesboro, Tennessee

FTN Financial Capital Markets
Memphis, Tennessee

Ladies and Gentlemen:

We have acted as bond counsel to the City of Murfreesboro, Tennessee (the "Issuer") in connection with the issuance of its $79,000,000 General Obligation Bonds, Series 2016, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolutions of the City Council of the Issuer authorizing the Bonds have been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with their terms.

3. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all

requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

16604793.1

**APPENDIX B**

# SUPPLEMENTAL INFORMATION STATEMENT

# GENERAL INFORMATION

## LOCATION

The City of Murfreesboro (the "City") is the County Seat of Rutherford County (the "County"). The City is located about 30 miles from the State capital of Nashville, and the County is adjacent to the southern boundary of Metropolitan Nashville and Davidson County. The County is also bordered by Wilson County to the north, Cannon County to the east, Bedford and Coffee Counties to the south and Marshall and Williamson Counties to the west. The land area of the County is approximately 619 square miles. Other incorporated cities in the County include the Town of Smyrna and the City of LaVergne. The City of Murfreesboro is located in the geographic center of the State. It is also home to the Middle Tennessee State University, the second largest university in the State, which has a large and positive economic impact on the County.

## GENERAL

The County is part of the Nashville-Murfreesboro Metropolitan Statistical Area (the "MSA"), which includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 US Census the MSA had a population of 1,571,860.

The County is also part of the Nashville-Murfreesboro Combined Statistical Area (the "CSA") which includes Maury, Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 Census, the CSA had a population of 1,674,191. The City of Nashville, the State Capital, is the largest city in the CSA with a population of 626,681 according to the 2010 Census. The 2010 Census puts Rutherford County's population at 262,604. The City of Murfreesboro, the largest city in the County, had a 2010 Census of 108,755.

The following table shows past and current population figures for the City and County:

**Population Growth**

| | 1970 | 1980 | 1990 | 2000 | 2010 | 2014* |
|---|---|---|---|---|---|---|
| Murfreesboro | 26,360 | 32,845 | 44,922 | 68,816 | 108,755 | 120,951 |
| Rutherford County | 59,428 | 84,058 | 118,570 | 182,023 | 262,604 | 288,906 |

* 2014 Estimates from U.S. Census Bureau
*Source:* U.S. Census Bureau.

## TRANSPORTATION

Interstate I-24 and SR-840 run through the County. SR-840 gives easy access to I-40 and I-65. U.S. Highways 41, 70 and 231 and State Highways 96, 99, 266, 268 and 269 run through the

County. The close proximity to Nashville gives the County access to several forms transportation located in the State Capital. The CSX Transportation Group links 20 states and operates a major inter modal yard (Radnor Inter modal Yard) in Nashville with 90 trains daily. The Port of Nashville on the Cumberland River provides a nine-foot navigation channel. The Southern Inland Waterway offers access to the Gulf of Mexico. And the Nashville International Airport provides commercial air services to many cities and countries.

## EDUCATION

There are two school systems in the County. The *Murfreesboro City School System* has 12 schools and is a K-6 school system. In the fall of 2014 the city system enrolled about 7,961 students with 513 teachers. The *Rutherford County School System* has 46 schools. The county system also runs one school for the arts. In the fall of 2015 the county system enrolled about 42,626 students with 3,022 teachers.

*Source:* Tennessee Department of Education and the Rutherford County School Fact Book - 2016.

*Middle Tennessee State University.* The Middle Tennessee State University ( "MTSU") in Murfreesboro was founded in 1911 as one of three state normal schools for teacher training. MTSU is the oldest public university in Middle Tennessee, and is a Tennessee Board of Regents Institution. The campus consists of 137 buildings on 504 acres and had a fall 2014 enrollment of 23,006. Today, MTSU is a Carnegie Doctoral Research Intensive University that occupies more than 1,000 acres in Rutherford County including a 500-acre main campus, an agricultural campus, an aerospace facility at the Murfreesboro Airport, and the Miller Horse Science Center. MTSU houses a wide variety of nationally recognized academic degree programs at the baccalaureate, master's, and doctoral levels. The University is composed of eight undergraduate colleges offering more than 40 departments and more than 140 degree programs. The College of Graduate Studies offers more than 100 degree programs.

MTSU is the No. 1 producer of graduates in the Tennessee Board of Regents system; the second-largest producer of graduates in the state among public universities; the No. 1 producer of adult (25 years old and older) and low-income (Pell Grant–eligible) graduates in the state; and the most efficient producer of graduates among the state's public universities, helping more students reach their educational goals with fewer tax dollars. MTSU is one of just 108 colleges and universities recognized by the Chronicle of Higher Education for producing Fulbright scholars in 2012–2013, placing it alongside universities such as Duke, Harvard, and Yale. No other Tennessee institution made the list.

*Source:* Middle Tennessee State University.

*The Tennessee Technology Center at Murfreesboro.* The Tennessee Technology Center at Murfreesboro is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Murfreesboro serves the central region of the state including Rutherford, Wilson, Cannon, and Coffee Counties. The Technology Center at

Murfreesboro began operations in 1967, and the main campus is located in Rutherford County. Fall 2013 enrollment was 5,544 students.

*Source:* Tennessee Technology Center at Murfreesboro.

*Motlow State Community College Smyrna Center*. Motlow State Community College is an accredited public comprehensive community college that had a fall 2014 enrollment of 4,793 students. The College was founded in 1969 and is located in Tullahoma in Coffee County, Tennessee. The associate degree program offers students an opportunity to earn an Associate of Arts or Associate of Science degree designed for transfer to a four-year-college or university. Motlow State has offices and classrooms in Fayetteville, McMinnville and Smyrna.

*Source:* Motlow State Community College.

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually. Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

**HEALTHCARE**

*Saint Thomas Rutherford Hospital.* Located in Murfreesboro, the Saint Thomas Rutherford Hospital is a full service hospital that has served the County since 1927. A new $268 million facility equipped with state-of-the-art technology opened in 2010. The hospital provides 286 all-private patient rooms and is designed to facilitate a healing and spiritual environment. There are about 1,400 associates with 320 affiliated physicians. Saint Thomas Rutherford Hospital provides both physical and financial support for many community programs. Saint Thomas Rutherford Hospital gives an average of $40 million in charity care a year.

Saint Thomas' mission is to serve all persons, with special attention to those who are poor and vulnerable, while improving the health of individuals and communities. Saint Thomas Health's regional health system consists of five hospitals – Baptist and Saint Thomas Hospitals and The Hospital for Spinal Surgery in Nashville, Saint Thomas Rutherford Hospital in Murfreesboro and Hickman Community Hospital in Centerville – and a comprehensive network of affiliated joint ventures in diagnostics, cardiac services and ambulatory surgery as well as medical practices, clinics and rehabilitation facilities. Saint Thomas Health is a member of Ascension Health, a Catholic organization that is the largest not-for-profit health system in the United States.

*Source:* Saint Thomas Rutherford Hospital.

*TriStar StoneCrest Medical Center*. TriStar Health's newest hospital, TriStar StoneCrest opened in 2003 in Smyrna. The facility is equipped with 109 beds and offers a full array of acute care services, including emergency care, general surgery, cardiology, obstetrics, intensive care, diagnostic services and cancer care. The hospital has continued to expand since its opening with the addition of The Sarah Cannon Cancer Center oncology program, a sleep medicine facility, a robotics surgery program, and a level IIB neonatal intensive care unit. The facility has an accredited chest pain center, award winning cancer program, certificate of distinction for primary stroke centers and

recognition by The Joint Commission as one of the nation's top performers on key quality measures. The emergency department treated a record number of patients in 2012, yet continues to maintain an average wait time less than half the national average. More than 300 physicians are on staff, many with offices located a short walking distance from the facility.

*TriStar Sarah Cannon Cancer Centers.* Located at the TriStar StoneCrest Medical Center, TriStar Sarah Cannon Cancer Centers is a network of eight affiliated medical facilities in Tennessee and Bowling Green, Kentucky that provides diagnosis and treatment to cancer patients. The network consists of over 100 medical oncologists, gynecologists, hematologists, radiation oncologists, pathologists and surgeons. TriStar Sarah Cannon has grown to become the largest community based, privately funded, diagnostic and treatment center in the country.

The history of TriStar Sarah Cannon Cancer Center starts in 1983 when Sarah Cannon was diagnosed with breast cancer. Sarah Cannon, known worldwide for her Grand Ole Opry character "Minnie Pearl", became an advocate for early detection, patient education and research-based treatment. In 1991, she gave her name to the cancer center.

The TriStar Health System is composed of 18 hospitals, medical centers and other healthcare services across Tennessee, Kentucky and Georgia. TriStar provides affordable healthcare by consolidating business and financial services and allowing medical centers and hospitals to focus on delivering quality healthcare. The Nashville-based Hospital Corporation of America (the "HCA") was one of the nation's first hospital companies in 1968. Today, HCA is one of the nation's leading providers of healthcare services. The company is comprised of locally managed facilities that include about 162 hospitals and 113 freestanding surgery centers in 20 states and England and employing approximately 199,000 people. Approximately four to five percent of all inpatient care delivered in the country today is provided by HCA facilities. HCA owns the TriStar Health System.

*Source:* Tri-Star Health System and Hospital Corporation of America.

## MANUFACTURING AND COMMERCE

As of 2014, an average of 80,909 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including automotive, food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, measuring and controlling devices, and consumer products.

Nashville MSA's largest manufacturing employers include Nissan North America, Bridgestone Americas, Electrolux Home Products, A.O. Smith Water Products and Vought Aircraft Industries. Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with retail sales of over $32.0 billion. Major regional shopping centers register more than $3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. In the Nashville region, there are 245 shopping centers with 37.3 million square feet of gross leasable area. Nine of these centers are super-regional and 15 are regional centers. Two of the super-regional centers are located in or near the City. Opry Mills Mall located nearby, but outside the City recently reopened following repairs resulting from the May 2010 flood and now includes

several new stores. Rivergate Mall, one of the MSA's largest shopping centers with nearly 200 stores is located in Goodlettsville and is a major economic engine for the MSA.

*Source:* Official Statements of The Metropolitan Government, the City and various reference sites.

A diversified economy is credited for the stability of local employment and wages. Employment by industry (excluding self-employed) for the Nashville MSA in 2014:

| **Industry** | **Employment Number** |
|---|---|
| Government | 127,781 |
| Health Care/Social Assistance | 123,854 |
| Retail Trade | 113,650 |
| Accommodation /Food Services | 90,468 |
| Administrative Services | 87,259 |
| Manufacturing | 80,909 |
| Professional/Scientific/Technical Services | 76,270 |
| Other Services | 68,239 |
| Finance/Insurance | 63,128 |
| Real Estate/Rental/Leasing | 51,624 |
| Construction | 58,235 |
| Wholesale Trade | 42,102 |
| Transportation/Warehousing | 41,948 |
| Arts/Entertainment/Recreation | 37,089 |
| Educational Services | 33,264 |
| Information | 25,212 |
| Management of Companies/Enterprises | 15,990 |
| Agriculture/Forestry/Fishing/Hunting | 15,484 |
| Natural Resources/Mining | 1,417 |
| Utilities | 1,168 |
| **TOTAL** | **1,155,091** |

*Source:* Nashville Area Chamber of Commerce – Nashville Region's Vital Signs 2014.

*[balance of page left blank]*

The following chart is a list of the major employers in the County:

| **Company** | **Product** | **Employment** |
|---|---|---|
| Nissan Motor Mfg. Corp USA | Small Trucks & Cars | 8,000 |
| Rutherford County Schools | Education | 4,990 |
| Middle Tennessee State University | Higher Education | 2,205 |
| National Health Corp. | Healthcare | 2,071 |
| Ingram Book Company | Books, Audio Tapes | 2,000 |
| State Farm Insurance | Insurance | 1,650 |
| Amazon | Distribution | 1,550 |
| St. Thomas Rutherford Hosptial | Hospital | 1,400 |
| Alvin C. York VA Medical Center | Hospital | 1,300 |
| Asurion | Customer Service | 1,250 |
| Rutherford County | Government | 1,083 |
| Verizon Wireless | Wireless Device | 1,068 |
| Bridgestone / Firestone Inc. | Tires | 1,010 |
| City of Murfreesboro | Government | 960 |
| City of Murfreesboro School System | Education | 952 |
| Square D/Schneider Electric | Distribution & Manufacturer | 900 |

*Source*: The Rutherford County Chamber of Commerce and the Rutherford County School Fact Book - 2016.

*[balance of page left blank]*

**EMPLOYMENT INFORMATION**

For the month of December 2015, the unemployment rate for Murfreesboro stood at 4.2% with 62,050 persons employed out of a labor force of 64,790. For the month of December 2015, the unemployment rate for Rutherford County stood at 4.0% with 146,370 persons employed out of a labor force of 152,530.

The Nashville-Murfreesboro MSA's unemployment for December 2015 was at 4.2% with 900,230 persons employed out of a labor force of 939,380. As of December 2015, the unemployment rate in the Nashville-Murfreesboro CSA stood at 4.3%, representing 948,780 persons employed out of a workforce of 991,010. The following charts show unemployment trends in the City, County, MSA and CSA for the last 5 years:

**Unemployment**

| | Annual Average **2010** | Annual Average **2011** | Annual Average **2012** | Annual Average **2013** | Annual Average **2014** |
|---|---|---|---|---|---|
| National | 9.6% | 8.9% | 8.1% | 7.4% | 6.2% |
| Tennessee | 9.7% | 9.2% | 8.0% | 8.2% | 6.7% |
| **Murfreesboro** | **9.0%** | **8.2%** | **6.7%** | **6.6%** | **5.4%** |
| Index vs. National | 94 | 92 | 83 | 89 | 87 |
| Index vs. State | 93 | 89 | 84 | 80 | 81 |
| **Rutherford County** | **8.7%** | **8.0%** | **6.5%** | **6.6%** | **5.3%** |
| Index vs. National | 91 | 90 | 80 | 89 | 83 |
| Index vs. State | 90 | 87 | 81 | 80 | 79 |
| **Nashville-Murfreesboro MSA** | **8.6%** | **8.0%** | **6.6%** | **6.5%** | **5.2%** |
| Index vs. National | 90 | 90 | 81 | 88 | 84 |
| Index vs. State | 89 | 87 | 82 | 79 | 78 |
| **Nashville-Murfreesboro CSA** | **8.9%** | **8.2%** | **6.7%** | **6.6%** | **5.4%** |
| Index vs. National | 93 | 92 | 83 | 89 | 87 |
| Index vs. State | 92 | 89 | 84 | 80 | 81 |

*Source:* Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

*[balance of page left blank]*

## ECONOMIC DATA

**Per Capita Personal Income**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| National | $40,277 | $42,453 | $44,266 | $44,438 | $46,049 |
| Tennessee | $35,601 | $37,323 | $39,137 | $39,312 | $40,457 |
| **Rutherford County** | **$31,735** | **$33,033** | **$35,008** | **$35,221** | **$36,194** |
| Index vs. National | 79 | 78 | 79 | 79 | 79 |
| Index vs. State | 89 | 89 | 89 | 90 | 89 |
| **Nashville-Murfreesboro MSA** | **$41,205** | **$43,037** | **$45,792** | **$45,825** | **$47,392** |
| Index vs. National | 102 | 101 | 103 | 103 | 103 |
| Index vs. State | 116 | 115 | 117 | 117 | 117 |
| **Nashville-Murfreesboro CSA** | **$40,302** | **$42,090** | **$44,777** | **$44,880** | **$46,409** |
| Index vs. National | 100 | 99 | 101 | 101 | 101 |
| Index vs. State | 113 | 113 | 114 | 114 | 115 |

*Source:* U.S. Department of Commerce, Bureau of Economic Analysis.

**Social and Economic Characteristics**

| | National | Tennessee | Rutherford County | Murfreesboro |
|---|---|---|---|---|
| Median Value Owner Occupied Housing | $175,700 | $139,900 | $157,400 | $177,200 |
| % High School Graduates or Higher Persons 25 Years Old and Older | 86.30% | 84.90% | 90.2% | 91.4% |
| % Persons with Income Below Poverty Level | 14.80% | 18.30% | 14.7% | 17.6% |
| Median Household Income | $53,482 | $44,621 | $55,096 | $50,337 |

*Source*: U.S. Census Bureau State & County QuickFacts - 2014.

## PARKS AND RECREATION

*J. Percy Priest Lake.* J. Percy Priest Lake is a key project in the development of the Cumberland River Basin. J. Percy Priest Lake is about 42 miles long and covers portions of Davidson, Rutherford, and Wilson Counties. It consists of 14,200 surface acres of water. The water is surrounded by 18,854 acres of public lands; 10,000 acres are devoted to wildlife management.

*Source:* US Army Corps of Engineers

*Long Hunter State Park.* Located in Davidson County on the county lines of Wilson and Rutherford Counties, Long Hunter State Park is along the shore of J. Percy Priest Lake. The park lays just seven miles south of Mt. Juliet. Picnicking, swimming, hiking, backpacking, boating, fishing, nature photography and wildlife observation are among the activities available to visitors on the 2,600 acre park. Planned activities include interpretive and recreation programs for the general public and environmental education programs for school and other interested groups. The park offers a meeting facility, picnic areas, hiking trails, campsites, and a state archaeological site at Sellars Farm. Percy Priest Lake offers swimming, boating and fishing for the park visitors as well.

*Source:* Tennessee State Parks.

## RECENT DEVELOPMENTS

### *Murfreesboro*

*Amazon.* Completed in the spring of 2013, Amazon's Murfreesboro fulfillment center has hired 500 more employees in 2015 to bring the total employment up to 1,550. A second center in Lebanon has also opened a facility and has hired about 1,000 workers. The State Funding Board approved $7 million in grants to make infrastructure improvements at the sites in Murfreesboro and Lebanon. Amazon's investment in the two sites totals $145 million.

*General Mills.* General Mills invested $250 million in 2015 to increase capacity at its Murfreesboro facility, creating 117 new jobs in Rutherford County. The project is expected to be completed in 2018. General Mills is one of the world's leading food companies, operating in more than 100 countries around the world. Its brands include Cheerios, Fiber One, Häagen-Dazs, Nature Valley, Yoplait, Betty Crocker, Pillsbury, Green Giant, Old El Paso, Wanchai Ferry, Yoki and more. Headquartered in Minneapolis, Minn., USA, General Mills had fiscal 2014 worldwide sales of US $17.9 billion.

*Middle Tennessee State University.* A 250,000-square-foot, $147 million Science Building, opened in the 2015 spring semester, represents one of the most significant investments made by the state of Tennessee toward the enhancement of science and technology education.

*Source:* The Tennessean.

### *Rutherford County*

*Calsonic Kansei North America.* Nissan's largest North American parts supplier, Calsonic, underwent a $109 million expansion that will brought 1,200 new jobs to the region at the end of 2015. The expansion occured at the company's three Tennessee locations in Lewisburg, Shelbyville and Smyrna. Calsonic's products include automotive climate control electronics, cooling and exhaust systems.

In 2014 the company invested $57.6 million at its Shelbyville facility, which manufactures exhaust units, catalytic converters and manifolds. The company also invested $49.8 million in the Lewisburg location added 526 new jobs. As part of the expansion, the company built a new 300,000-square-foot warehouse facility. Lastly, the firm invested $2.1 million at its Smyrna facility, which is

located within the Nissan plant and places Calsonic products into the Nissan vehicles. A total of 183 new jobs were created.

*M-Tek Inc.* The Manchester auto supplier, M-Tek, has its headquarters located in Murfreesboro. In 2015 M-Tek won a $147 million contract to build interior door panels for a new midsize sedan that Volkswagen plans to assemble in Chattanooga. Volkswagen's $1 billion facility opened in 2011. Despite the ailing auto industry, the Chattanooga plant is a key part of the carmaker's long-term plan to nearly quadruple its U.S. sales to about 800,000 annually by 2018. M-Tek is a wholly owned subsidiary of the Kasai Kogyo Co. Ltd., a Japanese automotive parts manufacturer of over forty years, with facilities located throughout North America, Europe, and Asia.

*Nissan North America Inc.* Nissan broke ground in the summer of 2010 for a lithium-ion battery plant as part of a plan to build a five-passenger all-electric car, the Leaf, and create up to 1,300 jobs in Tennessee. The battery plant is part of a $1.7 billion investment to manufacture the Leaf. In September 2012 Nissan began limited production of its Leaf electric car at the Smyrna plant. The batteries manufactured at the site are being installed in the new cars. In summer of 2013 the Nissan plant hired an extra 900 employees to begin production of the model Rogue.

Nissan Motor Co. announced plans early 2015 to build a new $160 million supplier park at its Tennessee assembly plant that the Japanese automaker projects to attract more than 1,000 jobs. The automaker's plans call for the new 1.5 million-square-foot logistics center to be built in phases starting in 2016 and completed by the end of 2017.

More than 8,400 people work at the Smyrna Nissan plant that built 648,000 vehicles in 2014, making it the highest-producing plant in North America. The plant, which opened in 1983, makes the Altima, Maxima, Leaf, Rogue, Pathfinder and Infiniti QX60.

*Schwan Cosmettics USA.* Schwan Cosmetics consolidated its U.S. operations with a new facility in Murfreesboro in 2013. The new $38 million, 173,000-square-foot plant merged its Cosmolab facility in Lewisburg, Tenn., and its facility in Piscataway, N.J. and was completed in 2015. The new facility is expected to create 250 new jobs over the next five years, in addition to the 200 workers transferring from Lewisburg. The 250 new jobs include manufacturing and office positions. Schwan Cosmetics is the leading private label manufacturer of cosmetic pencils and products worldwide . Founded in 1855, the Schwan-Stabilo group is a family owned company with more than 4,400 employees worldwide with headquarters in Heroldsberg, Germany.

*Topre America.* Topre America officials announced plans to invest $53.3 million to build a new manufacturing facility in Smyrna, expanding on their current operations based inside the Nissan Smyrna plant. Construction on the new facility began in 2015, with production up and running by June 2017. The company plans to begin hiring for these new positions in October 2016. This expansion will allow the automotive parts manufacturer to increase production efficiency and create 100 new jobs in Rutherford County. Topre America provides automotive stamping and assemblies for body structures for Nissan, Honda and Toyota. This new facility allows Topre America to increase its stamping capabilities and production efficiencies.

## CITY OF MURFREESBORO, TENNESSEE

SUMMARY OF BONDED INDEBTEDNESS

| AMOUNT ISSUED | | Purpose | Due Date | Interest Rate | Outstanding (1) As of June 30, 2015 |
|---|---|---|---|---|---|
| $ 65,855,000 | | General Obligation Refunding Bonds, Series 2009 | June 2020 | Fixed | $ 17,985,000 |
| 29,355,000 | | General Obligation Improvement Bonds, Series 2014 | April 2029 | Fixed | 27,955,000 |
| 1,000,000 | | Energy Efficient School Loan, Series 2011 - #1 | June 2022 | Fixed | 641,681 |
| 971,518 | | Energy Efficient School Loan, Series 2012 - #2 | June 2023 | Fixed | 736,734 |
| 35,000,000 | (3) | TMBF Loan #1 | May 2016 | Variable | 1,099,925 |
| 68,650,000 | (3) | TMBF Loan #2 | May 2021 | Variable | 32,863,907 |
| 4,640,000 | (3) | TMBF Loan #3 | May 2021 | Variable | 2,302,000 |
| 60,000,000 | (3) | TMBF Loan #4 | May 2024 | Variable | 37,663,000 |
| 47,600,000 | | TMBF Loan #5 | Oct. 2025 | Fixed | 36,812,000 |
| 40,700,000 | | TMBF Loan #6 | Oct. 2027 | Fixed | 36,079,000 |
| 5,100,000 | | TMBF Loan #7 | Oct. 2019 | Fixed | 3,708,000 |
| 10,430,000 | (3) | TMBF Loan #8 | June 2018 | Variable | 5,740,313 |
| 1,870,000 | | General Obligation Airport Refunding Capital Outlay Note, Series 2013 (Federally Taxable) | August 2019 | Fixed | 1,250,000 |
| 40,860,000 | (2) | Water and Sewer System Revenue and Tax Refunding Bonds, Series 2009 | June 2026 | Fixed | 26,815,000 |
| 28,610,000 | (2) | Water and Sewer Revenue and Tax Refunding Bonds, Series 2013A | June 2021 | Fixed | 21,755,000 |
| 8,000,000 | (2) & (3) | Water and Sewer TMBF Loan #1 | May 2023 | Variable | 3,961,000 |
| 41,440,000 | (2) & (3) | Water and Sewer TMBF Loan #2 | May 2027 | Variable | 29,049,000 |
| 3,600,000 | (2) | State Revolving Loan, Series CWF 2013-317 | Nov. 2034 | Fixed | 3,504,199 |
| 23,000,000 | (2) | State Revolving Loan, Series SRF 2012-306 (Amortization not included in audit) | Feb. 2036 | Fixed | 23,000,000 |
| 4,000,000 | (2) | State Revolving Loan, Series CG2 2014-338 (Amortization not included in audit) | Dec. 2035 | Fixed | 4,000,000 |
| 7,530,000 | (2) | State Revolving Loan, Series CWF 2012-303 (Amortization not included in audit) | Feb. 2036 | Fixed | 7,530,000 |
| 32,500,000 | (2) & (4) | State Revolving Loan, Series SRF 2014-339 (Amortization not included in audit) | Estimated 2037 | Fixed | 32,500,000 |
| 15,445,000 | (2) | Electric System Revenue and Tax Refunding Bonds, Series 2009 | June 2021 | Fixed | 2,125,000 |
| 10,000,000 | (2) & (3) | Electric Department TMBF Loan #1 | May 2023 | Variable | 6,228,000 |
| $ 586,156,518 | | **TOTAL BONDED DEBT** | | | $ 365,303,759 |
| $ 79,000,000 | | General Obligation Bonds, Series 2016 | June 2031 | Fixed | $ 79,000,000 |
| (214,985,000) | | Less: Revenue supported debt | | | (160,467,199) |
| $ 450,171,518 | | **NET BONDED DEBT** | | | $ 283,836,560 |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Does not include an Energy Efficient School Loan for $2,140,000 that the City is in the process of completing. All debt is supported by the City's full faith and credit.

(2) Revenue-supported debt. In the case of deficiency in revenues to pay debt service, the bonds and/or loans are backed by the City's full, faith and credit general obligation pledge.

(3) The City budgets to account for interest rate and/or basis risk.

(4) The City's Water and Sewer Department borrowed an additional $32,500,000 from the State of Tennessee for capital projects. Under the terms of the loan agreements, the loans will bear an interest rate of 1.30% and be payable over twenty (20) years. The State has deferred principal payment until the project is substantially complete (estimated completion 2nd quarter of 2017).

## CITY OF MURFREESBORO, TENNESSEE

Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are included herein and the table should be read in conjunction with those statements.

| | For Fiscal Year Ended June 30 | | | | | After Issuance |
|---|---|---|---|---|---|---|
| **INDEBTEDNESS** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| TAX SUPPORTED | | | | | | |
| General Obligation Bonds & Notes | $ 215,448,486 | $ 194,490,923 | $ 218,416,176 | $ 226,860,335 | $ 204,836,560 | $ 283,836,560 |
| TOTAL TAX SUPPORTED | $ 215,448,486 | $ 194,490,923 | $ 218,416,176 | $ 226,860,335 | $ 204,836,560 | $ 283,836,560 |
| REVENUE SUPPORTED (1) | | | | | | |
| Water & Sewer Revenue Bonds | $ 110,676,282 | $ 103,457,303 | $ 96,331,543 | $ 89,386,000 | $ 101,752,609 | $ 152,114,199 |
| Electric Revenue Bonds | 18,574,000 | 15,248,000 | 7,440,000 | 9,299,000 | 8,353,000 | 8,353,000 |
| TOTAL REVENUE SUPPORTED | $ 129,250,282 | $ 118,705,303 | $ 103,771,543 | $ 98,685,000 | $ 110,105,609 | $ 160,467,199 |
| TOTAL DEBT | $ 344,698,768 | $ 313,196,226 | $ 322,187,719 | $ 325,545,335 | $ 314,942,169 | $ 444,303,759 |
| Less: Revenue Supported Debt | $ (129,250,282) | $ (118,705,303) | $ (103,771,543) | $ (98,685,000) | $ (110,105,609) | $ (160,467,199) |
| Less: Debt Service Fund | (4,799,289) | (4,029,850) | (4,427,052) | (3,861,500) | (2,776,002) | (2,776,002) |
| NET DIRECT DEBT | $ 210,649,197 | $ 190,461,073 | $ 213,989,124 | $ 222,998,835 | $ 202,060,558 | $ 281,060,558 |
| OVERLAPPING DEBT (2) | $ 148,366,002 | $ 157,048,830 | $ 150,723,592 | $ 148,399,891 | $ 151,262,637 | $ 151,262,637 |
| NET DIRECT & OVERLAPPING DEBT | $ 359,015,199 | $ 347,509,903 | $ 364,712,716 | $ 371,398,726 | $ 353,323,195 | $ 432,323,195 |
| **PROPERTY TAX BASE (3)** | | | | | | |
| Estimated Actual Value | $ 8,900,746,215 | $ 9,069,792,775 | $ 8,711,106,884 | $ 9,222,664,238 | $ 9,040,827,328 | $ 9,040,827,328 |
| Appraised Value | 8,900,746,215 | 9,069,792,775 | 8,711,106,884 | 9,222,664,238 | 9,040,827,328 | 9,040,827,328 |
| Assessed Value | 2,732,673,790 | 2,790,984,426 | 2,633,451,736 | 2,824,021,180 | 2,711,139,886 | 2,711,139,886 |

(1) Revenue-supported debt. In the case of deficiency in revenues to pay debt service, the bonds and/or loans are backed by the City's full, faith and credit general obligation pledge.

(2) OVERLAPPING DEBT Includes the City's share of Rutherford County, Tennessee's debt.

(3) Sources: Tax Aggregate Report of Tennessee from the State Board of Equalization

Source: General Purpose Financial Statements and City Officials.

| DEBT RATIOS | For Fiscal Year Ended June 30 2011 | 2012 | 2013 | 2014 | 2015 | After Issuance 2016 |
|---|---|---|---|---|---|---|
| TOTAL DEBT to Estimated Actual Value | 3.87% | 3.45% | 3.70% | 3.53% | 3.48% | 4.91% |
| TOTAL DEBT to Appraised Value | 3.87% | 3.45% | 3.70% | 3.53% | 3.48% | 4.91% |
| TOTAL DEBT to Assessed Value | 12.61% | 11.22% | 12.23% | 11.53% | 11.62% | 16.39% |
| NET DIRECT DEBT to Estimated Actual Value | 7.71% | 6.82% | 8.13% | 7.90% | 7.45% | 10.37% |
| NET DIRECT DEBT to Appraised Value | 2.37% | 2.10% | 2.46% | 2.42% | 2.23% | 3.11% |
| NET DIRECT DEBT to Assessed Value | 7.71% | 6.82% | 8.13% | 7.90% | 7.45% | 10.37% |
| OVERLAPPING DEBT to Estimated Actual Value | 1.67% | 1.73% | 1.73% | 1.61% | 1.67% | 1.67% |
| OVERLAPPING DEBT to Appraised value | 1.67% | 1.73% | 1.73% | 1.61% | 1.67% | 1.67% |
| OVERLAPPING DEBT to Assessed Value | 5.43% | 5.63% | 5.72% | 5.25% | 5.58% | 5.58% |
| NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value | 4.03% | 3.83% | 4.19% | 4.03% | 3.91% | 4.78% |
| NET DIRECT & OVERLAPPING DEBT to Appraised Value | 4.03% | 3.83% | 4.19% | 4.03% | 3.91% | 4.78% |
| NET DIRECT & OVERLAPPING DEBT to Assessed Value | 13.14% | 12.45% | 13.85% | 13.15% | 13.03% | 15.95% |
| **PER CAPITA RATIOS** | | | | | | |
| POPULATION (1) | 111,727 | 113,871 | 117,044 | 120,951 | 120,951 | 120,951 |
| PER CAPITA PERSONAL INCOME (2) | $ 33,033 | $ 35,008 | $ 35,221 | $ 36,194 | $ 36,194 | $ 36,194 |
| Estimated Actual Value to POPULATION | $ 79,665 | $ 79,650 | $ 74,426 | $ 76,251 | $ 74,748 | $ 74,748 |
| Assessed Value to POPULATION | $ 24,458 | $ 24,510 | $ 22,500 | $ 23,348 | $ 22,415 | $ 22,415 |
| Total Debt to POPULATION | $ 3,085 | $ 2,750 | $ 2,753 | $ 2,692 | $ 2,604 | $ 3,673 |
| Net Direct Debt to POPULATION | $ 1,885 | $ 1,673 | $ 1,828 | $ 1,844 | $ 1,671 | $ 2,324 |
| Overlapping Debt to POPULATION | $ 1,328 | $ 1,379 | $ 1,288 | $ 1,227 | $ 1,251 | $ 1,251 |
| Net Direct & Overlapping Debt to POPULATION | $ 3,213 | $ 3,052 | $ 3,116 | $ 3,071 | $ 2,921 | $ 3,574 |
| Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME | 9.34% | 7.86% | 7.82% | 7.44% | 7.19% | 10.15% |
| Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME | 5.71% | 4.78% | 5.19% | 5.09% | 4.62% | 6.42% |
| Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME | 4.02% | 3.94% | 3.66% | 3.39% | 3.46% | 3.46% |
| Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME | 9.73% | 8.72% | 8.85% | 8.48% | 8.07% | 9.88% |

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.
(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

**CITY OF MURFREESBORO, TENNESSEE**

BONDED DEBT SERVICE REQUIREMENTS - General Obligation

| F.Y. Ended 6/30 | As of June 30, 2015 Existing Debt - General Obligation (1) Principal | Interest (2) | TOTAL | General Obligation Bonds, Series 2016 Principal | Interest (3) | TOTAL | % Series 2016 Principal Repaid | Total Bonded Debt Service Requirements (1) & (2) Principal | Interest | TOTAL | % All Principal Repaid Repaid |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | $ 23,957,073 | $ 4,874,339 | $ 28,831,412 | $ - | $ - | $ - | 0.00% | $ 23,957,073 | $ 4,874,339 | $ 28,831,412 | 8.44% |
| 2017 | 23,633,148 | 4,302,066 | 27,935,214 | 3,575,000 | 3,220,800 | 6,795,800 | | 27,208,148 | 7,522,866 | 34,731,014 | |
| 2018 | 23,935,461 | 3,726,564 | 27,662,025 | 4,050,000 | 2,749,250 | 6,799,250 | | 27,985,461 | 6,475,814 | 34,461,275 | |
| 2019 | 22,559,148 | 3,156,767 | 25,715,915 | 4,250,000 | 2,546,750 | 6,796,750 | | 26,809,148 | 5,703,517 | 32,512,665 | |
| 2020 | 20,993,148 | 2,557,711 | 23,550,859 | 4,450,000 | 2,334,250 | 6,784,250 | 20.66% | 25,443,148 | 4,891,961 | 30,335,109 | 46.30% |
| 2021 | 18,714,055 | 2,115,172 | 20,829,227 | 4,675,000 | 2,111,750 | 6,786,750 | | 23,389,055 | 4,226,922 | 27,615,977 | |
| 2022 | 12,860,857 | 1,706,004 | 14,566,861 | 4,900,000 | 1,878,000 | 6,778,000 | | 17,760,857 | 3,584,004 | 21,344,861 | |
| 2023 | 13,205,670 | 1,437,162 | 14,642,832 | 5,150,000 | 1,633,000 | 6,783,000 | | 18,355,670 | 3,070,162 | 21,425,832 | |
| 2024 | 13,634,000 | 1,120,071 | 14,754,071 | 5,400,000 | 1,375,500 | 6,775,500 | | 19,034,000 | 2,495,571 | 21,529,571 | |
| 2025 | 8,833,000 | 791,843 | 9,624,843 | 5,625,000 | 1,159,500 | 6,784,500 | 53.26% | 14,458,000 | 1,951,343 | 16,409,343 | 79.06% |
| 2026 | 9,094,000 | 531,703 | 9,625,703 | 5,800,000 | 990,750 | 6,790,750 | | 14,894,000 | 1,522,453 | 16,416,453 | |
| 2027 | 5,405,000 | 320,495 | 5,725,495 | 5,900,000 | 874,750 | 6,774,750 | | 11,305,000 | 1,195,245 | 12,500,245 | |
| 2028 | 5,542,000 | 183,182 | 5,725,182 | 6,025,000 | 756,750 | 6,781,750 | | 11,567,000 | 939,932 | 12,506,932 | |
| 2029 | 2,470,000 | 77,188 | 2,547,188 | 6,200,000 | 576,000 | 6,776,000 | | 8,670,000 | 653,188 | 9,323,188 | |
| 2030 | - | - | - | 6,400,000 | 390,000 | 6,790,000 | 91.65% | 6,400,000 | 390,000 | 6,790,000 | 97.67% |
| 2031 | - | - | - | 6,600,000 | 198,000 | 6,798,000 | 100.00% | 6,600,000 | 198,000 | 6,798,000 | 100.00% |
| | $ 204,836,560 | $ 26,900,267 | $ 231,736,827 | $ 79,000,000 | $ 22,795,050 | $ 101,795,050 | | $ 283,836,560 | $ 49,695,317 | $ 333,531,877 | |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Does not include an Energy Efficient School Loan for $2,140,000 that the City is in the process of completing.

(2) The City budgets to account for interest rate and/or basis risk. Variable rate loans utilize a budget interest rate of 1.50% for purposes of this chart.

(3) Average Coupon of 3.2696310%.

**CITY OF MURFREESBORO, TENNESSEE**

BONDED DEBT SERVICE REQUIREMENTS - Water and Sewer Department

| F.Y. Ended 6/30 | As of June 30, 2015 Existing Debt - General Obligation (1) | | | | Estimated Amortization State Revolving Loans (3) | | | | % Series 2016 Principal Repaid | Total Bonded Debt Service Requirements (1) & (2) & (3) | | | | % All Principal Repaid Repaid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest (2) | State Fees | TOTAL | Principal | Interest | State Fees | TOTAL | | Principal | Interest | State Fees | TOTAL | |
| 2016 | $ 8,743,011 | $ 2,089,293 | $ 12,423 | $ 10,844,726 | $ - | $ - | $ - | $ - | 0.00% | $ 8,743,011 | $ 2,089,293 | $ 12,423 | $ 10,832,303 | 5.75% |
| 2017 | 9,978,211 | 2,134,948 | 29,215 | 12,142,374 | - | - | - | - | | 9,978,211 | 2,134,948 | 29,215 | 12,113,159 | |
| 2018 | 10,253,165 | 1,922,138 | 27,814 | 12,203,117 | 1,432,283 | 413,986 | 25,476 | 1,871,745 | | 11,685,448 | 2,336,124 | 53,290 | 14,021,572 | |
| 2019 | 10,533,285 | 1,701,527 | 26,399 | 12,261,211 | 1,451,014 | 395,255 | 24,323 | 1,870,592 | | 11,984,299 | 2,096,782 | 50,722 | 14,081,082 | |
| 2020 | 10,827,575 | 1,473,223 | 24,970 | 12,325,767 | 1,469,990 | 376,279 | 23,156 | 1,869,425 | 13.39% | 12,297,565 | 1,849,502 | 48,125 | 14,147,067 | 35.95% |
| 2021 | 11,132,035 | 1,236,479 | 23,527 | 12,392,041 | 1,489,214 | 357,055 | 21,973 | 1,868,242 | | 12,621,249 | 1,593,534 | 45,499 | 14,214,783 | |
| 2022 | 7,625,667 | 1,018,302 | 22,070 | 8,666,039 | 1,508,690 | 337,579 | 20,774 | 1,867,043 | | 9,134,356 | 1,355,882 | 42,844 | 10,490,238 | |
| 2023 | 7,871,472 | 843,197 | 20,599 | 8,735,268 | 1,528,420 | 317,849 | 19,560 | 1,865,829 | | 9,399,892 | 1,161,046 | 40,159 | 10,560,938 | |
| 2024 | 7,562,454 | 661,995 | 19,113 | 8,243,562 | 1,548,408 | 297,861 | 18,330 | 1,864,599 | | 9,110,862 | 959,856 | 37,443 | 10,070,718 | |
| 2025 | 6,366,612 | 482,772 | 17,614 | 6,866,998 | 1,568,658 | 277,611 | 17,084 | 1,863,353 | 36.91% | 7,935,270 | 760,383 | 34,697 | 8,695,653 | 67.64% |
| 2026 | 6,579,950 | 354,954 | 16,099 | 6,951,003 | 1,589,172 | 257,097 | 15,821 | 1,862,090 | | 8,169,122 | 612,051 | 31,921 | 8,781,173 | |
| 2027 | 4,970,468 | 222,281 | 14,570 | 5,207,319 | 1,609,955 | 236,314 | 14,542 | 1,860,811 | | 6,580,423 | 458,594 | 29,112 | 7,039,018 | |
| 2028 | 1,940,170 | 157,844 | 13,026 | 2,111,040 | 1,631,010 | 215,259 | 13,247 | 1,859,516 | | 3,571,179 | 373,103 | 26,273 | 3,944,283 | |
| 2029 | 1,959,055 | 138,958 | 11,467 | 2,109,481 | 1,652,340 | 193,929 | 11,934 | 1,858,203 | | 3,611,395 | 332,888 | 23,401 | 3,944,283 | |
| 2030 | 1,978,128 | 119,886 | 9,893 | 2,107,907 | 1,673,949 | 172,320 | 10,604 | 1,856,873 | 62.01% | 3,652,076 | 292,207 | 20,497 | 3,944,283 | 84.46% |
| 2031 | 1,997,388 | 100,626 | 8,303 | 2,106,317 | 1,695,840 | 150,429 | 9,257 | 1,855,526 | | 3,693,228 | 251,055 | 17,560 | 3,944,283 | |
| 2032 | 2,016,839 | 81,175 | 6,698 | 2,104,712 | 1,718,018 | 128,251 | 7,892 | 1,854,161 | | 3,734,857 | 209,426 | 14,591 | 3,944,283 | |
| 2033 | 2,036,482 | 61,532 | 5,078 | 2,103,092 | 1,740,486 | 105,783 | 6,510 | 1,852,779 | | 3,776,967 | 167,316 | 11,587 | 3,944,283 | |
| 2034 | 2,056,318 | 41,696 | 3,441 | 2,101,455 | 1,763,247 | 83,022 | 5,109 | 1,851,378 | | 3,819,565 | 124,718 | 8,550 | 3,944,283 | |
| 2035 | 1,960,975 | 21,931 | 1,812 | 1,984,718 | 1,786,306 | 59,963 | 3,690 | 1,849,959 | 88.79% | 3,747,281 | 81,894 | 5,502 | 3,829,175 | 96.80% |
| 2036 | 1,224,941 | 4,310 | 360 | 1,229,612 | 1,809,667 | 36,602 | 2,252 | 1,848,521 | | 3,034,609 | 40,912 | 2,613 | 3,075,521 | |
| 2037 | - | - | - | - | 1,833,334 | 12,935 | 796 | 1,847,065 | 100.00% | 1,833,334 | 12,935 | 796 | 1,846,269 | 100.00% |
| | $ 119,614,199 | $ 14,869,068 | $ 314,490 | $ 134,797,758 | $ 32,500,000 | $ 4,425,380 | $ 272,331 | $ 37,197,711 | | $ 152,114,199 | $ 19,294,448 | $ 586,822 | $ 171,408,647 | |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. Includes the State Revolving Loan, Series SRF 2012-306, State Revolving Loan, Series CG2 2014-338 and State Revolving Loan, Series CWF 2012-303. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Does not include the State Revolving Loan, Series SRF 2014-339. Revenue-supported debt. In the case of deficiency in revenues to pay debt service, the bonds and/or loans are backed by the City's full, faith and credit general obligation pledge.

(2) The City budgets to account for interest rate and/or basis risk. Variable rate loans utilize a budget interest rate of 1.50% for purposes of this chart.

(3) The City's Water and Sewer Department borrowed an additional $32,500,000 from the State of Tennessee for capital projects. Under the terms of the loan agreements, the loans will bear an interest rate of 1.30% and be payable over twenty (20) years. The State has deferred principal payment until the project is substantially complete (estimated completion 2nd quarter of 2017). Revenue-supported debt. In the case of deficiency in revenues to pay debt service, the bonds and/or loans are backed by the City's full, faith and credit general obligation pledge.

# CITY OF MURFREESBORO, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - Electric Department

As of June 30, 2015

| F.Y. Ended 6/30 | Total Bonded Debt Service Requirements (1) & (2) | | | % All Principal Repaid Repaid |
|---|---|---|---|---|
| | Principal | Interest | TOTAL | |
| 2016 | $ 982,000 | $ 158,320 | $ 1,140,320 | 11.76% |
| 2017 | 1,020,000 | 140,290 | 1,160,290 | 23.97% |
| 2018 | 1,069,000 | 119,965 | 1,188,965 | 36.77% |
| 2019 | 1,115,000 | 98,680 | 1,213,680 | 50.11% |
| 2020 | 1,163,000 | 76,105 | 1,239,105 | 64.04% |
| 2021 | 1,212,000 | 52,185 | 1,264,185 | 78.55% |
| 2022 | 874,000 | 26,880 | 900,880 | 89.01% |
| 2023 | 918,000 | 13,770 | 931,770 | 100.00% |
| | $ 8,353,000 | $ 686,195 | $ 9,039,195 | |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Revenue-supported debt. In the case of deficiency in revenues to pay debt service, the bonds and/or loans are backed by the City's full, faith and credit general obligation pledge.

(2) The City budgets to account for interest rate and/or basis risk. Variable rate loans utilize a budget interest rate of 1.50% for purposes of this chart.

# FINANCIAL INFORMATION

## INTRODUCTION

As required by generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Commission. All City financial statements are audited annually by independent certified public accountants.

The City's General Purpose Financial Statements, which is an extract of the Comprehensive Annual Financial Report included herein.

## BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not 100% accrued; and (2) principal and interest on general long-term debt which is recognized when due.

## BUDGETARY PROCESS

The City Manager in a timely manner is required to submit to the City Council a proposed operating budget for the fiscal year which begins on the following July 1. A public hearing is conducted by the City Council to obtain citizen comment on the proposed budget. Prior to June 30th, the budget must be adopted. All annual appropriations lapse at the end of the fiscal year.

Amendments which revise the total expenditures of any fund may occur at any time during the fiscal year. The City Manager may, on his own authority, transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council.

*[balance of page left blank]*

**FUND BALANCES, NET ASSETS AND RETAINED EARNINGS**

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City.

The table below depicts fund balances and retained earnings for the last five fiscal years ending June 30:

| | For the year ended June 30 | | | | |
|---|---|---|---|---|---|
| **Fund Type** | **2011** | **2012** | **2013** | **2014** | **2015** |
| *Governmental Funds:* | | | | | |
| General | $48,451,934 | $50,595,593 | $ 52,623,369 | $ 56,563,371 | $ 61,938,107 |
| School Fund | 6,960,240 | 6,367,199 | 6,018,810 | 7,310,830 | 2,813,315 |
| Debt Service | 4,799,289 | 4,029,850 | 4,427,052 | 3,861,500 | 2,776,002 |
| TMBF Bond Fund | 25,840,456 | 16,628,945 | 49,134,546 | 38,709,845 | 23,390,127 |
| Other Governmental | 5,356,781 | 5,756,800 | 5,287,964 | 8,560,500 | 13,058,157 |
| **Total** | **$91,408,700** | **$83,378,387** | **$117,491,741** | **$115,006,046** | **$103,975,708** |
| *Proprietary Net Assets:* | | | | | |
| Water/Sewer | $282,643,095 | $287,698,160 | $301,859,696 | $313,692,902 | $330,661,975 |
| Electric | 110,962,720 | 122,718,759 | 136,693,954 | 148,301,225 | 161,074,771 |
| Nonmajor | 6,301,259 | 7,755,520 | 8,909,622 | 10,050,418 | 9,994,643 |
| **Total** | **$399,907,074** | **$418,172,439** | **$447,463,272** | **$472,044,545** | **$501,731,389** |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

*[balance of page left blank]*

**CITY OF MURFREESBORO, TENNESSEE**

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - General Fund

For the Fiscal Year Ended June 30

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Local taxes | $ 72,505,644 | $ 76,518,800 | $ 78,302,123 | $ 80,374,346 | $ 83,758,245 |
| Intergovernmental Revenue | 13,678,694 | 13,830,329 | 14,544,500 | 21,197,215 | 17,545,124 |
| Charges for Service | 4,395,799 | 5,070,850 | 4,514,223 | 4,491,113 | 4,642,216 |
| Donations | - | - | - | - | 2,465,421 |
| Interest and Investment Earnings | 132,289 | 58,757 | 51,173 | 35,993 | 41,404 |
| Licenses and Permits | 3,430,795 | 5,311,627 | 5,536,778 | 6,060,119 | 5,911,533 |
| Miscellaneous | 4,259,769 | 3,686,568 | 4,972,276 | 5,583,548 | 5,402,944 |
| **Total Revenues** | $ 98,402,990 | $ 104,476,931 | $ 107,921,073 | $ 117,742,334 | $ 119,766,887 |
| **Expenditures and Other Uses:** | | | | | |
| General Government | $ 5,872,815 | $ 7,753,022 | $ 8,454,711 | $ 8,363,816 | $ 9,143,076 |
| Police | 21,879,338 | 22,794,678 | 24,581,855 | 25,154,026 | 25,947,269 |
| Fire | 14,023,025 | 14,343,682 | 14,872,249 | 15,598,308 | 16,130,072 |
| Judicial | 365,072 | 397,178 | 446,771 | 436,176 | 471,130 |
| Legal | 750,236 | - | - | - | - |
| Human Resources | 858,324 | - | - | - | - |
| Engineering | 1,735,966 | 1,695,239 | - | 6,702,549 | 6,850,831 |
| State Street Aid | 4,344,773 | 4,570,444 | 4,018,116 | 2,767,337 | 2,196,271 |
| Planning | - | - | 1,735,738 | 647,529 | 1,137,183 |
| Building and Codes | 1,666,961 | 1,615,140 | 1,663,480 | 1,747,137 | 1,867,817 |
| Solid Waste | 4,191,427 | 3,998,856 | 4,266,166 | 3,959,760 | 4,125,198 |
| Transportation | 3,271,637 | 2,139,735 | 3,078,509 | 2,455,001 | 2,254,624 |
| Urban Environmental | 926,237 | 921,753 | 963,107 | 1,025,071 | 984,480 |
| Public Health, Education and Welfare | 1,502,385 | 1,602,842 | 1,793,767 | 2,163,154 | 2,586,700 |
| Community Services | 1,315,280 | 1,465,468 | 1,460,832 | 1,462,445 | 1,572,888 |
| Recreation and Parks | 9,442,486 | 10,110,003 | 10,380,908 | 10,705,833 | 12,900,236 |
| Community / Economic Development | - | - | - | 991,968 | 827,336 |
| Debt Service | - | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| **Total Expenditures** | $ 72,145,962 | $ 73,408,040 | $ 77,716,209 | $ 84,180,110 | $ 88,995,111 |
| Excess of Revenues & Over (under) Expenditures | $ 26,257,028 | $ 31,068,891 | $ 30,204,864 | $ 33,562,224 | $ 30,771,776 |
| **Other Financing Sources (Uses):** | | | | | |
| Proceeds from Sale of Land | $ - | $ - | $ - | $ - | $ 2,762,510 |
| Transfers - In | 2,712,122 | 2,826,981 | 2,870,868 | 3,047,251 | 3,120,100 |
| Transfers - Out | (29,765,951) | (29,589,318) | (31,047,956) | (33,021,769) | (31,279,650) |
| **Total Other Financing Sources (Uses)** | $ (27,053,829) | $ (26,762,337) | $ (28,177,088) | $ (29,974,518) | $ (25,397,040) |
| Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources | $ (796,801) | $ 4,306,554 | $ 2,027,776 | $ 3,587,706 | $ 5,374,736 |
| Fund Balance July 1 | $ 49,248,735 | $ 48,451,934 | $ 52,758,488 | $ 52,623,369 | $ 56,249,193 |
| Prior Period Adjustment | - | - | (2,162,895) | 38,118 | 314,178 |
| **Fund Balance June 30** | **$ 48,451,934** | **$ 52,758,488** | **$ 52,623,369** | **$ 56,249,193** | **$ 61,938,107** |

*Source:* Comprehensive Annual Financial Report for City of Murfreesboro, Tennessee

## INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. The City is not authorized to invest in reverse repurchase agreements or derivative products. No investment may be made for a period greater that two years without written permission of the State Director of Local Finance.

As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

### *State Taxation of Property; Classifications of Taxable Property; Assessment Rates*

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

(a) Public Utility Property, to be assessed at 55% of its value;
(b) Industrial and Commercial Property, to be assessed at 30% of its value; and
(c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of $7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

***County Taxation of Property***

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

***Assessment of Property***

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January I for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

***Valuation for Property Tax Purposes***

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole *(i.e.,* the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the *"Certified Tax Rate")* which will provide the same *ad valorem* revenue for

that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November, 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is $500 for the year in which he becomes eligible, his property taxes will remain at $500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements. The City of Murfreesboro adopted the Property Tax Freeze Program, setting 2015 tax year as the base year for all applicants.

***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

*[balance of page left blank]*

*Assessed Valuations*. According to the Tax Aggregate Report, property in the County and City reflected a ratio of appraised value to true market value of 1.00.

| Class | Assessed Valuation | Rate | Appraised Value |
|---|---|---|---|
| Public Utilities | $ 72,771,332 | 55% | $ 166,715,537 |
| Commercial and Industrial | 1,035,144,255 | 40% | 2,587,860,638 |
| Personal Tangible | 189,969,064 | 30% | 633,230,213 |
| Residential and Farm | 1,413,255,235 | 25% | 5,653,020,940 |
| **Total** | **$2,711,139,886** | | **$9,040,827,328** |

The estimated assessed value of property in the City for the fiscal year ending June 30, 2015 (tax year 2014) is $2,711,139,886 compared to $2,824,021,180 for the fiscal year ending June 30, 2014 (tax year 2013). The estimated actual value of all taxable property for tax year 2014 is $9,040,827,328 compared to $9,222,664,238 for tax year 2013.

*Source:* 2014 Tax Aggregate Report for Tennessee and the City.

*Property Tax Rates and Collections*. The following table shows the property tax rates and collections of the City for tax years 2011 through 2015 as well as the aggregate uncollected balances for each fiscal year ending June 30.

| PROPERTY TAX RATES AND COLLECTIONS | | | | Fiscal Yr Collections | | Aggregate Uncollected Balance | |
|---|---|---|---|---|---|---|---|
| Tax Year (a) | Assessed Valuation | Tax Rates | Taxes Levied | Amount | Pct | as of June 30, 2015 Amount | Pct |
| 2011 | $2,790,984,426 | $1.2703 | $35,454,208 | $34,433,223 | 97.1% | N/A | |
| 2012 | 2,633,451,736 | 1.2703 | 35,719,435 | 34,725,579 | 97.2% | N/A | |
| 2013 | 2,824,021,180 | 1.2703 | 35,924,769 | 35,235,728 | 98.1% | N/A | |
| 2014 | 2,711,139,886 | 1.2066 | 36,595,836 | 35,967,377 | 98.3% | $628,459 | 1.7% |
| 2015 | 3,101,421,847* | 1.2066 | 37,421,756 | IN PROGRESS | | | |

(a) The tax year coincides with the calendar year, so tax year 2015, for example is actually fiscal year 2015-2016.
* Estimated

*Source:* 2014 Tax Aggregate Report for Tennessee and the City.

*[balance of page left blank]*

*Largest Taxpayers*. For the fiscal year ending June 30, 2015 (tax year 2014), the ten largest taxpayers in the City are as follows:

| Taxpayer | Business Type | Assessment | % of Total Assessment |
|---|---|---|---|
| 1. General Mills / Pillsbury Co. | Food Manufacture | $ 80,957,715 | 2.67% |
| 2. Hines Global Reit | Real Estate | 55,735,704 | 1.84% |
| 3. Transwestern Stones River | Retail | 24,370,120 | 0.80% |
| 4. Middle TN Electric Membership | Public Utility | 23,105,645 | 0.76% |
| 5. Mahle Filter Systems | Automotive | 20,072,512 | 0.66% |
| 6. Wal-Mart | Retail | 19,822,190 | 0.65% |
| 7. Embassy Suites | Hotel | 18,652,497 | 0.61% |
| 8. Murfreesboro Medical Property | Healthcare | 17,782,835 | 0.59% |
| 9. Middle TN Medical Center | Healthcare | 14,822,087 | 0.49% |
| 10. Westbury Farms LLC | Apartments | 14,811,413 | 0.49% |
| **Total** | | **$290,132,718** | **9.56%** |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

**SALES TAX**

*Local Option Sales Tax.* One of the main revenue streams in addition to property tax is the local options sales tax, as the State of Tennessee does not have an income tax. Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated,* as amended, (the "Act"), the County levies a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 3/4%).

Pursuant to the Act, the levy of a sales tax by a county precludes any city from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2 3/4%). If a city is located in more than one county, each portion of the city that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate.

The chart below indicates the trend of revenues from this tax over the last five years. In September of 2000, the Municipality and County raised sales tax to its current local rate of 2.75% (9.75% when combined with the state rate). The joint effort was approved by a public referendum with the Municipality portion given partially to the County on a sliding scale for the County educational system until the fall of 2008, when the agreement ended.

The City's share of the County-wide local option sales tax for the most recent five fiscal years indicated as follows:

**Local Option Sales Tax**

| 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| **$29,732,214** | **$32,675,500** | **$33,623,222** | **$35,373,537** | **$37,583,362** |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The City Council of the City has not pledged any local option sales tax proceeds to bonded indebtedness of the City.

*State Sales Tax.* The general fund's third largest source of revenue is state sales tax. The current state sales tax rate is 7 percent, which includes .5 percent earmarked for K-12 education. Cities receive 4.5925 percent of the state sales tax revenue after deductions. It is distributed based on population.

The City's share of the County-wide state sales tax for the most recent five fiscal years indicated as follows:

**State Sales Tax**

| 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| **$6,720,967** | **$7,385,832** | **$7,546,185** | **$7,800,978** | **$8,268,321** |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

**CHARTER DEBT MARGIN**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Debt Limit[1] | $409,901,069 | $418,647,676 | $421,778,747 | $424,202,942 | $454,939,850 |
| Total Net Debt Applicable to Limit | 211,053,091 | 190,730,336 | 214,123,754 | 222,998,834 | 202,060,557 |
| **Charter Debt Margin** | **$198,847,978** | **$227,917,340** | **$207,654,993** | **$201,204,108** | **$252,879,293** |
| Total Net Debt Applicable to Limit as a % of Debt Limit | 51.49% | 45.56% | 50.77% | 52.57% | 44.41% |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

[1] Under the City of Murfreesboro's charter, the Municipality's general obligation debt should not exceed 15% of total assessed property value. Bonds may be issued under state law, notwithstanding and without regard to any limit on indebtedness provided in the Municipality's charter.

**Charter Debt Margin Calculation for Fiscal Year 2015**

| | |
|---|---|
| Assessed Value | $ 3,032,932,331 |
| Debt limit (15% of assessed value) | $ 454,939,850 |
| Debt applicable to limit: | |
| General Obligation Bonds | $ 45,940,000 |
| Bank Note | 1,250,000 |
| Energy Efficient School Loan | 1,378,415 |
| TN Municipal Bond Fund Loans | 156,268,144 |
| Less: Debt Service Fund | (2,776,002) |
| Total Debt Applicable to limit | $ 202,060,557 |
| **Charter Debt Margin** | **$ 252,879,293** |

*Source:* Comprehensive Annual Financial Reports of the City of Murfreesboro, Tennessee.

**PENSION PLANS**

The City maintains two single employer defined benefit pension plans (the City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension). The City also provides two defined contribution plans (the City of Murfreesboro Employees' Pension Plan – Defined Contribution and the Murfreesboro Electric Department Employees' Pension Plan – Defined Contribution) and participates in the Tennessee Consolidated Retirement System, an agent, multiple-employer public employee retirement system (PERS). The City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension are included in the accompanying financial statements as pension trust funds.

The defined benefit pension plan covers all City employees except those employees of the school system, the Evergreen Cemetery Commission and electric department. All other departments of the City, including the water and sewer department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by SunTrust Bank, Nashville, N.A. and Pinnacle Financial Partners who serve as co-trustees for the plan.

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

Effective July 1, 2010, a defined contribution plan has been implemented by the City. In accordance with the City code, subject to approval by the City Council, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time City employees, except those employees of the school

system, Evergreen Cemetery Commission and the electric department, hired on or after July 1, 2010. The provisions of this plan require a three percent mandatory employee contribution. The City matches 100% of the employee contributions up to eight percent. Employees become 100% vested in the plan after five years of full-time employment. Both the member contributions and the employer contribution for the year ended June 30, 2015 is $595,879.

**For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City attached herein.**

## UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits ("OPEB") in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required. For more information see the Notes to the General Purpose Financial Statements located herein.

*[balance of page left blank]*

**APPENDIX C**

# GENERAL PURPOSE FINANCIAL STATEMENTS

# CITY OF MURFREESBORO, TENNESSEE

# COMPREHENSIVE ANNUAL
# FINANCIAL REPORT
# FOR THE YEAR ENDED
# JUNE 30, 2015

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

**C O N T E N T S**


***INTRODUCTORY SECTION –***

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

***FINANCIAL SECTION –***

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

***Management's Discussion and Analysis*** ..... 3 - 20

***Basic Financial Statements-***

**Government-wide Financial Statements-**

Statement of Net Position ..... 21
Statement of Activities ..... 22

**Fund Financial Statements –**

Balance Sheet – Governmental Funds ..... 23
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities ..... 24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds ..... 25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... 26
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund ..... 27 - 36
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Purpose School Fund ..... 37
Statement of Net Position – Proprietary Funds ..... 38 - 39
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds ..... 40
Statement of Cash Flows – Proprietary Funds ..... 41 - 42
Statement of Net Position – Fiduciary Funds ..... 43
Statement of Changes in Net Position – Fiduciary Funds ..... 44

**Notes to Financial Statements** ..... 45 - 100

***Required Supplementary Information –***

Schedule of Changes in the City's Net Pension Liability and Related Ratios – Pension Trust Funds ..... 101 - 102
Schedule of Proportionate Share of Net Pension Asset – Teacher Legacy Pension Plan ..... 103
Schedule of Changes of Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS ..... 104
Schedule of Contributions – Pension Trust Funds ..... 105 - 106
Schedule of Contributions
– Teacher Retirement Plan ..... 107
– Teacher Legacy Pension Plan ..... 108
– Public Employee Pension Plan ..... 109
Schedule of Investment Returns – Pension Trust Funds ..... 110
Schedule of Funding Progress – Other Post-Employment Benefits ..... 111

**C O N T E N T S**


***Supplemental Section -***

**Combining Statements and Individual Fund Schedules –**

Combining Balance Sheet – Nonmajor Governmental Funds ..... 112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 113
Combining Balance Sheet – Nonmajor Special Revenue Funds ..... 114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds ..... 115
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual –
Airport Fund ..... 116
Drug Enforcement Fund ..... 117
Extended School Program Fund ..... 118
School Cafeteria Fund ..... 119
School Federal and State Program Funds ..... 120
TMBF/Bond Fund ..... 121
Capital Improvement and Contingency Fund ..... 122
Debt Service Fund ..... 123
School Debt Service Fund ..... 124
Combining Statement of Net Position – Nonmajor Enterprise Funds ..... 125
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds ..... 126
Combining Statement of Cash Flows – Nonmajor Enterprise Funds ..... 127
Combining Statement of Net Position – Internal Service Funds ..... 128
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds ..... 129
Combining Statement of Cash Flows – Internal Service Funds ..... 130
Combining Statement of Fiduciary Net Position – Pension Trust Funds ..... 131
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds ..... 132
Statement of Changes in Assets and Liabilities – School Activity Agency Fund ..... 133

**Financial Schedules -**

Schedule of Certificates of Deposit by Fund ..... 134
Schedule of Investments by Fund ..... 135 - 138
Schedule of Debt Service Requirements by Fiscal Year ..... 139 - 143
Solid Waste – Supplemental Schedule of Activities ..... 144
Senior Citizens – Supplemental Schedule of Activities ..... 145

***STATISTICAL SECTION -***

Net Position by Component ..... 146
Changes in Net Position ..... 147 - 149
Governmental Activities Tax Revenue by Source ..... 150
Fund Balances of Governmental Funds ..... 151
Changes in Fund Balances of Governmental Funds ..... 152 - 153
General Governmental Tax Revenues by Source ..... 153
Assessed Value and Estimated Actual Value of Taxable Property ..... 154
Property Tax Rates and Levies - Direct and Overlapping Governments ..... 155
Principal Taxpayers ..... 156
Property Tax Levies and Collections ..... 157
Ratios of Outstanding Debt by Type ..... 158
Ratios of General Bonded Debt Outstanding ..... 159
Direct and Overlapping Governmental Activities Debt ..... 160

**C O N T E N T S**


***STATISTICAL SECTION (continued)*** -

Legal Debt Margin Information ..... 161
Revenue Bond Coverage ..... 162
Demographic and Economic Statistics ..... 163
Principal Employers ..... 164
Full-time Equivalent City Government Employees by Function ..... 165
Operating Indicators by Function ..... 166
Capital Asset Statistics by Function ..... 167
Schedule of Customers and Rate Structure ..... 168 - 170
Schedule of Unaccounted for Water ..... 171 - 172

***SINGLE AUDIT SECTION*** -

Schedule of Expenditures of Federal Awards ..... 173 - 174
Schedule of Expenditures of State Awards ..... 175
Notes to Schedules of Federal and State Awards ..... 176
Independent Auditor's Reports on Compliance and on Internal Control ..... 177 - 180
Schedule of Findings and Questioned Costs ..... 181 - 183
Schedule of Prior Year Findings and Questioned Costs ..... 184

. . . *creating a better quality of life*

January 27, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Murfreesboro, Tennessee for the fiscal year June 30, 2015, 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, 2015 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, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

## PROFILE OF THE GOVERNMENT

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

## LOCAL ECONOMY

The City's strong and diverse economy has continued to propel population growth in the City and in surrounding Rutherford County. Census estimates for 2014 anticipate Murfreesboro has grown in population to 120,954 residents, a 3.3% increase over the 2013 Census estimate and an 11.0 percent increase over the 2010 census. This pace of growth makes Murfreesboro the tenth fastest growing city in the United States with a population of over 100,000 people and 35$^{th}$ among all cities. 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 State Route 840. Transportation access by rail, air or highway in any direction is excellent.

Administration Department
111 West Vine Street * P. O. Box 1139 * Murfreesboro, Tennessee 37133-1139 Phone 615 849 2629 * Fax 615 849 2679
TDD 615 849 2689 www.murfreesborotn.gov

Murfreesboro is making economic progress in a number of different areas. 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. Over 2,500 new jobs were created in the county in the most recently available data (Bureau of Labor Statistics, Change in Employment, March 2014 to March 2015).

The unemployment rate climbed to a peak of 11.1 percent in June 2009. Steady improvement since that date has the June 30, 2015 unemployment rate at 5.2 percent. The 5.2 percent unemployment rate is lower than comparable national and state figures. The most recent data available, October 2015, has seen the unemployment rate continue to decline to 4.3 percent.

With the growth in jobs has come additional demand for housing. For FY 15, 754 new single family building permits have been issued. This compares to the FY 11 low of 329 single family permits for the entire year. Total new construction value in FY 09 was $206 million, compared to the FY 15 valuation of $315.9 million. Similar growth in commercial construction, school enrollment and utility customers confirm that growth has returned to Murfreesboro.

Murfreesboro, like most Tennessee cities, depends on the Local Option Sales Tax to provide significant budget income. Approximately one/third of Murfreesboro's FY 15 budgeted revenue is derived from local retail sales. After peaking in FY 08 at $30.4 million, the national economy accounted for a drop of 6.5 percent in local sales tax collections to $27.9 million in FY 10. Local sales taxes improved in FY 15 by approximately $2.2 million or 6.2 percent from the previous year, setting a new record collection of $37.6 million.

In April 2014, Moody's and Standard & Poor's rating agencies reviewed and assigned a rating of Aa2 and AA, respectively, to the 2014 general obligation bond issue. The Moody's rating was affirmed in October 2015 with a positive outlook.

BUDGET PROCESS

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

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

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

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

PLANNING FOR GROWTH

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

The start of a comprehensive plan to begin understanding and preparing for the challenges of the next twenty years began in 2014 with the hiring of Kendig Keast Collaborative (KKC) of Sugarland, TX. Additionally on the KKC team are Smith, Seckman and Reid to perform utilities planning and Neil-Schaefer and Associates performing an update to the master transportation plan including a computer model. The last comprehensive planning document was completed in 1989 when Murfreesboro's population was approximately 45,000. Now with a population of over 120,000 and projections that the number of people here could grow another 50% in the next twenty years, the need for an examination of existing service

levels and a plan for service delivery to an expanded population has created the impetus for a new comprehensive plan for the City.

FINANCIAL PLANNING

A major goal of the City Council is to maintain strong and sustainable financial and economic health. While preparing for growth, the City has been progressive in managing its long term cost drivers. The City Council adopted a comprehensive set of financial policies during FY 11. The financial policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. These publicly adopted financial policies are also intended to demonstrate to residents, the credit rating industry, municipal bond investors, auditors and the State Comptroller that the City is committed to sound financial management and fiscal integrity.

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

A classification and compensation study was approved by City Council in the FY 15 budget. The City contracted with Management Advisory Group (MAG) to perform this study. Steps in this multi-year process have so far included:

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

The City received MAG's final report and recommendations regarding the classification and compensation in FY 15 and City Council approved those recommendations in the FY 16 budget.

The City's wellness program, BoroFit, was initiated in January 2013, with expenses of $166,666 in FY 14 and $129,703 in FY 15. Employees received a $250 extra FSA benefit in FY 14 if they participated in the free blood draw screening. In FY 15 employees received a $500 premium reduction if they were able to maintain the health rating assigned to them, privately, through Interactive Health Services.

The City closed its defined benefit retirement plan and opened a defined contribution pension plan to employees hired beginning July 1, 2010. The new plan has both mandatory and voluntary contributions from employees that are matched by the City. The now-closed defined benefit plan required the City to accept all risk of investment performance, salary growth and improvements in the longevity of retirees. 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.

As of June 30, 2015, 212 employees of the City's 941 full time employees were covered by the defined contribution pension plan, as compared to 169 of 936 at June 30, 2014.

COMMUNITY AND SERVICE DELIVERY PLANNING

The City's first goal remains safe and livable neighborhoods. The Fire and Rescue Department's transition to Basic Life Support (BLS) is making an impact in our community. The opening of Station 10 (Veterans Parkway) has been postponed another year after analysis showed it would have only responded to 246 calls for service during the 2014 calendar year. The station will eventually need to be opened; however, the limited number of calls warrants waiting at least one more year.

Approximately 61 percent of all calls received by the Fire and Rescue Departments during FY 15 were for medical assistance. Combined with the new direction of advancing from a First Responder status to the Basic Life Support (BLS) level of service in the field, an existing Assistant Chief position in the department was reprogrammed from the fire marshal function to a medical response professional. This recognition of the changing work of Fire and Rescue will provide superior resources to deal with issues of transition in levels of service.

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. In addition to relocating the police department to the facility, it will free up over 50,000 square feet of office space that can house city departments currently needing additional space. Additionally, a new public safety training complex is under design and its construction has been funded in the 2012 bond issue. Targeted enforcement efforts, including automated red lights cameras, traffic control and gang eradication continue.

Technology improvements in the organization continue to drive change. City Council has approved an information technology master plan that will create a roadmap for the acquisition of computer hardware and software, including the replacement of the legacy system currently used for financials and human resources information systems. The City selected Tyler Technology's MUNIS product to replace antiquated financial, payroll and court software. Implementation of the financial software took place for FY 16, with the payroll and timekeeping module anticipating a February 2016 go-live date. The Water and Sewer Department completed the implementation of a new Customer Information System (CIS) to replace a nearly 40 year old COBOL system. The Department also approved the purchase and installation of an automated meter reading system in FY 15. Installation is expected to be complete in FY 16. The improvement replaces all 25,000 water meters with new devices that report water consumption over a telemetry network.

The City's parks system is a point of pride and differentiates Murfreesboro from other communities in the livability measures. Continuing our focus on livability, the new Adams Indoor Tennis Complex opened July 15, 2015. The partnership between the City, Middle Tennessee State University and the Christy-Houston Foundation is about to deliver the finest indoor tennis facility in Middle Tennessee.

To meet the need in the rapidly growing west side of Murfreesboro, Parks and Recreation began the search for between 300 and 600 acres, in one or more tracts, to provide recreation facilities in that underserved part of the community. Sports*Com, a 27 year old recreation center, was totally refurbished and additional fitness training space added.

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

Additionally, planning and site location for a Transit Facility is under way. Architects are completing preliminary plans for a building to be located on West Main Street. Construction is scheduled for 2016.

ORGANIZATIONAL DEVELOPMENT AND PLANNING

The City adopted comprehensive financial policies in 2010, which 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 92 percent of its existing debt in the next 10 years and is within the policy guidelines in terms of debt versus assessed value, debt per capita, variable debt ratios and debt as a percent of budget.

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

ROAD IMPROVEMENTS

The Joe B. Jackson Parkway project between I-24 and South Church Street was completed in early 2015 at a construction cost of approximately $11 million. This road is important as it provides alternative access to I-24 for the southern and eastern portion of Rutherford County.

The final phase of Veterans Parkway (Phase 2B), linking State Route 840 to South Church Street (US-231) is well underway. This approximate $7.6 million construction cost of the project completes the loop and is scheduled for completion in early calendar year 2016.

The improvements to Middle Tennessee Boulevard between Main Street and Greenland Drive will be entering the construction phase in the first part of calendar year 2016. Approximately $14.7 million is budgeted for participating construction elements with approximately 80% of the funding provided by Federal transportation dollars along with matching funding provided by the City and Middle Tennessee State University. Construction is expected to take 2.5 years to complete.

Preliminary engineering and environmental studies are underway for the extension of Cherry Lane as a five-lane connector roadway between NW Broad Street (US 41/70) and Memorial Boulevard (US 231) and includes an interchange at State Route 840.

The City is working with the State of Tennessee on a project popularly known as "the bridge over Broad". This bridge is expected to resolve heavy congestion at a major intersection (Broad Street and Memorial Blvd/Old Fort Parkway) near the downtown area. This is a State project and construction has begun and is expected to be complete in FY 17. The City is coordinating all utility relocations and right-of-way needs. Additionally, the City is re-routing and closing some local streets to assist with the new traffic design of the area.

OTHER CAPITAL INVESTMENTS

In early 2015, the City announced Council's approval of a new Class A office development in the Gateway Overlay District, to be called the Fountains at Gateway. The City sold 12 acres of property for $2.61 million. When finished, the 120,000 square foot office building could be leased to corporations looking to quickly locate operations in Middle Tennessee. The project is a 3 phase approach with the first phase kicking off in 2015 and expected completion in 2016. Phase 2 and 3 will follow suit based on number of jobs and average salaries of the preceding phase. The Fountains at Gateway would ultimately include four smaller buildings, ranging from 11,000 to 11,700 square feet, for retail shops and restaurants; however, the contract requires that the first building to be constructed must be the office building.

The City also forged a similar contract with Japanese owned M-Tek in exchange for an agreement by the company to build its 63,000 square foot North American headquarters building in the Gateway off Thompson Lane. M-Tek will bring 250 high-paying jobs to Murfreesboro. That agreement was announced December 2014.

Schwan Cosmetics USA, Inc. developed a new corporate headquarters in Murfreesboro. This is a powerful and future-oriented integration of its two aging plants of Piscataway, New Jersey and Lewisburg, Tennessee into one centralized location. With this $40 million investment, Schwan Cosmetics provide about 350 jobs in Rutherford County.

Wei-Chuan USA, the California-based processor and distributor of Asian foods has begun renovation of a 138,200-square-foot building and will create 317 jobs in Murfreesboro with a new manufacturing and distribution facility. This will be Wei Chuan's Eastern U.S. distribution center and represents an investment by the company of over $19 million.

General Mills, a longstanding community partner, announced in March, 2015 that it will invest in a $250 million expansion. The expansion will involve increasing production on existing lines, as well as installation of additional production equipment and is expected to bring approximately 117 new jobs to Murfreesboro.

Nissan, located in neighboring Smyrna, continues to contribute to the local economic engine. Their record sales bode well for the regional economy and their success in the marketplace is having a trickle-down effect on the Murfreesboro economy. Many of their suppliers call Murfreesboro home, some of whom are looking to expand and add jobs. In March 2015, the company announced that they will invest $160 million to build a new supplier park at their Smyrna vehicle assembly plant. The project will support more than 1,000 newly created supplier jobs.

In February, 2015 Jagemann Precision Plastics, a division of Jagemann Stamping Co., announced plans to expand its Murfreesboro facility to meet increased demand. As part of the expansion, Jagemann Precision Plastics will add up to 90 jobs to the Murfreesboro location, in addition to new equipment and an addition of over 30,000 square feet to enable the company to maintain its commitment to making high-quality parts.

Moving forward, the City will continue to focus its planning and marketing efforts on the City's Gateway (Medical Center Parkway, Thompson Lane, and Fortress Boulevard).

The medical community continues to thrive with the opening of the TrustPoint rehabilitation facility and the expansion of Murfreesboro Medical Clinic that doubled their facility size and operations.

OPERATING IMPROVEMENTS

In keeping with the format of the City's operating budget document, these categorized improvements are being implemented in FY 16 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

- New police personnel to aggressively target human trafficking and prostitution
- Beginning construction of the new Police HQ and Public Safety Training Facility
- Progress toward full implementation of a 700 MHz two way radio system for public safety
- Fully implementing new patient care reporting software in Fire & Rescue
- Beginning construction of the Stones River Greenway extension to Barfield Crescent Park
- Study the creation of an arts district along the Highland Avenue corridor
- Complete city-wide design guidelines

PRIORITY 2: Strong And Sustainable Financial And Economic Health Highlights

- Maintaining the existing level of effective property tax rate, which is the 17th consecutive year without a property tax increase.
- Study tax increment financing districts as a method to encourage re-development in specific targeted areas
- Deploying new financial and human resources software
- No health insurance premium increase proving that the new provider, wellness program and an engagement workforce are making a difference
- Recruiting new jobs and employers to the Gateway
- Attracting tournaments to the indoor tennis complex in conjunction with Middle Tennessee State University, increasing even more a robust sports tourism economy
- Partnering with the Rutherford County Chamber of Commerce in workforce development
- Constructing additional phases of Joe B. Jackson Parkway, Veterans Parkway, Middle Tennessee Boulevard and Lytle Street Re-alignment

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

- Recognizing our employees as our customers and better engaging them in the workplace
- Selecting new land development management software for Planning and Building and Codes
- Converting CityTV to High Definition (HD) through a grant from Comcast
- Increasing employee participation in wellness programs
- Repaving $2 million in City streets from State gasoline taxes
- Complete additional Americans with Disabilities (ADA) improvements at City Hall
- Develop a shop and restrooms for our junior golf course, Bloomfield Links

PRIORITY 4: Engaging Our Community Highlights

- Utilizing an on-line community discussion board such as the Murfreesboro 2035 comprehensive plan's Mindmixer site
- Using social media, technology and neighborhood meetings to develop the Murfreesboro 2015 comprehensive plan
- Conducting of neighborhood meetings on critical issues
- Interviewing city employees about their goals, needs and ideas
- Utilizing a customer service form to get feedback on our performance

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the seventeenth consecutive year that the City of Murfreesboro has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance and administration department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

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

We would like to thank the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

Robert J. Lyons
City Manager

Melissa B. Wright, CPA
City Recorder/Finance Director

Erin E. Tucker, CPA
Assistant Finance Director

**CITY OF MURFREESBORO, TENNESSEE**
**CITY OFFICIALS**
**June 30, 2015**

---

***MAYOR***

Shane McFarland

***CITY COUNCIL***

| | | |
|---|---|---|
| Doug Young, Vice Mayor | Madelyn Scales Harris | Rick Lalance |
| Bill Shacklett | Eddie Smotherman | Ron Washington |

***CITY OFFICERS***

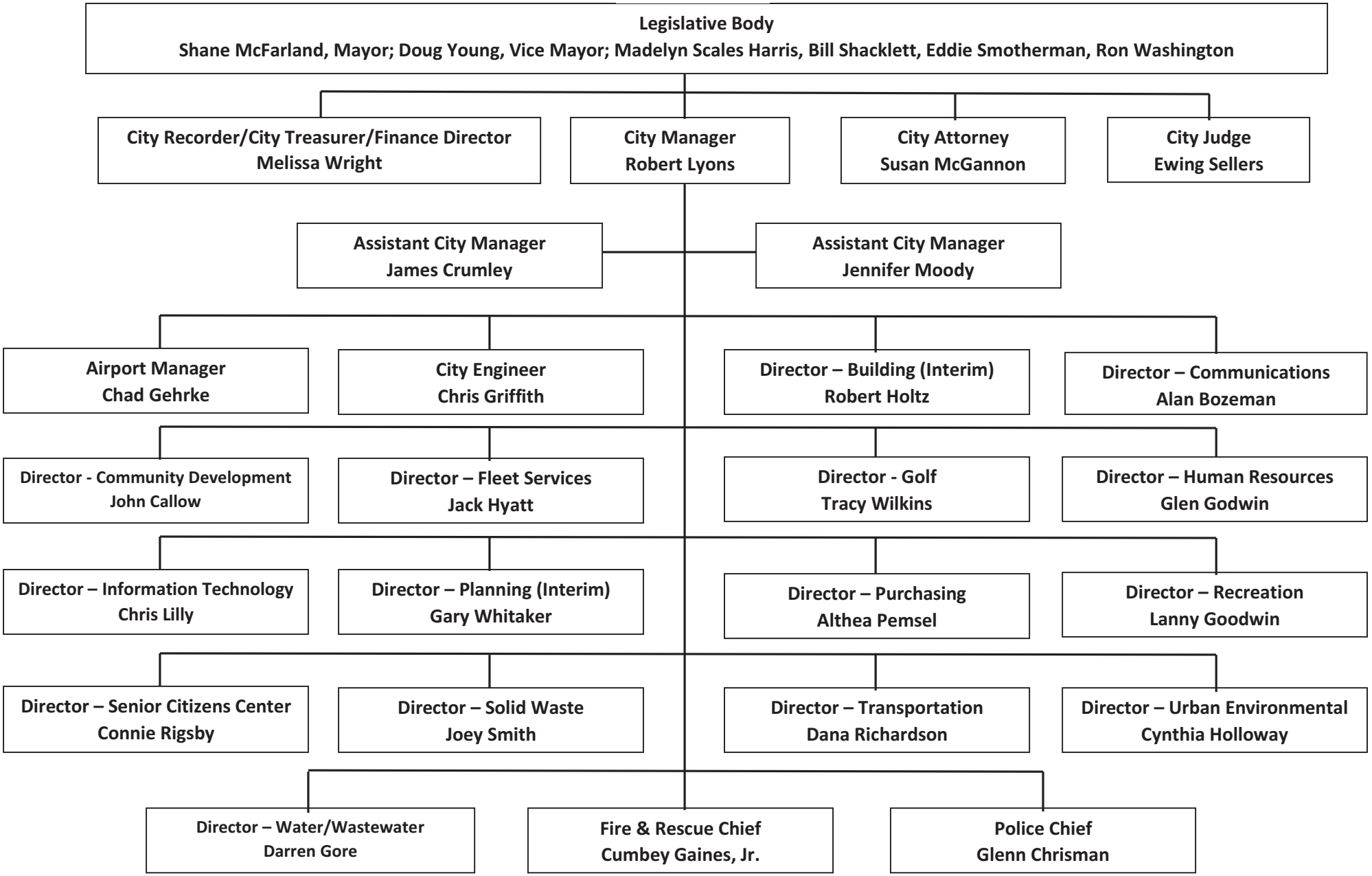
CITY MANAGER……Robert Lyons
ASSISTANT CITY MANAGER…….. James Crumley
ASSISTANT CITY MANAGER…….. Jennifer Moody
CITY RECORDER / CITY TREASURER / FINANCE DIRECTOR……..Melissa Wright
CITY ATTORNEY…… Susan McGannon
CITY JUDGE……Ewing Sellers

***PRINCIPAL DIRECTORS AND ADMINISTRATORS***

AIRPORT MANAGER……..Chad Gehrke
CITY ENGINEER…… Chris Griffith
DIRECTOR - BUILDING (INTERIM)…….Robert Holtz
DIRECTOR - COMMUNICATIONS ……Alan Bozeman
DIRECTOR - COMMUNITY DEVELOPMENT ……John Callow
DIRECTOR - ELECTRIC …… Steve Sax
DIRECTOR - FLEET SERVICES…… Jack Hyatt
DIRECTOR - GOLF…….Tracy Wilkins
DIRECTOR - HUMAN RESOURCES ……Glen Godwin
DIRECTOR - INFORMATION TECHNOLOGY……Chris Lilly
DIRECTOR - PLANNING (INTERIM)…….Gary Whitaker
DIRECTOR - PURCHASING ……Althea Pemsel
DIRECTOR - RECREATION ……. Lanny Goodwin
DIRECTOR - SCHOOLS……..Linda Gilbert
DIRECTOR - SENIOR CITIZENS CENTER……Connie Rigsby
DIRECTOR - SOLID WASTE…….Joey Smith
DIRECTOR - TRANSPORTATION…….. Dana Richardson
DIRECTOR - URBAN ENVIRONMENTAL……Cynthia Holloway
DIRECTOR - WATER/WASTEWATER …….Darren Gore
FIRE AND RESCUE CHIEF…….. Cumbey Gaines, Jr.
POLICE CHIEF……Glenn Chrisman

# City of Murfreesboro – Organization Chart

June 30, 2015



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, 2014**

Executive Director/CEO

# JOBE, HASTINGS & ASSOCIATES

*Certified Public Accountants*

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

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


INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets and deferred inflows of resources of $117,263,478, $213,868,162, $449,221,771, $10,971,273, $21,083,324, and $2,794,800 respectively, and total revenues of $71,270,026, $166,009,764, $51,826,855, $2,782,303, $1,334,630, and $553,257 respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note A to the financial statements, in 2015 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71,

*Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

***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 20 and 101 through 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro, Tennessee's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules on pages 116 through 124, the combining and individual statements and schedules on pages 128 through 145, the statistical section, and the schedule of expenditures of state awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison schedules on pages 116 through 124, the combining and individual statements and schedules on pages 128 through 145, and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules on pages 116 through 124, the combining and individual statements and schedules on pages 128 through 145, and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016, on our consideration of the City of Murfreesboro, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Murfreesboro, Tennessee's internal control over financial reporting and compliance.

Gobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 27, 2016

**CITY OF MURFREESBORO**

**Management's Discussion and Analysis**

**June 30, 2015**

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, 2015. 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, 2015 by $1,055,132,288. Of this amount, $54,411,053 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 $31,434,189 (3.1 percent) during the year. The governmental net position increased by $3,445,590 (.6 percent) and the business-type net position increased by $27,988,599 (5.8 percent).

- As of June 30, 2015, the City's governmental funds reported combined fund balances of $103,975,708, a decrease of $10,718,170 (9.3 percent) in comparison with the prior year. In FY15 the City incurred expenditures of $18,936,241 for projects related to debt for which the proceeds were recognized in a prior year. The unassigned portion of the total governmental funds fund balance is $52,655,366 and is available for spending at the City's discretion.

- At June 30, 2015 the unassigned fund balance for the General Fund was $53,972,416, or 60.6 percent of the total General Fund expenditures.

- The City of Murfreesboro's total governmental long-term liabilities decreased by $12,379,229 (4.3 percent) during the year ended June 30, 2015.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Murfreesboro's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government, police, fire and rescue, judicial, engineering, state street aid, planning, building and codes, solid waste, transportation, urban environmental, public health, education and welfare, community services, recreation, community/economic development, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation, a stormwater fund, an electrical distribution operation, and a cemetery. The government-wide financial statements can be found on pages 21 - 22 of this report.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Murfreesboro is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

**Fund Financial Statements**

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. All of the funds of the City of Murfreesboro can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds***

*Governmental funds* are used to account for most of the City's basic services. The governmental fund statements provide a detailed short-term view of the City's general government operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those of the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

The City of Murfreesboro maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund and the debt service fund, and the TMBF/bond fund which are considered to be major funds. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in combining statements in the supplemental section of this report. The basic governmental fund financial statements can be found on pages 23 - 37 of this report.

***Proprietary Funds***

There are two types of proprietary funds: *enterprise funds* and *internal service funds.*

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The City's water and sewer department and electric department are considered to be major funds and are displayed separately in the proprietary fund statements on pages 38 - 42 of this report. The City's other two (2) enterprise funds are combined into a single column for non-major funds.

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

***Fiduciary Funds***

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 100 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 101-110 of this report. In compliance with GASB 45, the City adopted the reporting requirements for other post-employment benefits. Required supplementary information can be found on page 111 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and internal service funds are presented as supplementary information immediately following the required supplementary information on pensions and post-employment benefits. Combining statements and individual fund schedules can be found on pages 112-133 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 $1,055,132,288 at June 30, 2015. The largest part of the City of Murfreesboro's net position (90.7 percent) reflects its net investment in capital assets (land, buildings and improvements, equipment and infrastructure less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in net position include an increase of $14,241,410 (4.4 percent) in current and other assets. The governmental activities decreased $6,918,463 (3.6 percent) and the business-type activities increased $21,159,873 (16.2 percent). The majority of the governmental activity decrease was a decrease in restricted cash accounts, due to borrowed cash from previous years being spent in the current year. Cash and restricted cash for both the Water and Sewer and Electric departments make up the increase in current assets for FY 15. These increases are due to increased electric sales, and Water and Sewer completion of capital projects connection fees and developer-contributed assets.

Additionally there was an increase in capital assets of $30,729,380 (2.5 percent). The governmental activities increased $10,189,859 (1.4 percent) and the business-type activities increased $20,539,521 (4.1 percent). The governmental activity increase was due to the completion of an elementary school, the beginning of construction of an indoor tennis facility, start of a new police headquarters, as well as many road projects. Water and Sewer Department's capital assets increased by $19,092,617 due primarily to the increase plant and utility additions and current construction projects which are not depreciated until construction is complete and the asset is put into service. Electric Department's capital assets increased by $1,213,171 due to increases in utility plant assets.

**NET POSITION**
**June 30, 2015**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | $ 184,378,457 | $ 191,296,920 | $ 151,947,604 | $ 130,787,731 | $ 336,326,061 | $ 322,084,651 |
| Capital assets | 720,736,454 | 710,546,595 | 525,347,361 | 504,807,840 | 1,246,083,815 | 1,215,354,435 |
| Total assets | 905,114,911 | 901,843,515 | 677,294,965 | 635,595,571 | 1,582,409,876 | 1,537,439,086 |
| Deferred outflows of resources | 8,563,200 | | 2,208,907 | 50,209 | 10,772,107 | 50,209 |
| Long-term liabilities outstanding | 278,303,893 | 290,683,122 | 127,619,839 | 118,678,010 | 405,923,732 | 409,361,132 |
| Other liabilities | 18,990,837 | 17,734,565 | 38,173,726 | 36,471,740 | 57,164,563 | 54,206,305 |
| Total liabilities | 297,294,730 | 308,417,687 | 165,793,565 | 155,149,750 | 463,088,295 | 463,567,437 |
| Deferred inflows of resources | 69,735,722 | 50,223,759 | 5,225,678 | | 74,961,400 | 50,223,759 |
| Net position: | | | | | | |
| Net investment in capital assets | 544,030,726 | 522,950,590 | 412,679,998 | 395,306,872 | 956,710,724 | 918,257,462 |
| Restricted | 15,350,932 | 18,408,485 | 28,659,579 | 24,780,490 | 44,010,511 | 43,188,975 |
| Unrestricted | (12,733,999) | 1,842,994 | 67,145,052 | 60,408,668 | 54,411,053 | 62,251,662 |
| Total net position | $ 546,647,659 | $ 543,202,069 | $ 508,484,629 | $ 480,496,030 | $ 1,055,132,288 | $ 1,023,698,099 |

There are restrictions on use of 4.2 percent of the City's net position. Debt service and capital project activities comprise $34,339,945 or 78.0 percent of the total restricted net position. The unrestricted net position of $54,411,053 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 $12,733,999 for governmental activities unrestricted net position, a decrease of $14,576,993 from the prior year. Pension liabilities and deferred inflows are the most significant reason for the decrease due to implementation of GASB 68 *Accounting and Financial Reporting for Pensions* (GASB 68), as well as an increase in the City's post-employment benefit obligations..

The business-type activities ended the fiscal year with $67,145,052 in unrestricted net position, which is an increase of $6,736,384 (11.2 percent) from the prior year. The Electric Department unrestricted net position increased approximately $9.2 million, which is primarily attributed to the increase in cash as a result of decreases in capital improvements in FY 15. The Stormwater Fund unrestricted net position decreased by approximately $2.2 million in FY 15 as a result of increased engineering costs and the one-time expense of $833,800 for participation in stormwater pavers for the Overall Creek Elementary School and Hobgood Elementary School.

**Governmental Activities**

Governmental activities increased the City of Murfreesboro's net position by $3,445,590 accounting for 11.0 percent of the growth in total net position. Key elements of this increase are displayed on the Changes in Net Position table.

Governmental charges for services increased $99,081 or .6 percent from the previous fiscal year. Selected activities within this category show revenue related to the building industry (permits, licenses and fees) decreased $342,815 and food service revenue decreased $505,599 from the prior year, while court fines increased $599,380, recreational program income increased $106,559 and community services increased $175,141 from the prior year.

Operating grants and contributions revenue increased $6,506,893, a change of 9.9 percent from the prior year. Education and school food service operating grants increased $6,806,128, police operating grants increased $143,559, recreation increased $135,105, while community services decreased $645,620, and community/economic development grants and donations decreased $122,754.

Capital grants and contributions for the governmental activities of the City was $13,119,857, a decrease of $6,378,907, or 32.7 percent from the previous year. In FY 14 Recreation received a donation from the federal government of improvements to a wetland area valued at $12,385,562, accounting for the majority of the decrease in FY 15. Street and road project capital grants and donations in the engineering function increased $491,834. Additionally, the City received $4,820,016 from Rutherford County as the City's share of County debt issued in FY 15 on an elementary pupil average daily attendance basis to be used for City education related projects.

The City's property tax revenue had an increase of $700,360. The City's other tax revenue experienced an increase of $2,881,624 or 6.2 percent over the prior year. The local option sales tax increased $2,209,825 (6.2 percent) over prior year), the gross receipts tax (also known as business license tax) increased $355,060 and alcohol taxes increased $68,299. The gross receipts tax is administered by the State of Tennessee and calendar year 2014 is the year they decided to transition the due date of taxes from a state mandated business cycle of 5 due dates, to a due date based on the taxpayer's federal tax reporting year.

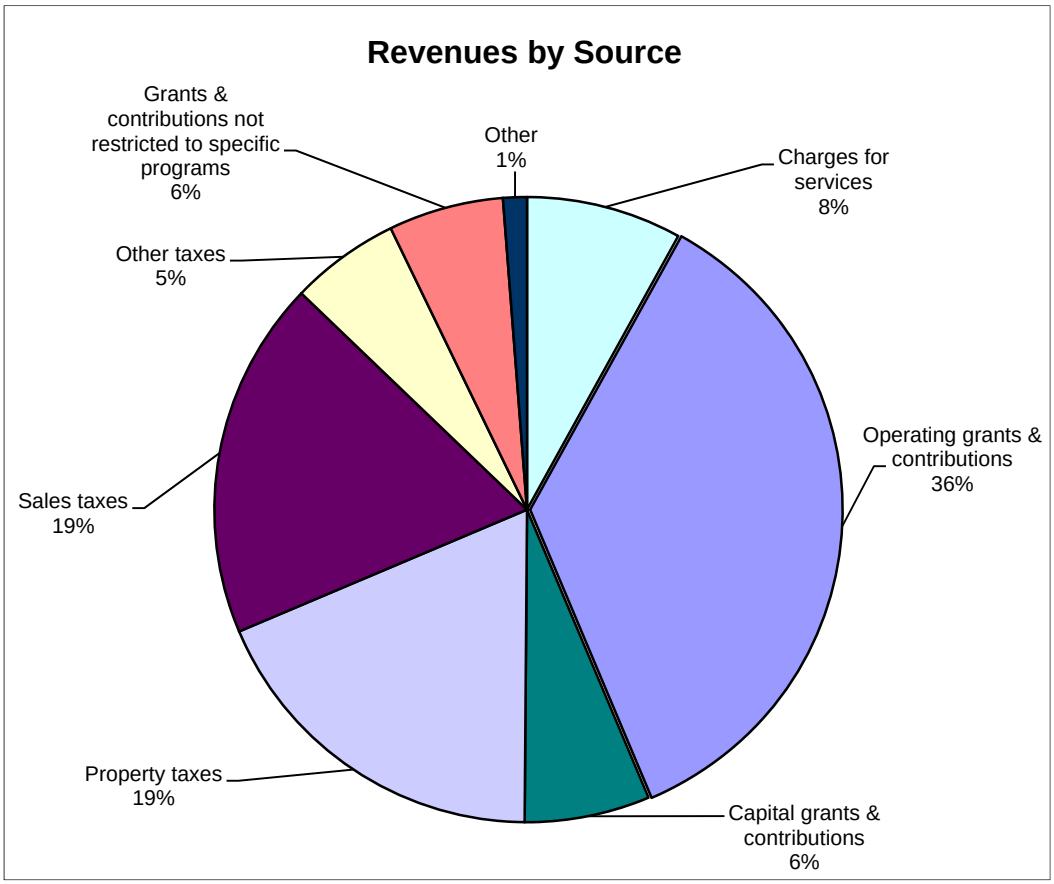
The hotel/motel occupancy tax revenue had an increase $175,157. Cable and gas franchise revenue increased $73,283. Grants and contributions not restricted to specific programs had a decrease of $124,640 or 1.0 percent.

## CHANGES IN NET POSITION
## June 30, 2015

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 16,296,968 | $ 16,197,887 | $ 214,934,393 | $ 207,838,626 | $ 231,231,361 | $ 224,036,513 |
| Operating grants & contributions | 72,198,409 | 65,691,516 | 48,278 | 173,516 | 72,246,687 | 65,865,032 |
| Capital grants & contributions | 13,119,857 | 19,498,764 | 5,951,974 | 7,136,091 | 19,071,831 | 26,634,855 |
| General revenues: | | | | | | |
| Property taxes | 37,527,743 | 36,827,383 | | | 37,527,743 | 36,827,383 |
| Other taxes | 49,056,496 | 46,174,872 | | | 49,056,496 | 46,174,872 |
| Grants & contributions not restricted to specific programs | 12,068,104 | 12,192,744 | | | 12,068,104 | 12,192,744 |
| Other | 2,486,272 | 586,300 | 173,959 | 126,436 | 2,660,231 | 712,736 |
| Total revenues | $ 202,753,849 | $ 197,169,466 | $ 221,108,604 | $ 215,274,669 | $ 423,862,453 | $ 412,444,135 |
| Expenses: | | | | | | |
| General government | $ 15,481,618 | $ 16,300,480 | | | $ 15,481,618 | $ 16,300,480 |
| Police | 26,009,131 | 26,273,446 | | | 26,009,131 | 26,273,446 |
| Fire and rescue | 16,363,443 | 16,890,210 | | | 16,363,443 | 16,890,210 |
| Judicial | 446,986 | 434,580 | | | 446,986 | 434,580 |
| Engineering | 14,736,910 | 15,040,258 | | | 14,736,910 | 15,040,258 |
| State street aid | 2,131,722 | 2,730,069 | | | 2,131,722 | 2,730,069 |
| Planning | 979,356 | 488,337 | | | 979,356 | 488,337 |
| Building and codes | 1,775,337 | 1,753,710 | | | 1,775,337 | 1,753,710 |
| Solid waste | 4,694,845 | 4,721,314 | | | 4,694,845 | 4,721,314 |
| Transportation | 2,455,031 | 810,843 | | | 2,455,031 | 810,843 |
| Urban environmental | 948,153 | 1,012,736 | | | 948,153 | 1,012,736 |
| Public health, educ. and welfare | 2,689,043 | 2,265,496 | | | 2,689,043 | 2,265,496 |
| Community services | 6,842,679 | 7,300,219 | | | 6,842,679 | 7,300,219 |
| Recreation | 14,427,109 | 13,393,999 | | | 14,427,109 | 13,393,999 |
| Community/economic develop. | 819,087 | 993,443 | | | 819,087 | 993,443 |
| Education | 63,150,488 | 63,386,759 | | | 63,150,488 | 63,386,759 |
| Food service | 5,969,987 | 4,746,679 | | | 5,969,987 | 4,746,679 |
| Interest on long-term debt | 3,829,377 | 4,092,965 | | | 3,829,377 | 4,092,965 |
| Water and sewer and stormwater | | | $ 36,089,912 | $ 34,237,096 | 36,089,912 | 34,237,096 |
| Electric | | | 150,074,118 | 147,945,163 | 150,074,118 | 147,945,163 |
| Cemetery | | | 476,190 | 460,814 | 476,190 | 460,814 |
| Total expenses | $ 183,750,302 | $ 182,635,543 | $ 186,640,220 | $ 182,643,073 | $ 370,390,522 | $ 365,278,616 |
| Increase in net position before contributions and transfers | $ 19,003,547 | $ 14,533,923 | $ 34,468,384 | $ 32,631,596 | $ 53,471,931 | $ 47,165,519 |
| Contributions to permanent funds | | | 63,575 | 63,225 | 63,575 | 63,225 |
| Transfers | 3,179,376 | 3,227,809 | (3,179,376) | (3,227,809) | | |
| Change in net position | $ 22,182,923 | $ 17,761,732 | $ 31,352,583 | $ 29,467,012 | $ 53,535,506 | $ 47,228,744 |
| Net position - beginning, as previously reported | $ 543,202,069 | $ 525,835,143 | $ 480,496,030 | $ 451,493,933 | $ 1,023,698,099 | $ 977,329,076 |
| Prior period adjustment | (18,737,333) | (394,806) | (3,363,984) | (464,915) | (22,101,317) | (859,721) |
| Net position - beginning, as restated | $ 524,464,736 | $ 525,440,337 | $ 477,132,046 | $ 451,029,018 | $ 1,001,596,782 | $ 976,469,355 |
| Net position at end of year | $ 546,647,659 | $ 543,202,069 | $ 508,484,629 | $ 480,496,030 | $ 1,055,132,288 | $ 1,023,698,099 |

The cost of all governmental activities was $183,750,302. However, as shown in the Net Program Cost to Taxpayers table, 55.3 percent ($101,615,234) 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.

The governmental activities prior period adjustment of $18,737,333 decreases net position for FY 15. Primarily this relates to the accounting change of $19,049,501 from implementing GASB 68, *Accounting and Financial Reporting for Pensions*, netted against correction of errors totaling $312,168 as an increase of net position.




In comparison to the previous year, the percentages noted above remained relatively flat with the exception of operating grants and contributions increased from 33 percent to 36 percent and capital grants and contributions decreased from 10 percent to 6 percent.

**Net Program Cost to Taxpayers**

| Governmental activities: | Revenue | Expense | Net (Expense) Revenue |
|---|---|---|---|
| General government | $ 271,846 | $ 15,481,618 | $ (15,209,772) |
| Police | 698,583 | 26,009,131 | (25,310,548) |
| Fire and rescue | 939,222 | 16,363,443 | (15,424,221) |
| Judicial | 3,736,994 | 446,986 | 3,290,008 |
| Engineering | 4,693,151 | 14,736,910 | (10,043,759) |
| State street aid | 2,878,616 | 2,131,722 | 746,894 |
| Planning | 39,374 | 979,356 | (939,982) |
| Building and codes | 2,461,898 | 1,775,337 | 686,561 |
| Solid waste | 51,388 | 4,694,845 | (4,643,457) |
| Transportation | 1,223,686 | 2,455,031 | (1,231,345) |
| Urban environmental | 9,322 | 948,153 | (938,831) |
| Public health, educ. and welfare | | 2,689,043 | (2,689,043) |
| Community services | 7,624,389 | 6,842,679 | 781,710 |
| Recreation | 5,310,296 | 14,427,109 | (9,116,813) |
| Community/economic development | 770,533 | 819,087 | (48,554) |
| Education | 65,582,373 | 63,150,488 | 2,431,885 |
| Food service | 5,323,563 | 5,969,987 | (646,424) |
| Interest on long-term debt | | 3,829,377 | (3,829,377) |
| Total governmental activities | $ 101,615,234 | $ 183,750,302 | $ (82,135,068) |

Governmental net position for FY 15 increased by $22,182,923 after payment of governmental activities expenses of $183,750,302 with program revenues of $101,615,234, general revenues of $101,138,615 and transfers from other funds of $3,179,376. Governmental net position at June 30, 2015 was $546,647,659.

**Program Expenses**
**Governmental Activities**

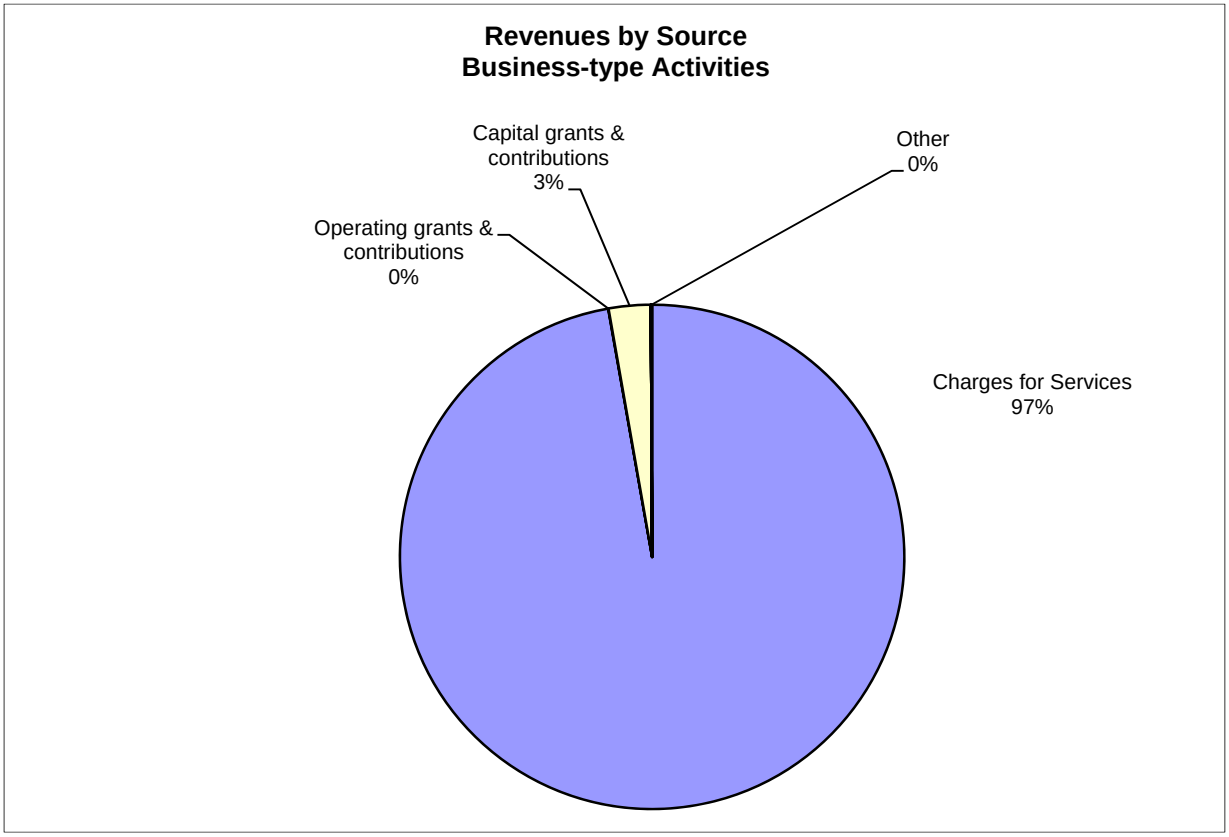
| Governmental activities: | Total Expense | Percent of Total | | Total Expense | Percent of Total |
|---|---|---|---|---|---|
| General government | $ 15,481,618 | 8% | Transportation | 2,455,031 | 1% |
| Police | 26,009,131 | 14% | Urban environmental | 948,153 | 1% |
| Fire and rescue | 16,363,443 | 9% | Public health, educ. and welfare | 2,689,043 | 2% |
| Judicial | 446,986 | 0% | Community services | 6,842,679 | 4% |
| Engineering | 14,736,910 | 8% | Recreation | 14,427,109 | 8% |
| State street aid | 2,131,722 | 1% | Community/economic development | 819,087 | 0% |
| Planning | 979,356 | 1% | Education | 63,150,488 | 34% |
| Building and codes | 1,775,337 | 1% | Food service | 5,969,987 | 3% |
| Solid waste | 4,694,845 | 3% | Interest on long-term debt | 3,829,377 | 2% |
| | | | **Total governmental activities** | $ 183,750,302 | 100% |

**Business-type Activities**

The business-type activities increased the City of Murfreesboro's net position by $31,352,583 or 58.6 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 $186,640,220. As shown in the Changes in Net Position table, the amounts paid by users of the operations were $214,934,393. The additional revenue sources included operating grants and contributions of $48,278, capital grants and contributions of $5,951,974, unrestricted investment earnings of $173,959 and contributions to permanent funds of $63,575. There were also transfers to governmental funds of $3,179,376 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 | $ 36,089,912 | $ 54,523,713 | 66% |
| Electric | 150,074,118 | 165,924,035 | 90% |
| Cemetery | 476,190 | 486,897 | 98% |
| | $ 186,640,220 | $ 220,934,645 | 84% |




The Water and Sewer Department experienced a $5,142,417 (13 percent) increase in operating revenues due to increased tap sales. For the purposes of the financial statements, tap revenue is considered operating revenue; however, tap revenue is not used for actual operating expenses or considered when calculating debt service coverage ratios.

The Department also implemented rate design changes to the minimum monthly bill for 5/8" meters plus allowances for consumption on meters greater than 5/8". The minimum monthly bill for 5/8" meters was increased by $0.50 per month for sanitary sewer services and not increased for drinking water services. The allowance was decreased on meters greater than 5/8" by 33 percent per month so that every customer that went over the minimum allowance paid water and sewer monthly charges for an additional volume (e.g. per 100 cubic feet). These rate adjustments are consistent with the recommendations made by the Department's outside consultants to increase minimum monthly charges to cover fixed costs of service by class of customer.

Operating expenses increased by $605,037 (3 percent). Of this increase, $381,152 is attributed to higher labor and related benefits and transportation (fuel) costs. The increase in net assets before capital contributions was $11,877,638 for FY 15 as compared to an increase of $8,356,654 for FY 14.

Non-operating revenues consist mainly of grant revenue related to three sewer projects. Two of these projects were completed at year-end. Non-operating expenses consist mainly of interest on debt.

Contributed assets from developers totaled $5,091,435 for FY 15. This is a decrease from FY 14 of $733,843. The decrease in contributed assets is attributed to economic conditions and construction activity. The overall net position as of June 30, 2015 increased $16,969,073.

The Stormwater Fund is primarily financed from charges to property owners based on the amount of impervious surface on their property and its resulting stormwater. The charges collected by the Stormwater Fund were $2,771,103, which were relatively flat as compared to last year. Operating and maintenance expenses increased by $1,315,658 (86 percent). This increase is attributed increased payroll and benefit expenses, cost sharing with the City General Fund of the cost of street sweeper salaries and benefits of approximately $198,000 and the participation in the cost of stormwater pavers at the new Overall Creek Elementary School of $573,800 and $260,000 at Hobgood Elementary School.

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

The Electric Department experienced a relatively flat $1,858,947 (1.1 percent) increase in operating revenue, due to a slight increase in sales. In addition, the department experienced a four percent growth in the residential customer base. Purchased power expense of $132,323,421 reflects an increase of 1.8 percent in FY 2015 and is consistent with the increase in operating revenue.

The Electric Department contributes to a single-employer defined benefit pension plan for employees hired before April 1, 2012, separate from the City of Murfreesboro's pension plan. The plan's net position increased by $574,123 or 2.8 percent during FY 15 compared to a FY 14 increase of $3,148,437. This smaller increase can be attributed to the declining stock market conditions during FY 15 as compared to FY 14. The plan's return on investment for FY 15 was 1.09 percent compared to 15.27 percent in FY 14 and 13.57 in FY 13. The plan's retirement contribution amount is based on the annual actuary report. All contributions to the defined benefit plan are made by the employer. In addition, a defined contribution plan was established for employees hired after April 1, 2012. This plan requires a mandatory 4 percent employee contribution and a 6 percent employer contribution. Additional information regarding the Murfreesboro Electric Department Employee Pension Plan can be found in footnote I.

The business-type activities prior period adjustment of $3,363,984 decreases net position for FY 15. Primarily this relates to the accounting change of $3,308,080 from implementing GASB 68, *Accounting and Financial Reporting for Pensions*, along with the closing of dormant nonmajor enterprise funds of $55,904.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

### Governmental Funds

As of June 30, 2015 the City of Murfreesboro's governmental funds reported combined ending fund balances of $103,975,708, a decrease of $11,030,338 in comparison with the prior year as restated. Information regarding significant funds or variances is listed below.

#### General Fund

The General Fund is the chief operating fund of the City of Murfreesboro. At June 30, 2015, the fund balance was $61,938,107, an increase of $5,688,914.

A prior period adjustment was made to the General Fund's fund balance for an increase of $314,178. A prior year over-accrual of $281,766 originally recorded as due to the pension fund was corrected as well as an additional $32,412 due to a reclassification of two inactive nonmajor enterprise funds to the General Fund as of June 30, 2014.

The local option sales tax revenue increased $2,209,825 or 6.2 percent over FY 14. The local option sales tax had a positive budget variance of $1,688,362.

The licenses, permits and fines revenue category decreased by $148,586 from FY 14. The construction industry continues to show signs of renewal with continued renewed activity in our planning and building and codes departments, but large high-valued commercial starts were not as high as FY 14 with an overall decrease of $327,765 in additional revenue over the prior year in various industry related charges for licenses, permits and fees. In the same revenue category, court and red light camera fines increased $157,376.

FY 15 expenditures of the General Fund totaled $88,995,111 which is an increase of $4,815,001 or 5.7 percent over FY 14 expenditures.

As a service based organization, the City's largest expense is for wages and related benefits, which equaled 64.6 percent of FY 15 expenditures. In the General Fund, labor and related accounts totaled $57,537,151 for FY 15, versus $55,859,593 for FY 14. This is an increase of $1,677,558 or 3.0 percent. The City provided step raises of 3.5 percent to employees that had been in their position for at least one year. City management continued to carefully monitor expenditures and hiring requests for all departments to ensure funds were being allocated appropriately. Departments are tasked to monitor spending, looking for areas to improve efficiency and to control expenses through the year to be sure services are delivered efficiently and effectively.

Most of the departments in the General Fund remained flat for FY 15 spending compared to FY 14, with the exception of labor and its related accounts. A few exceptions to flat spending include:

1) Property tax adjustments decreased $499,050 over FY 14 due to the completion of State settlements in FY 14 of taxpayer appeals of Rutherford County Assessor values for FY 11, FY12 and FY13 appraisals.
2) County shared costs increased $468,409 primarily due to the Rutherford County Assessor's charges for the 2014 tax roll reappraisal charges. The reappraisal is timed to occur every four years.
3) In FY 15 grant expenditures for road capital projects were $405,551 less than FY 14. Projects from FY 14 have carried forward, with Bradyville Pike, and Cherry Lane in the design/engineering phase and Middle Tennessee Boulevard in the construction bid phase.
4) The State Street Aid Department spent $571,066 less in FY 15 than the previous year, with most of the variance occurring in paving, curb/gutter and right-of-way repairs and maintenance.
5) The Planning Departments costs in surveys and studies increased $438,608 from FY 14. The City entered into a contract with Kendig Keast to begin a study to assist the City in planning the direction for the next 20 years. This plan covers a variety of areas of interest and continued into FY 16.
6) The Transportation Department FY 15 ARRA grant expenditures decreased $360,269 from FY 14 due to the end of that grant.
7) FY 14 began the first of a three year commitment to fund $333,333 per year to be used towards construction costs of a new state-of-the-art science building on the campus of Middle Tennessee State University, an important partner of the City. The City decided to finish the commitment early and paid out the third installment at FY 15 year-end due to a good cash flow situation.
8) The Recreation Department spent $1,671,998 more in FY 15 capital outlay than the previous year due to large donations towards the new indoor tennis complex. The rest of the funding came from borrowed funds.
9) Debt service transfers from the General Fund were $1,699,691 lower than in FY 14. A portion of this decrease is due to the payoff of a portion of our refunded debt, which was refunded with the same amortization schedule as the original debt.

Debt Service Fund

The Debt Service Fund experienced a decrease in fund balance of $1,085,498 from FY 14. This decrease was deliberate, and appropriately budgeted, to bring the balance down from a build-up of interest earnings.

Financed debt decreased $22,749,280 for governmental activities, including school debt service, from FY 14. The City made all scheduled principal payments on all debt on time. At June 30, 2015, the fixed rate to variable rate principal balance ratio is 61.1 to 38.9 percent respectively.

Moody's and Standard & Poor's provided a rating of Aa2 and AA, respectively to the general obligation bond issued in May 2014. Moody's affirmed this rating in October 2015.

The City is updating the Capital Improvement plan in FY 16 and new debt of approximately $78.5 million is anticipated before June 30, 2016. Approximately 60 percent of the borrowing will be to construct a state of the art police headquarters.

In accordance with guidance from the State and the AICPA, the city schools debt service and capital outlay paid by the City of Murfreesboro is recorded on the schools' department-wide report. On page 25, under Other Governmental Funds, $5,433,812 is included for debt principal and interest costs paid by the City for debt that was issued by the City and used for school buildings and equipment. The separately issued school system report includes the buildings (which are titled to the City of Murfreesboro) and equipment financed with their own asset and capital outlay information. The City's government-wide financial statements include these assets.

*Special Revenue Funds*

General Purpose School Fund

The General Purpose School fund balance decreased $4,497,515. The fund balance had been budgeted to decrease $3,750,604. Revenues increased in FY 15 as compared to FY 14 by $3,328,081, which includes an increase of $2,307,793 of local intergovernmental revenues and $1,349,254 of additional State program revenues. Expenditures decreased $16,348,228 over FY 14. The completion of various capital outlay projects accounted for $16,778,472 of the decrease. A prior period adjustment of $1,945,714 was due to the reclassification of Due To Other Funds/Due From Other Funds as transfers in prior years.

School Federal and State Program Funds

The fund balance for the School Federal and State Program Fund is $1,716,937 after a prior period adjustment of $2,438,802 to reclassify Due To Other Funds/Due From Other Funds as transfers in prior years.

Extended School Program

The fund balance for the Extended School Program is $1,209,461 after a prior period adjustment of $458,898 to reclassify Due To Other Funds/Due From Other Funds as transfers in prior years. Charges for services increased $272,196 from FY 14 and expenditures for the program increased $525,603.

Airport Fund

The Airport Fund had an increase of $1,668,533 in federal and state revenues, and capital outlay expenditures increased $1,700,924 from FY 14. These increases are related to projects ongoing at the airport, including a runway extension and a taxiway and ramp overlay project.

*Capital Projects Funds*

TMBF/Bond Fund

The City has one open variable rate loan with a remaining balance to draw of $2,628,741 (loan dated 4/14/2014) at June 30, 2015. Funds are to be drawn on a reimbursement basis from the Tennessee Municipal Bond Fund (TMBF).

Unspent fixed rate loan proceeds at June 30, 2015 from the loan borrowed 11/2/2010 from TMBF were $8,012,240. The majority of the FY 15 expenditures were for road projects with a lesser amount of activity in recreation related activities.

Unspent fixed loan proceeds at June 30, 2015 from the loan borrowed 10/15/2012 from TMBF were $14,248,518. The majority of the FY 15 expenditures were for road projects, recreation projects and heavy duty vehicles such as fire vehicles.

Unspent bond proceeds at June 30, 2015 from a bond issued 4-30-14 total $2,384,088, this includes the portion borrowed on behalf of and reported through the school funds. The largest areas of expenditures through June 30, 2015 include a new elementary school, and a new indoor tennis facility.

*Internal Service Funds*

Insurance Fund

The Insurance Fund recognized an increase in revenue of $1,131,959 and a decrease in expenditures of $8,116 from FY 14. The net position increased $1,433,788 from FY 14. In FY 13 premiums for the employees' group health plan changed to a four-tier system from a two-tier system that allowed the family portion of the premium to be differentiated from an employee with child, spouse or both. Additionally, some plan design changes were initiated in FY 13 and FY 14 that have had a positive effect on available funds for claims. The City continues to work with a consultant to evaluate opportunities for savings and cost containment within our benefits while still offering employees excellent coverage. A wellness program began in FY 13 to assist in maintaining employees' health and controlling claims costs and future enhancements are being evaluated. The City accepted a proposal from Cowan and Associates to replace Sherrill Morgan as our insurance consultant beginning January 1, 2014. Additionally, Blue Cross Blue Shield was chosen to be the plan administrator for claims beginning January 1, 2015, replacing HealthScope Benefits.

Risk Management Fund

The Risk Management Fund had a $57,125 decrease in premium revenue from FY 14. Claims and administrative expense were down by $1,010,153 from FY 14. Workers compensation claims expense decreased $742,155, property claims expense decreased $325,483, general liability claims increased $310,936 and automobile claims increased $110,320. The net position increased $182,704 from FY 14.

*Pension Trust Funds*

The City's Pension Fund, a defined benefit plan, had a decrease of $1,459,123 in net position held in trust through June 30, 2015. This is a 1.2 percent decrease from the previous year. The total investment loss for FY 15 was $1,849,412, and payments of benefits to participants increased $334,713 from FY 14.

The Pension Committee works with third-party consultants and investment managers to closely monitor the stock market and to ensure the plan is properly diversified and that investment managers are meeting set benchmarks. The City's actuary recommends the retirement contribution rate based on the annual actuary report. The City receives this rate after the budget has been set for the following year, so the rate is implemented one year later in the following budget year. The rate contributed for qualifying wages in FY 14 was 12.1 percent and the rate for FY 15 is 12.18 percent. The rate for FY 16 is 12.32 percent.

The Pension Committee, an eight member board, met with the actuary and third-party investment consultant in FY 12 to hear recommendations on assumptions and how these changes would affect recommended investment policy decisions to assist in attaining projected earnings. The actuary continues to review these assumptions each year to see if additional changes should be implemented and will work with the committee to review and implement suggested changes. The committee receives a monthly update from the investment consultant and meets as needed for action items requiring discussion or a vote. The State of Tennessee passed legislation which required the committee to work with the actuary during FY 15 to be sure the plan meets those new requirements, in addition to new GASB 68 requirements. A funding policy was adopted June 4, 2015 by City Council, per State requirements. Additionally, an investment policy was approved by the committee in FY 16.

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

Additional information regarding the pension plans can be found in Note I on pages 68 - 87, including the pension plan information for the city schools which is administered by the State of Tennessee and separate defined benefit and defined contribution plans for the Murfreesboro Electric Department.

**Proprietary Funds**

The City of Murfreesboro's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the Water and Sewer Department at June 30, 2015 was $330,661,975, an increase of $16,969,073, over the prior year as restated. The Electric Department had a net position of $161,074,771 at June 30, 2015, an increase of $12,773,546, over prior years as restated. The net position for the other proprietary funds at June 30, 2015 was $9,994,643, a decrease of $55,775, over the prior year as restated. The Stormwater Fund is responsible for $64,684 of this decrease, while the Cemetery Fund recognized a $8,909 gain in net position in FY 15.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Several budget amendments were necessary for the General Fund during the fiscal year ended June 30, 2015.

Overall, general fund revenues exceeded budget by $1,383,605 and expenditures and other financing uses were less than budget by $8,978,663. The budget anticipated a $4,987,532 shortfall to be funded from available fund balance, but instead the actual amount was an increase to fund balance of $5,374,736.

A portion of the $5,374,736 increase to fund balance was the sale of land in the gateway area totaling $2,762,510. Federal revenues were less than budget by $4,185,665 and corresponding expenditures for road and greenway projects were less than budget because of the need to re-bid the construction phase or other unforeseen delays. The local options sales tax exceeded budget expectations by almost $1.7 million. The gross receipts tax exceeded the budget by $459,129 and state shared taxes exceeded budget by $732,483. Savings in labor and related benefits

account for approximately $1.6 million of the budget variance. Actual property tax adjustments and unforeseen costs were less than anticipated and contributed to an additional $682,248 in savings.

## 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, 2015 amounted to $1,246,083,815 (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 2.5 percent (a 1.4 percent increase for governmental activities and a 4.1 percent increase for business-type activities).

Governmental activities:
Net additions to land totaled $1,271,417 in FY 15, of which $464,556 was donated, the majority for right of way for road/street projects, and an additional $1,237,218 was purchased for right of way for road projects. An additional $544,918 was removed from the books through sales or donations.

Construction in progress balance at June 30, 2015 totaled $37,967,050. Some of the larger projects included in this total include: construction of an indoor tennis facility $5,756,947, construction of a new police headquarters $5,956,847, extension of the airport runway $1,613,666, extension of the Stones River Greenway $1,342,003, and the purchase of new software to replace COBOL software being used in Finance/Human Resources/City Court $1,183,023. Road projects account for $17,828,743 or 47 percent, of which Veteran's Parkway Phase 2B project from Barfield Road to St. Andrews Drive accounts for 47.3 percent of the road projects.

Government buildings increased by $20,826,841 (before depreciation). The City school buildings increased $17,697,720 or 85 percent of the increase, due to the completion of Overall Creek Elementary School. Additionally renovations to our public recreation facility, Sports*Com, added $2,086,935 to our building additions.

Additions to government improvements other than buildings (before depreciation) totaled $1,262,141. Of this increase $701,812 relates to the airport overlay project.

Total net equipment additions (before depreciation) totaled $5,632,782. Some of the more significant additions include the City's investment in a new pumper truck and two new aerial units for the Fire & Rescue Department for a total of $1,945,863, along with the retirement of one aerial unit and one telesquirt truck totaling $1,347,459. HVAC replacements at two community centers netted to an increased value of $757,043. Bleacher canopies were added at two ballfields for a total of $322,081. City school furniture and equipment net additions totaled $2,271,891 and many of the additions are due to the new elementary school opening, as well as improvements and replacements for some of the older facilities.

Infrastructure had net additions (before depreciation) of $11,016,227 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping. Included in the road projects completed was Joe B. Jackson Parkway (connector from Interstate 24 to US 231) and Otter Trail (services the new elementary school), for a total of $5,133,669. Additionally, the Joe B. Jackson Parkway Bridge was completed which cost $4,048,192. Developers donated $1,479,950 of neighborhood streets to the City. Other road projects throughout the City were completed at a cost of $5,133,669.

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 $8.5 million in additions to its infrastructure during the year. All of this was done without incurring any additional debt, allowing long term debt for the department to decrease by approximately $1 million.

The Water and Sewer Department employed consulting engineers to design an expansion to the Sinking Creek Wastewater Treatment Plant. The department award the bid on the project in 2015 at approximately $30 million. Construction began in early FY 16 and is expected to complete in early FY 19.

**Capital Assets**
**Net of Depreciation**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Non-Depreciable Assets: | | | | | | |
| Land | $ 250,342,400 | $ 249,070,983 | $ 22,927,121 | $ 22,899,504 | $ 273,269,521 | $ 271,970,487 |
| Construction in progress | 37,967,050 | 50,538,299 | 42,556,363 | 30,494,766 | 80,523,413 | 81,033,065 |
| Other Capital Assets: | | | | | | |
| Buildings | 108,212,419 | 90,629,646 | 78,305,272 | 79,910,082 | 186,517,691 | 170,539,728 |
| Improvements other than buildings | 43,612,027 | 45,943,910 | | | 43,612,027 | 45,943,910 |
| Transmission & distribution mains | | | 239,583,334 | 231,813,734 | 239,583,334 | 231,813,734 |
| Electric plants | | | 119,343,836 | 114,945,477 | 119,343,836 | 114,945,477 |
| Equipment | 35,151,190 | 32,185,486 | 22,631,435 | 24,744,277 | 57,782,625 | 56,929,763 |
| Computer Software | 1,147,878 | 1,297,424 | | | 1,147,878 | 1,297,424 |
| Infrastructure | 244,303,490 | 240,880,847 | | | 244,303,490 | 240,880,847 |
| Total | $ 720,736,454 | $ 710,546,595 | $ 525,347,361 | $ 504,807,840 | $ 1,246,083,815 | $ 1,215,354,435 |

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 61 - 63 of this report.

**Long-term Debt**

Total long-term debt for the City of Murfreesboro decreased $13,932,861 during the year ended June 30, 2015. Debt from governmental activities decreased $20,990,881 (7.5 percent) and business-type activities debt increased $7,058,020 (5.9 percent).

The City has variable rate debt outstanding at June 30, 2015 totaling $118,907,145, of which 33 percent ($39,238,000) is business-type activities and 67 percent ($79,669,145) is governmental activities. The variable interest rate varies by loan. More detail is available regarding the City's debt in Note G 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 $27,273,587 remaining to be spent from loans/bonds issued in prior years. New debt is expected to be issued early in calendar year 2016.

During FY 14, the Water and Sewer Department borrowed a total of $5,714,363 from the State of Tennessee on three revolving loans for capital projects. In FY 15, an additional $16,640,650 was borrowed from the State of Tennessee on the three revolving loans for capital projects. Under the terms of the debt agreement the department will have a portion of the loans forgiven by the State of Tennessee. During FY 15, $1,171,831 of the borrowing on the revolving loans had been forgiven. The total outstanding balance of the revolving loans at June 30, 2014 is $20,172,609. These loans bear interest at an annual interest rate of 0.93 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. During FY 15, one of the revolving loans was converted to a term loan. The department's total long term debt increased by $9,191,672 during FY 15.

The Electric Department long term debt decreased $2,133,652 during FY 15. 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 G on pages 63 - 67 of this report.

The City has adopted GASB Statement No. 45 regarding post-employment benefits which recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Prior year liabilities are being recognized over a 30 year period. Together with current benefits earned, the liability recognized through June 30, 2015 is $58,141,385, an increase of $7,910,653 (15.7 percent) from the previous year. The business-type activities liability was $11,406,274, an increase of $1,470,964 or 14.8 percent. The governmental activities are made up of two groups, the school employees and the City governmental employees. The school liability was $3,840,420 for a decrease of $51,583 or 1.3 percent. The City liability is $42,894,691, an increase of $6,491,272 or 17.8 percent. The benefits offered to the governmental and water and sewer employees are on an

annual basis, with an option to cancel, modify or reduce benefits by authority of the City Council and are currently funded on a current basis only. As a part of the budget process, the Council decides if these benefits will be offered to retirees, and in FY 15 and FY 16 continued the pay-as-you-go basis.

The electric department has its own administered plan and only current benefits are being funded. The city schools' plan is administered by the State of Tennessee. Additional information on the City of Murfreesboro's post-employment benefits can be found in note K on pages 87-92 of this report.

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

**Long-term Debt Outstanding**
**June 30, 2015**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | **(Restated)** | | **(Restated)** | | **(Restated)** |
| General obligation bonds | $ 45,940,000 | $ 51,020,000 | | | $ 45,940,000 | $ 51,020,000 |
| Add: Premium on bonds | 4,768,061 | 5,493,566 | | | 4,768,061 | 5,493,566 |
| Tennessee Municipal Bond Fund loans | 156,268,144 | 172,704,771 | $ 39,238,000 | $ 42,085,000 | 195,506,144 | 214,789,771 |
| Bank Loan | 1,250,000 | 1,560,000 | | | 1,250,000 | 1,560,000 |
| Energy Efficient School Loan | 1,378,415 | 1,575,563 | | | 1,378,415 | 1,575,563 |
| Revenue bonds | | | 50,695,000 | 56,600,000 | 50,695,000 | 56,600,000 |
| Add: Premium on refunding | | | 1,919,010 | 2,099,011 | 1,919,010 | 2,099,011 |
| Matured bonds payable | | | 36,000 | 36,000 | 36,000 | 36,000 |
| State revolving loans | | | 20,172,609 | 4,799,592 | 20,172,609 | 4,799,592 |
| Estimated landfill closure costs | 1,162,000 | 1,242,000 | | | 1,162,000 | 1,242,000 |
| Compensated absences | 9,633,212 | 9,432,338 | 3,232,127 | 3,123,097 | 12,865,339 | 12,555,435 |
| Net pension liability | 4,242,450 | 8,856,614 | 920,819 | 1,883,809 | 5,163,269 | 10,740,423 |
| Post-employment benefit obligation | 46,735,111 | 40,295,422 | 11,406,274 | 9,935,310 | 58,141,385 | 50,230,732 |
| Claims and judgements | 6,926,500 | 7,114,500 | | | 6,926,500 | 7,114,500 |
| | $ 278,303,893 | $ 299,294,774 | $ 127,619,839 | $ 120,561,819 | $ 405,923,732 | $ 419,856,593 |

The above table has been restated to reflect the beginning balance of the net pension liability required with the implementation of GASB 68.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the State of Tennessee. Murfreesboro is the home of Middle Tennessee State University, with the largest undergraduate enrollment in the state of Tennessee. The City enjoys a good working relationship with the leaders of the University and partners with the University in many community projects to benefit the welfare of its students and our citizens. The City has pledged $1 million over three years beginning in FY 14 to assist in funding a new science building for the University. The full amount of the pledge was fulfilled one year early, at the end of FY 15.

According to WalletHub, Murfreesboro ranks ninth in the nation among mid-size cities with the fastest economic growth for 2015. (population of 100,000 to 300,000). This ranking was based on a variety of factors and included cities with a university population of at least 10,000 students. Cost of living (tuition costs, housing, meals and entertainment), crime rate, number of students per capita, earning potential, unemployment rate and job growth rate were key factors in Murfreesboro obtaining such a distinguished ranking.

MTSU athletic facilities are used to draw tourism dollars to Murfreesboro when the City hosts high school tournaments through a contract with Tennessee Secondary School Athletic Association and the Chamber of Commerce. In FY 14, the City began a partnership with the University and the Christy-Houston Foundation to add a $5.8 million indoor tennis court facility on property owned by the City. The 70,000 square foot Adams Indoor Tennis Complex opened July 2015. This facility will be used for college and high school training and athletic events as well as by the general public. Athletic events have a significant impact on the local economy.

The City's FY 16 budget maintained the current tax rate of $1.2066, with no tax increase needed. The pay structure for employees was modified after the City invested in a consultant to assist the City with a new job classification and pay study. The step-system was replaced and employee placement was based on job duties and the number of

years they had been in their current classification. In FY 16 the Fleet Services Fund was closed out and a new Fleet Services Department was created in the General Fund.

General Mills, one of the world's leading food companies, is expanding their current operations in Murfreesboro. The manufacturer is investing $250 million to increase capacity and creating 117 new jobs. The expansion will involve increasing production on existing lines and installation of additional production equipment.

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

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

Consultants advising City leaders on the Murfreesboro 2035 comprehensive plan have recommended greater investment in the downtown area to leverage its full potential for mixed use, residential and office space, and entertainment. Preserving historic elements of downtown is seen as a lucrative aspect of future redevelopment and maintaining Murfreesboro's character. In January 2016, City Council authorized the acquisition of a block of property in the downtown area of Murfreesboro for $1.55 million. The 1.87 acre property is the site of the former First United Methodist church with an iconic bell tower and is currently owned by Franklin Synergy Bank. The bank is relocating and has expressed intent to sell the property. If both parties agree upon the sale, the City will have the advantage of influencing the proper development of the property as a mixed use project. Under City ownership, administrators and elected officials would have greater input into what develops on the important downtown block as Lytle Street is reconfigured into a new roundabout with pedestrian and parking improvements.

In December 2015, the Murfreesboro City Council approved the 2015-2019 Capital Improvement Plan (CIP). The CIP includes projects and capital purchases costing more than $50,000 and with a life of at least five years. Borrowing for the first year projects totaling $89 million is expected to be presented to City Council for approval in early 2016. In FY 14, the City purchased the former Murfreesboro Medical Clinic building on Highland Avenue and has begun the process of remodeling and reconfiguring the 125,000 square foot property to house the new Murfreesboro Police Headquarters. This project is the City's largest Capital Improvement Project (CIP) with an estimated cost of $42.2 million. The new Headquarters is roughly 47 percent of the total 2015 CIP list.

Other significant 2015 projects include $10 million for purchase of land to develop a new park on the west side of the City; $6.2 million for expansion of Hobgood Elementary School and $400,000 for a Community Technology Center partnership with the Linebaugh Library; and $3.6 million for renovation of Lytle Street in conjunction with the new Rutherford County Justice Center. Parks and Recreation has plans to borrow $2.7 million for a Miracle Field at McKnight Park, which allows physically disabled children the opportunity to play baseball on a wheelchair friendly surface. This project will be a joint project with other community organizations. The City also has plans to spend approximately $2.4 million on improvements at the Richard Siegel Soccer Park which hosts numerous tournaments each year.

Funding for $5.7 million of the projects is generated from savings in road and building projects from the 2010 and 2012 bond issues. Another $4.8 million is derived from shared County school bonds with the City Schools. The CIP is predominantly funded by the issuance of debt and the City plans on financing $78.5 million for approved projects in early 2016.

The proposed 5-year CIP (2015-2019) for governmental activities totals $313.1 million, and leverages over $160 million from Federal, State, County, private partners in additional funding. As of June 30, 2015, the City's general long-term debt for governmental activities is $204.8 million with 61.1 percent on a fixed rate and 38.9 percent on a variable rate debt. The City Charter established a debt limit of 15 percent of the previous year's assessed valuation of all property in the city. According to the most recent audit (FY14), the City's total debt was 7.9 percent of assessed valuation. The projected FY 20 ratio is 6.9 percent of assessed valuation, well under the Charter limitation of 15 percent.

With the development of the City's new Information Technology Master Plan, the first major project was to replace many of the City's legacy software packages beginning with the General Ledger, Payroll, Human Resources Information System (HRIS), Fixed Assets and Court packages. This software replacement package will give employees the ability to work more efficiently and provide opportunities for better service delivery. In FY 14, the City selected Tyler Technologies' Munis software at an approximate cost of $1.9 million. The City implemented the financials phase of the software effective July 1, 2015. Human Resources and payroll are expected to be implemented in early 2016 and City Court will follow in the fall of 2016.

Street projects (including land costs associated with the new infrastructure) of $9,246,408 were completed and capitalized in FY 15. The City is constructing Veteran's Parkway Phase 2B from Barfield Road to St. Andrews Drive which, once complete, will connect South Church Street (US 231) and State Route 840. This loop on the southwest side of Murfreesboro is expected to increase development in this area of Murfreesboro because of the access it will afford to commercial and local traffic. April 2016 is the expected completion date.

The City has purchased right of ways for the Middle Tennessee Boulevard widening project. This street runs next to the campus of Middle Tennessee State University. The project is expected to help improve safety and alleviate traffic congestion in the University area. Construction is expected to begin in FY 16 and to take 2.5 years to complete.

The City is working with the State of Tennessee to widen Bradyville Pike (State Route 99) from SE Broad Street (US 41) to Rutherford Boulevard and to extend Cherry Lane to connect US 41/70 (NW Broad Street) to US 231 (Memorial Boulevard) including construction of a new interchange with SR-840. The Cherry Lane project is in preliminary design/PE-NEPA and the Bradyville Pike Project is in the final design phase. Actual construction date will depend upon the State of Tennessee Department of Transportation getting funding approved.

The Lytle Street Relocation from NW Broad Street to Barker Street will provide alternate access to the Central Business District, which is expected to be complete in the fall of 2016. This project is a result of the current bridge the State of Tennessee is building over Broad Street to allow traffic to continue from Old Fort Parkway to Memorial Boulevard without stopping at the current heavily congested traffic signal at the Broad Street intersection.

The rising costs of replacement for an aging infrastructure as well as increased costs of commodities such as electricity, natural gas and chemicals influence the cost of water and sewer services and, in effect, costs to customers, as well. Water rates are projected to increase in FY 16 by $0.50 for 5/8" residential customers and the reduction in minimum bill allowances is expected to continue. This is expected to result in higher revenues with lower consumption.

Based on the 2007 Cost of Service study, the rate increase and the reduction of the minimum bill allowance for FY 16 should result in an increase to sales revenues by more than $900,000. In addition, management expects sewer sales to continue to grow while water sales will remain relatively flat. The increased sewer sales will come from inside City customers served water by Consolidated Utility District (CUD).

The rate funded capital budget is $4,584,734 for FY 16, an increase of $437,656 from FY 15. The Water and Sewer Department's goal is a minimum of $5 million per year in rate-funded capital purchases. The department has an aggressive approach to the rehabilitation of the sanitary sewer system to eliminate extraneous water that causes overflows and uses capacity. The goal of the department is to progressively increase rate funded capital budgets combined with working capital funds to rehabilitate 2 percent or 60,700 feet of sewer lines of the system annually over a 50 year period. It is estimated to cost $5 million per year.

The Water and Sewer department implemented a new robust customer information and utility billing system (CIS) and a Mobile Workforce Management (MWM) wireless service order system in June, 2014. As part of the implementation, the department implemented an interface with a new state-of-the-art interactive voice response

(IVR) system in February 2015. Additionally, as part of the IT master plan, staff anticipates installation of an Advanced Metering Infrastructure (AMI) system. The procurement was presented and approved in January, 2015 that basically demonstrates reinstating water meter accuracy; increasing revenue by 5 percentage points in the 5/9" and 1" meter size (87 percent of the system total) and increasing revenue by 8 percentage points in meter sizes 1.5" and above (13 percent of system total). The enhanced revenue generated by more accurate meter readings will restore payment equity among all customers. These enterprise solutions are part of the department's seven year information technology (IT) master plan.

The electric department continues to experience growth in its customer base. Industry continues to grow and expand, as well as new industry locating in Murfreesboro. General Mills' and MTSU's expansions and updated campuses have recently increased their power contract demand levels. M-Tek has broken ground for its corporate headquarters and research center located in the Gateway area. In partnership with TVA, the department has executed economic development incentive packages with General Mills, M-Tek, Jagemann and Interstate Warehousing. Additional incentive packages are under active consideration.

TVA is scheduled to implement the next phase of its rate restructuring program on October 1, 2015. The purpose of this phased restructuring is to move away from a postage stamp type of rate design to one that provides better alignment between real time power production costs with the actual consumption of electricity. This restructuring is anticipated to have an overall impact of increasing the department's wholesale power cost 0.60 percent which will be passed on to the retail customers. TVA has also announced a 1.5 percent rate increase for FY 16. Due to the department's strong financial condition, the Power Board voted to absorb this rate increase rather than pass it through to the ultimate customer.

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 the Department. With the October 2015 rate restructure where TVA is moving toward more cost-based rates, the methodology of assigning fuel costs was moved from an average fuel cost rate applicable to all consumers to a Resource Cost Allocated (RCA) fuel rate. It is expected that this change will provide a slight benefit to large loads over 5 MWs. Monthly forecasts for FY 16 are projected from 1.910 cents per kilowatt hour to 2.158 cents per kilowatt hour .

On May 29, 2015 the City of Murfreesboro entered into a Memorandum of Understanding with Middle Tennessee EMC (MTEMC) to explore the possible sale of Murfreesboro Electric Department to MTEMC. The parties are currently performing due diligence analysis to ascertain the financial value of MED. Should the financial and political ramifications of the analysis point to a viable sale of MED's assets, TVA, in its regulatory authority, would need to agree to the arrangement and consent to the assignment of the wholesale power contract to MTEMC. TVA would expect to understand the overall benefit of such change in the ownership including impact to rates.

**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, 2015**

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 79,015,056 | $ 86,489,296 | $ 165,504,352 |
| Certificates of deposit | 352,548 | | 352,548 |
| Receivables, net of allowance for uncollectibles | 73,093,674 | 24,276,480 | 97,370,154 |
| Internal balances | (5,469,230) | 5,469,230 | |
| Inventories | 557,698 | 3,014,406 | 3,572,104 |
| Net pension asset | 418,188 | 3,492,551 | 3,910,739 |
| Prepaid items and other assets | 669,131 | 546,062 | 1,215,193 |
| Restricted assets - | | | |
| Cash and cash equivalents | 33,282,624 | 28,659,579 | 61,942,203 |
| Certificate of deposit | 500,000 | | 500,000 |
| Investments, at fair value | 1,958,768 | | 1,958,768 |
| Capital assets - | | | |
| Land and construction in progress | 288,309,450 | 65,483,484 | 353,792,934 |
| Other capital assets, net of depreciation | 432,427,004 | 459,863,877 | 892,290,881 |
| Total Assets | $ 905,114,911 | $ 677,294,965 | $ 1,582,409,876 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred charge on refunding | | $ 42,950 | $ 42,950 |
| Deferred outflows related to pensions | $ 8,563,200 | 2,165,957 | 10,729,157 |
| Total Deferred Outflows of Resources | 8,563,200 | $ 2,208,907 | $ 10,772,107 |
| **LIABILITIES** | | | |
| Accounts payable and accrued expenses | $ 13,050,477 | $ 27,453,218 | $ 40,503,695 |
| Unearned revenue | 3,811,435 | | 3,811,435 |
| Deposits held | 2,007,027 | 8,404,444 | 10,411,471 |
| Other deposits | 41,051 | | 41,051 |
| Matured bond interest payable | 806 | | 806 |
| Other liabilities | 80,041 | 2,316,064 | 2,396,105 |
| Long-term liabilities - | | | |
| Due within one year | 28,698,292 | 10,320,972 | 39,019,264 |
| Due in more than one year | 249,605,601 | 117,298,867 | 366,904,468 |
| Total Liabilities | $ 297,294,730 | $ 165,793,565 | $ 463,088,295 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred current property taxes | $ 37,263,668 | | $ 37,263,668 |
| Deferred other revenue | 13,787,486 | | 13,787,486 |
| Funds received in advance | 281,000 | | 281,000 |
| Deferred inflows related to pensions | 18,403,568 | $ 5,225,678 | 23,629,246 |
| Total Deferred Inflows of Resources | $ 69,735,722 | $ 5,225,678 | $ 74,961,400 |
| **NET POSITION** | | | |
| Net investment in capital assets | $ 544,030,726 | $ 412,679,998 | $ 956,710,724 |
| Restricted for - | | | |
| Education | 2,533,124 | | 2,533,124 |
| Capital activity and debt service | 5,680,366 | 28,659,579 | 34,339,945 |
| Highways and streets | 2,365,964 | | 2,365,964 |
| Law enforcement | 121,626 | | 121,626 |
| Other purposes | 2,290,497 | | 2,290,497 |
| Perpetual care - | | | |
| Expendable | 419,261 | | 419,261 |
| Nonexpendable | 1,940,094 | | 1,940,094 |
| Unrestricted | (12,733,999) | 67,145,052 | 54,411,053 |
| Total Net Position | $ 546,647,659 | $ 508,484,629 | $ 1,055,132,288 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Activities**

**Year Ended June 30, 2015**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|---|
| Governmental activities - | | | | | | | |
| General government | $ 15,481,618 | $ 126,691 | $ 132,663 | $ 12,492 | $ (15,209,772) | | $ (15,209,772) |
| Police | 26,009,131 | 409,833 | 282,705 | 6,045 | (25,310,548) | | (25,310,548) |
| Fire and rescue | 16,363,443 | 911,222 | | 28,000 | (15,424,221) | | (15,424,221) |
| Judicial | 446,986 | 3,736,994 | | | 3,290,008 | | 3,290,008 |
| Engineering | 14,736,910 | 84,869 | 248,660 | 4,359,622 | (10,043,759) | | (10,043,759) |
| State street aid | 2,131,722 | | 2,878,616 | | 746,894 | | 746,894 |
| Planning | 979,356 | 39,374 | | | (939,982) | | (939,982) |
| Building and codes | 1,775,337 | 2,461,898 | | | 686,561 | | 686,561 |
| Solid waste | 4,694,845 | 34,837 | 16,551 | | (4,643,457) | | (4,643,457) |
| Transportation | 2,455,031 | 132,979 | 1,003,788 | 86,919 | (1,231,345) | | (1,231,345) |
| Urban environmental | 948,153 | 9,322 | | | (938,831) | | (938,831) |
| Public health, education and welfare | 2,689,043 | | | | (2,689,043) | | (2,689,043) |
| Community services | 6,842,679 | 4,627,266 | 1,069,600 | 1,927,523 | 781,710 | | 781,710 |
| Recreation | 14,427,109 | 3,250,951 | 180,105 | 1,879,240 | (9,116,813) | | (9,116,813) |
| Community/economic development | 819,087 | | 770,533 | | (48,554) | | (48,554) |
| Education | 63,150,488 | 9,975 | 60,752,382 | 4,820,016 | 2,431,885 | | 2,431,885 |
| Food service | 5,969,987 | 460,757 | 4,862,806 | | (646,424) | | (646,424) |
| Interest on long-term debt | 3,829,377 | | | | (3,829,377) | | (3,829,377) |
| Total governmental activities | $ 183,750,302 | $ 16,296,968 | $ 72,198,409 | $ 13,119,857 | $ (82,135,068) | | $ (82,135,068) |
| Business-type activities - | | | | | | | |
| Water, sewer, and stormwater | $ 36,089,912 | $ 48,571,739 | | $ 5,951,974 | | $ 18,433,801 | $ 18,433,801 |
| Electric | 150,074,118 | 165,924,035 | | | | 15,849,917 | 15,849,917 |
| Cemetery | 476,190 | 438,619 | $ 48,278 | | | 10,707 | 10,707 |
| Total business-type activities | $ 186,640,220 | $ 214,934,393 | $ 48,278 | $ 5,951,974 | | $ 34,294,425 | $ 34,294,425 |
| Total primary government | $ 370,390,522 | $ 231,231,361 | $ 72,246,687 | $ 19,071,831 | $ (82,135,068) | $ 34,294,425 | $ (47,840,643) |
| General revenues - | | | | | | | |
| Taxes - | | | | | | | |
| Property taxes | | | | | $ 37,527,743 | | $ 37,527,743 |
| Sales taxes | | | | | 37,583,362 | | 37,583,362 |
| Beer and liquor taxes | | | | | 4,386,736 | | 4,386,736 |
| Gross receipts tax | | | | | 2,959,129 | | 2,959,129 |
| Hotel/motel tax | | | | | 1,301,275 | | 1,301,275 |
| Gas and cable franchise taxes | | | | | 2,825,994 | | 2,825,994 |
| Grants and contributions not restricted to specific programs | | | | | 12,068,104 | | 12,068,104 |
| Unrestricted investment earnings | | | | | 136,810 | $ 173,959 | 310,769 |
| Miscellaneous | | | | | 442,140 | | 442,140 |
| Gain on sale of assets | | | | | 1,907,322 | | 1,907,322 |
| Contributions to permanent funds | | | | | | 63,575 | 63,575 |
| Transfers | | | | | 3,179,376 | (3,179,376) | - |
| Total general revenues, contributions, and transfers | | | | | $ 104,317,991 | $ (2,941,842) | $ 101,376,149 |
| Change in net position | | | | | $ 22,182,923 | $ 31,352,583 | $ 53,535,506 |
| Net position - beginning, as previously reported | | | | | $ 543,202,069 | $ 480,496,030 | $ 1,023,698,099 |
| Prior period adjustment | | | | | (18,737,333) | (3,363,984) | (22,101,317) |
| Net position - beginning, as restated | | | | | $ 524,464,736 | 477,132,046 | $ 1,001,596,782 |
| Net position - ending | | | | | $ 546,647,659 | $ 508,484,629 | $ 1,055,132,288 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | General Fund | General Purpose School Fund | Debt Service Fund | TMBF / Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | $ 53,618,361 | $ 5,125,975 | $ 2,776,808 | | $ 4,578,672 | $ 66,099,816 |
| Certificates of deposit | | | | | 352,548 | 352,548 |
| Receivables, net of allowance for uncollectibles - | | | | | | |
| Taxes | 37,260,371 | | | | | 37,260,371 |
| Accounts | | | | | 115,298 | 115,298 |
| Other | 3,835,180 | 30,978 | | $ 1,329,167 | 10,216 | 5,205,541 |
| Due from others | 1,181,568 | | | 60,376 | 100 | 1,242,044 |
| Due from other funds | 2,909,902 | 666,809 | | | 157,880 | 3,734,591 |
| Due from other governments | 12,362,241 | 13,539,796 | | | 2,490,280 | 28,392,317 |
| Program receivables, net | 810,534 | | | | | 810,534 |
| Prepaid items and deposits | 628,667 | | | | 2,194 | 630,861 |
| Inventories | 199,883 | | | | 123,554 | 323,437 |
| Restricted assets - | | | | | | |
| Cash and cash equivalents | 886,796 | | | 26,995,854 | 5,174,114 | 33,056,764 |
| Investments, at fair value | | | | | 1,958,768 | 1,958,768 |
| Total Assets | $ 113,693,503 | $ 19,363,558 | $ 2,776,808 | $ 28,385,397 | $ 14,963,624 | $ 179,182,890 |
| LIABILITIES | | | | | | |
| Accounts payable | $ 2,336,019 | $ 1,524,277 | | $ 1,435,427 | $ 886,675 | $ 6,182,398 |
| Accrued liabilities | 602,311 | 3,902,028 | | | 531,136 | 5,035,475 |
| Deposits held | 2,007,027 | | | | | 2,007,027 |
| Matured bond interest payable | | | $ 806 | | | 806 |
| Due to other funds | | 5,644 | | 2,240,025 | 234,459 | 2,480,128 |
| Due to other governments | | 245,824 | | | | 245,824 |
| Unearned revenue | 4,361,149 | | | | 74,115 | 4,435,264 |
| Other deposits | | | | | 41,051 | 41,051 |
| Other liabilities | 80,041 | | | | | 80,041 |
| Total Liabilities | $ 9,386,547 | $ 5,677,773 | $ 806 | $ 3,675,452 | $ 1,767,436 | $ 20,508,014 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | $ 35,727,705 | | | | | $ 35,727,705 |
| Unavailable revenue - in lieu of taxes | 1,535,963 | | | | | 1,535,963 |
| Unavailable revenue - court fines | 2,455,814 | | | | | 2,455,814 |
| Unavailable revenue - other taxes | 595,045 | | | | | 595,045 |
| Unavailable revenue - intergovernmental | 316,155 | $ 10,872,470 | | | | 11,188,625 |
| Unavailable revenue - developer assessments | | | | $ 1,319,818 | | 1,319,818 |
| Unavailable revenue - program income | 810,534 | | | | | 810,534 |
| Unavailable revenue - other | 646,633 | | | | $ 138,031 | 784,664 |
| Funds received in advance of timing requirements | 281,000 | | | | | 281,000 |
| Total Deferred Inflows of Resources | $ 42,368,849 | $ 10,872,470 | | $ 1,319,818 | $ 138,031 | $ 54,699,168 |
| FUND BALANCES | | | | | | |
| Nonspendable | $ 828,550 | | | | $ 2,063,648 | $ 2,892,198 |
| Restricted | 2,574,940 | | | $ 24,707,177 | 7,023,163 | 34,305,280 |
| Committed | 11,415 | $ 1,234,573 | | | 3,552,085 | 4,798,073 |
| Assigned | 4,550,786 | 1,578,742 | $ 2,776,002 | | 419,261 | 9,324,791 |
| Unassigned | 53,972,416 | | | (1,317,050) | | 52,655,366 |
| Total Fund Balances | $ 61,938,107 | $ 2,813,315 | $ 2,776,002 | $ 23,390,127 | $ 13,058,157 | $ 103,975,708 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 113,693,503 | $ 19,363,558 | $ 2,776,808 | $ 28,385,397 | $ 14,963,624 | $ 179,182,890 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | | |
|---|---|---|
| Total Governmental Fund Balances | $ | 103,975,708 |
| 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. | | 720,736,454 |
| 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. | | 5,759,716 |
| 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. | | (6,481,727) |
| Net pension assets are not available for current-period expenditures and, therefore, are not reported in the funds. | | 418,188 |
| 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. | | (9,840,368) |
| Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds. | | 4,013,635 |
| 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. | | (271,933,947) |
| Net Position of Governmental Activities | $ | 546,647,659 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | General Fund | General Purpose School Fund | Debt Service Fund | TMBF/Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues- | | | | | | |
| Taxes | $ 83,758,245 | | | | | $ 83,758,245 |
| Intergovernmental | 17,545,124 | $ 55,153,364 | | $ 73,711 | $ 17,444,174 | 90,216,373 |
| Charges for services | 4,642,216 | 9,975 | | | 4,955,968 | 9,608,159 |
| Donations | 2,465,421 | | | | | 2,465,421 |
| Interest and investment earnings | 41,404 | | $ 2,007 | 74,351 | 116,283 | 234,045 |
| Licenses and permits | 5,911,533 | | | | | 5,911,533 |
| Miscellaneous | 5,402,944 | 492,827 | | 943,101 | 520,853 | 7,359,725 |
| | $ 119,766,887 | $ 55,656,166 | $ 2,007 | $ 1,091,163 | $ 23,037,278 | $ 199,553,501 |
| Expenditures- | | | | | | |
| Current - | | | | | | |
| General government | $ 9,143,076 | | | | | $ 9,143,076 |
| Police | 25,947,269 | | | | $ 259,887 | 26,207,156 |
| Fire and rescue | 16,130,072 | | | | | 16,130,072 |
| Judicial | 471,130 | | | | | 471,130 |
| Engineering | 6,850,831 | | | | | 6,850,831 |
| State street aid | 2,196,271 | | | | | 2,196,271 |
| Planning | 1,137,183 | | | | | 1,137,183 |
| Building and codes | 1,867,817 | | | | | 1,867,817 |
| Solid waste | 4,125,198 | | | | | 4,125,198 |
| Transportation | 2,254,624 | | | | | 2,254,624 |
| Urban environmental | 984,480 | | | | | 984,480 |
| Public health, education and welfare | 2,586,700 | | | | | 2,586,700 |
| Community services | 1,572,888 | | | | 5,070,085 | 6,642,973 |
| Recreation | 12,900,236 | | | | | 12,900,236 |
| Community/economic development | 827,336 | | | | | 827,336 |
| Education | | $ 56,294,562 | | | 5,078,473 | 61,373,035 |
| Food Service | | | | | 5,969,987 | 5,969,987 |
| Capital outlay | | 7,589,326 | | $ 18,545,814 | 1,979,111 | 28,114,251 |
| Debt service - | | | | | | |
| Principal | | | $ 20,152,019 | | 4,518,609 | 24,670,628 |
| Interest | | | 3,611,448 | | 915,203 | 4,526,651 |
| Debt issuance costs and fiscal agent fees | | | 81,090 | | | 81,090 |
| | $ 88,995,111 | $ 63,883,888 | $ 23,844,557 | $ 18,545,814 | $ 23,791,355 | $ 219,060,725 |
| Excess of Revenues Over (Under) Expenditures | $ 30,771,776 | $ (8,227,722) | $ (23,842,550) | $ (17,454,651) | $ (754,077) | $ (19,507,224) |
| Other Financing Sources (Uses)- | | | | | | |
| Issuance of debt | | $ 179,450 | | $ 2,467,403 | | $ 2,646,853 |
| Proceeds from sale of land | $ 2,762,510 | | | | | 2,762,510 |
| Transfers in | 3,120,100 | 4,810,103 | $ 27,577,693 | 683,000 | $ 5,531,785 | 41,722,681 |
| Transfers out | (31,279,650) | (1,259,346) | (4,820,641) | (1,015,470) | (280,051) | (38,655,158) |
| | $ (25,397,040) | $ 3,730,207 | $ 22,757,052 | $ 2,134,933 | $ 5,251,734 | $ 8,476,886 |
| Net change in fund balances | $ 5,374,736 | $ (4,497,515) | $ (1,085,498) | $ (15,319,718) | $ 4,497,657 | $ (11,030,338) |
| Fund Balances at beginning of year, as previously stated | $ 56,249,193 | $ 9,256,544 | $ 3,861,500 | $ 38,709,845 | $ 6,616,796 | $ 114,693,878 |
| Prior period adjustment | 314,178 | (1,945,714) | | | 1,943,704 | 312,168 |
| Fund Balances at beginning of year, as restated | $ 56,563,371 | $ 7,310,830 | $ 3,861,500 | $ 38,709,845 | $ 8,560,500 | $ 115,006,046 |
| Fund Balance at end of year | $ 61,938,107 | $ 2,813,315 | $ 2,776,002 | $ 23,390,127 | $ 13,058,157 | $ 103,975,708 |

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, 2015**

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ | (11,030,338) |
| 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. | | 8,784,167 |
| The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position. | | 1,405,692 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 1,145,668 |
| 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. | | 22,829,280 |
| 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. | | (957,870) |
| Internal service funds are used by management to charge costs of employee health insurance, workers' compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The net revenue of certain internal service funds is reported with governmental activities. | | 1,400,552 |
| 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. | | (1,394,228) |
| Change in Net Position of Governmental Activities | $ | 22,182,923 |

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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Taxes - | | | | |
| Property | $ 34,829,394 | $ 34,829,394 | $ 34,943,468 | $ 114,074 |
| Property in lieu of taxes - | | | | |
| Public utilities | 780,975 | 780,975 | 878,061 | 97,086 |
| Murfreesboro Housing Authority | 98,600 | 98,600 | 108,672 | 10,072 |
| Other tax equivalents | 489,561 | 489,561 | 558,924 | 69,363 |
| Recovery of taxes deemed uncollectible | 698,400 | 698,400 | 834,395 | 135,995 |
| Penalty and interest on taxes | 250,000 | 250,000 | 204,223 | (45,777) |
| Other local taxes - | | | | |
| Sales tax | 35,895,000 | 35,895,000 | 37,583,362 | 1,688,362 |
| Beer tax | 3,300,000 | 3,300,000 | 3,299,165 | (835) |
| Liquor tax | 930,000 | 930,000 | 1,001,145 | 71,145 |
| Gross receipts tax | 2,500,000 | 2,500,000 | 2,959,129 | 459,129 |
| Beer privilege tax | 28,500 | 28,500 | 27,925 | (575) |
| Liquor privilege tax | 65,000 | 65,000 | 58,501 | (6,499) |
| Hotel/motel tax | 1,196,640 | 1,196,640 | 1,301,275 | 104,635 |
| | $ 81,062,070 | $ 81,062,070 | $ 83,758,245 | $ 2,696,175 |
| Licenses, Permits and Fines - | | | | |
| Electrical licenses | $ 66,000 | $ 66,000 | $ 67,365 | $ 1,365 |
| Gas and mechanical licenses | 5,000 | 5,000 | 6,274 | 1,274 |
| Building permits | 1,564,000 | 1,564,000 | 1,525,045 | (38,955) |
| Plumbing permits | 103,500 | 103,500 | 161,850 | 58,350 |
| Electrical permits | 264,500 | 264,500 | 340,360 | 75,860 |
| Mechanical permits | 92,000 | 92,000 | 108,784 | 16,784 |
| Gas permits | 20,700 | 20,700 | 31,745 | 11,045 |
| Land disturbance permits | 23,920 | 23,920 | 44,266 | 20,346 |
| Fireworks permits | 5,000 | 5,000 | 8,500 | 3,500 |
| Beer application fees | 12,000 | 12,000 | 15,500 | 3,500 |
| Burglar alarm permits | 57,000 | 57,000 | 58,315 | 1,315 |
| Plat review fee | 120,000 | 120,000 | 153,759 | 33,759 |
| Other fees | 1,300 | 1,300 | 878 | (422) |
| Attorney tax fees | 25,000 | 25,000 | 22,840 | (2,160) |
| Court fines | 2,000,000 | 2,000,000 | 2,386,754 | 386,754 |
| Red light cameras | 1,150,000 | 1,150,000 | 935,800 | (214,200) |
| Burglar false alarm fees | 10,000 | 10,000 | 13,450 | 3,450 |
| Other fines and fees | | | 30,048 | 30,048 |
| | $ 5,519,920 | $ 5,519,920 | $ 5,911,533 | $ 391,613 |
| Intergovernmental Revenues - | | | | |
| Rutherford County | $ 412,873 | $ 412,873 | $ 511,228 | $ 98,355 |
| State sales tax allocation | 7,992,000 | 7,992,000 | 8,268,321 | 276,321 |
| State beer tax allocation | 51,000 | 51,000 | 52,146 | 1,146 |
| State gasoline tax allocation | 3,023,200 | 3,023,200 | 3,101,039 | 77,839 |
| State mixed drink tax | 844,600 | 844,600 | 900,169 | 55,569 |
| TVA gross receipts tax | 1,200,000 | 1,200,000 | 1,264,619 | 64,619 |
| State income tax allocation | 942,000 | 942,000 | 1,190,091 | 248,091 |
| State excise tax | 55,000 | 55,000 | 62,898 | 7,898 |
| State maintenance of streets | 277,288 | 277,288 | 248,660 | (28,628) |
| State child safety funds | 8,000 | 8,000 | 9,658 | 1,658 |
| State funds | 335,175 | 335,175 | 154,688 | (180,487) |
| Federal funds | 6,368,416 | 5,967,272 | 1,781,607 | (4,185,665) |
| | $ 21,509,552 | $ 21,108,408 | $ 17,545,124 | $ (3,563,284) |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Charges for services - | | | | |
| Planning department | $ 30,000 | $ 30,000 | $ 39,374 | $ 9,374 |
| Police department | 18,000 | 18,000 | 22,785 | 4,785 |
| Fire department | 877,272 | 877,272 | 911,222 | 33,950 |
| Street department | 30,000 | 30,000 | 84,869 | 54,869 |
| Building department | 18,000 | 18,000 | 22,450 | 4,450 |
| Urban Environmental department | 10,000 | 10,000 | 9,322 | (678) |
| G.I.S. maintenance | 33,000 | 33,000 | | (33,000) |
| Sex offender fee | | | 2,255 | 2,255 |
| Public Transit fares | 115,000 | 115,000 | 132,979 | 17,979 |
| Recreation - program income | 1,556,472 | 1,556,472 | 1,490,319 | (66,153) |
| Public Golf department - program income | 1,774,101 | 1,774,101 | 1,760,632 | (13,469) |
| Senior Citizens - program income | 145,000 | 145,000 | 131,122 | (13,878) |
| Solid Waste department | 20,500 | 20,500 | 34,837 | 14,337 |
| Communications department | 100 | 100 | 50 | (50) |
| | $ 4,627,445 | $ 4,627,445 | $ 4,642,216 | $ 14,771 |
| Miscellaneous Revenues - | | | | |
| Interest | $ 35,350 | $ 35,350 | $ 41,404 | $ 6,054 |
| Gas franchise revenue | 1,025,000 | 1,025,000 | 1,195,739 | 170,739 |
| Cable franchise revenue | 1,450,000 | 1,450,000 | 1,630,255 | 180,255 |
| Miscellaneous assessments - active funds | 1,779,314 | 1,779,314 | 2,076,042 | 296,728 |
| Miscellaneous revenue | 1,739,775 | 1,749,775 | 500,908 | (1,248,867) |
| Donations received | 26,000 | 26,000 | 2,465,421 | 2,439,421 |
| | $ 6,055,439 | $ 6,065,439 | $ 7,909,769 | $ 1,844,330 |
| TOTAL REVENUES | $ 118,774,426 | $ 118,383,282 | $ 119,766,887 | $ 1,383,605 |
| Expenditures - | | | | |
| General Government - | | | | |
| General and Administrative Department - | | | | |
| Labor | $ 1,485,043 | $ 1,485,043 | $ 1,404,014 | $ 81,029 |
| Operation and maintenance | 175,461 | 175,461 | 88,895 | 86,566 |
| Supplies | 93,710 | 93,710 | 87,886 | 5,824 |
| Insurance | 269,003 | 269,003 | 259,507 | 9,496 |
| Social Security taxes | 114,337 | 114,337 | 101,042 | 13,295 |
| Group insurance | 1,204,218 | 1,204,218 | 1,212,289 | (8,071) |
| Retirement | 577,369 | 577,369 | 511,852 | 65,517 |
| Unemployment insurance | 65,000 | 65,000 | 17,380 | 47,620 |
| Utilities | 190,000 | 190,000 | 185,886 | 4,114 |
| Travel and subsistence | 26,700 | 26,700 | 28,067 | (1,367) |
| Association dues | 80,000 | 80,000 | 68,385 | 11,615 |
| Professional fees | 173,400 | 173,400 | 181,650 | (8,250) |
| Training personnel | 57,000 | 57,000 | 29,209 | 27,791 |
| Capital outlay | 22,350 | 42,350 | 81,052 | (38,702) |
| Mixed drink tax allocation | 422,300 | 422,300 | 443,594 | (21,294) |
| Other miscellaneous | 115,000 | 115,000 | 113,268 | 1,732 |
| Total General and Administrative Department | $ 5,070,891 | $ 5,090,891 | $ 4,813,976 | $ 276,915 |
| Other General Government - | | | | |
| Civic plaza | $ 76,781 | $ 76,781 | $ 71,747 | $ 5,034 |
| Parking garage | 117,490 | 117,490 | 173,254 | (55,764) |
| Gateway | 30,000 | 105,000 | 80,737 | 24,263 |
| Unforeseen miscellaneous and contingencies | 1,308,675 | 504,085 | 21,837 | 482,248 |
| County shared costs | 456,500 | 456,500 | 511,865 | (55,365) |
| Property tax adjustments | 200,000 | 200,000 | | 200,000 |
| Total Other General Government | $ 2,189,446 | $ 1,459,856 | $ 859,440 | $ 600,416 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| General Government (continued) - | | | | |
| Legal Department - | | | | |
| Labor | $ 565,400 | $ 565,400 | $ 569,949 | $ (4,549) |
| Operation and maintenance | 3,200 | 3,200 | 1,675 | 1,525 |
| Supplies | 26,000 | 26,000 | 22,296 | 3,704 |
| Insurance | 4,485 | 4,485 | 22,869 | (18,384) |
| Social Security taxes | 43,253 | 43,253 | 39,082 | 4,171 |
| Group insurance | 84,338 | 84,338 | 86,701 | (2,363) |
| Retirement | 62,468 | 62,468 | 64,955 | (2,487) |
| Utilities | 1,000 | 1,000 | 968 | 32 |
| Travel and subsistence | 200 | 200 | | 200 |
| Association dues | 5,900 | 5,900 | 5,758 | 142 |
| Training personnel | 9,250 | 9,250 | 9,739 | (489) |
| Legal expense | 20,000 | 20,000 | 21,569 | (1,569) |
| Capital outlay | 1,000 | 1,000 | 710 | 290 |
| Other miscellaneous | 4,000 | 4,000 | 1,607 | 2,393 |
| Total Legal Department | $ 830,494 | $ 830,494 | $ 847,878 | $ (17,384) |
| Human Resources Department - | | | | |
| Labor | $ 496,369 | $ 496,369 | $ 504,275 | $ (7,906) |
| Operation and maintenance | 25,000 | 48,250 | 25,008 | 23,242 |
| Supplies | 18,750 | 18,750 | 15,798 | 2,952 |
| Advertising | 5,000 | 5,000 | 3,258 | 1,742 |
| Insurance | 1,847 | 1,847 | 1,395 | 452 |
| Social Security taxes | 37,220 | 37,220 | 36,266 | 954 |
| Group insurance | 103,854 | 103,854 | 91,948 | 11,906 |
| Retirement | 58,152 | 58,152 | 54,447 | 3,705 |
| Utilities | 2,550 | 2,550 | 2,610 | (60) |
| Travel and subsistence | 250 | 250 | 46 | 204 |
| Testing | 23,500 | 23,500 | 12,812 | 10,688 |
| Training personnel | 37,500 | 37,500 | 3,537 | 33,963 |
| Association dues | 1,500 | 1,500 | 1,307 | 193 |
| Drug programs | 50,000 | 50,000 | 42,630 | 7,370 |
| Capital outlay | 17,326 | 17,326 | 20,933 | (3,607) |
| Other miscellaneous | 95,000 | 95,000 | 74,410 | 20,590 |
| Total Human Resources Department | $ 973,818 | $ 997,068 | $ 890,680 | $ 106,388 |
| Information Technology Department - | | | | |
| Labor | $ 668,768 | $ 668,768 | $ 649,721 | $ 19,047 |
| Operations and maintenance | 161,400 | 161,400 | 214,655 | (53,255) |
| Supplies | 11,000 | 11,000 | 3,125 | 7,875 |
| Insurance | 1,133 | 1,133 | 1,133 | |
| Social Security taxes | 51,161 | 51,161 | 46,528 | 4,633 |
| Group insurance | 149,689 | 149,689 | 159,744 | (10,055) |
| Retirement | 68,438 | 68,438 | 69,818 | (1,380) |
| Utilities | 30,000 | 30,000 | 11,229 | 18,771 |
| Travel and subsistence | 8,000 | 8,000 | | 8,000 |
| Training personnel | 6,500 | 6,500 | 5,691 | 809 |
| Outside services | 293,400 | 303,400 | 132,972 | 170,428 |
| Capital outlay | 185,540 | 340,540 | 171,357 | 169,183 |
| Interlocal GIS agreement | 7,500 | 7,500 | 32,076 | (24,576) |
| Other miscellaneous expenses | 150,500 | 150,500 | 233,053 | (82,553) |
| Total Information Technology Department | $ 1,793,029 | $ 1,958,029 | $ 1,731,102 | $ 226,927 |
| Total General Government | $ 10,857,678 | $ 10,336,338 | $ 9,143,076 | $ 1,193,262 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Police Department - | | | | |
| Labor | $ 14,439,028 | $ 14,439,028 | $ 14,494,863 | $ (55,835) |
| Operation and maintenance | 1,000,690 | 1,000,690 | 907,132 | 93,558 |
| Supplies | 914,664 | 914,664 | 721,708 | 192,956 |
| Uniforms and cleaning | 321,603 | 321,603 | 317,042 | 4,561 |
| Insurance | 1,572,263 | 1,572,263 | 1,637,745 | (65,482) |
| Social Security taxes | 1,048,454 | 1,048,454 | 1,045,618 | 2,836 |
| Group insurance | 3,230,841 | 3,230,841 | 3,088,780 | 142,061 |
| Retirement | 1,232,127 | 1,232,127 | 1,236,335 | (4,208) |
| Utilities | 545,800 | 545,800 | 585,174 | (39,374) |
| Training personnel | 217,000 | 217,000 | 201,506 | 15,494 |
| Jail fees and state cost | 220,000 | 220,000 | 311,307 | (91,307) |
| Drug programs | 3,000 | 3,000 | 2,059 | 941 |
| D.A.R.E. program | 15,000 | 15,000 | 15,456 | (456) |
| Capital outlay | 205,300 | 205,300 | 215,589 | (10,289) |
| Red light camera program | 900,000 | 900,000 | 801,274 | 98,726 |
| Other miscellaneous | 312,000 | 312,000 | 365,681 | (53,681) |
| Total Police Department | $ 26,177,770 | $ 26,177,770 | $ 25,947,269 | $ 230,501 |
| Fire and Rescue Department - | | | | |
| Labor | $ 10,070,776 | $ 10,070,776 | $ 9,821,243 | $ 249,533 |
| Operation and maintenance | 404,110 | 404,110 | 416,185 | (12,075) |
| Supplies | 291,370 | 291,370 | 268,163 | 23,207 |
| Uniforms and cleaning | 222,200 | 222,200 | 193,905 | 28,295 |
| Insurance | 613,074 | 613,074 | 600,736 | 12,338 |
| Social Security taxes | 766,459 | 766,459 | 731,075 | 35,384 |
| Group insurance | 2,547,906 | 2,547,906 | 2,435,778 | 112,128 |
| Retirement | 1,053,186 | 1,053,186 | 1,057,417 | (4,231) |
| Utilities | 274,900 | 274,900 | 304,218 | (29,318) |
| Association dues | 2,300 | 2,300 | 1,980 | 320 |
| Training personnel | 83,652 | 83,652 | 70,353 | 13,299 |
| Respiratory program | 51,500 | 51,500 | 24,882 | 26,618 |
| Capital outlay | 173,000 | 239,860 | 192,135 | 47,725 |
| Other miscellaneous | 19,900 | 19,900 | 12,002 | 7,898 |
| Total Fire and Rescue Department | $ 16,574,333 | $ 16,641,193 | $ 16,130,072 | $ 511,121 |
| Judicial Department - | | | | |
| Labor | $ 263,981 | $ 263,981 | $ 266,057 | $ (2,076) |
| Operation and maintenance | 5,000 | 46,178 | 3,384 | 42,794 |
| Supplies | 19,000 | 19,000 | 15,543 | 3,457 |
| Insurance | 449 | 449 | 449 | |
| Social Security taxes | 20,195 | 20,195 | 18,966 | 1,229 |
| Group insurance | 77,156 | 77,156 | 79,733 | (2,577) |
| Retirement | 31,524 | 31,524 | 31,621 | (97) |
| Utilities | 2,350 | 2,350 | 1,197 | 1,153 |
| Association dues | 900 | 900 | 785 | 115 |
| Training personnel | 2,500 | 2,500 | 589 | 1,911 |
| Outside services | 38,000 | 38,000 | 28,422 | 9,578 |
| Capital outlay | 13,500 | 13,500 | 11,607 | 1,893 |
| Other miscellaneous | 500 | 500 | 12,777 | (12,277) |
| Total Judicial Department | $ 475,055 | $ 516,233 | $ 471,130 | $ 45,103 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Engineering Department - | | | | |
| Engineering Division - | | | | |
| Labor | $ 778,257 | $ 778,257 | $ 816,752 | $ (38,495) |
| Operation and maintenance | 2,000 | 2,000 | 1,564 | 436 |
| Supplies | 14,000 | 14,000 | 5,577 | 8,423 |
| Insurance | 1,055 | 1,055 | 837 | 218 |
| Social Security taxes | 56,630 | 56,630 | 57,889 | (1,259) |
| Group insurance | 182,074 | 182,074 | 187,943 | (5,869) |
| Retirement | 81,655 | 81,655 | 82,804 | (1,149) |
| Utilities | 17,400 | 17,400 | 15,282 | 2,118 |
| Sampling and testing | 45,000 | 45,000 | 42,296 | 2,704 |
| Landfill gas management | 40,000 | 40,000 | 45,805 | (5,805) |
| Travel and subsistence | 40,800 | 40,800 | 36,637 | 4,163 |
| Association dues | 1,500 | 1,500 | 2,130 | (630) |
| Surveys | 25,000 | 25,000 | 32,577 | (7,577) |
| Training personnel | 4,750 | 4,750 | 325 | 4,425 |
| Capital outlay | 1,883,400 | 1,899,500 | 1,094,987 | 804,513 |
| Other miscellaneous | 2,500 | 2,500 | 1,077 | 1,423 |
| Total Engineering Division | $ 3,176,021 | $ 3,192,121 | $ 2,424,482 | $ 767,639 |
| Streets Division - | | | | |
| Labor | $ 1,265,859 | $ 1,265,859 | $ 1,075,023 | $ 190,836 |
| Operation and maintenance | 303,226 | 303,226 | 372,120 | (68,894) |
| Materials and supplies | 256,837 | 256,837 | 291,746 | (34,909) |
| Traffic control devices | 1,500 | 1,500 | 840 | 660 |
| Insurance | 51,908 | 51,908 | 42,780 | 9,128 |
| Social Security taxes | 96,838 | 96,838 | 77,552 | 19,286 |
| Group insurance | 366,725 | 366,725 | 280,579 | 86,146 |
| Retirement | 133,410 | 133,410 | 105,844 | 27,566 |
| Utilities | 45,800 | 45,800 | 36,782 | 9,018 |
| Utility service - street lighting | 1,845,800 | 1,845,800 | 1,864,150 | (18,350) |
| Street improvements and maintenance | 50,000 | 50,000 | 112,036 | (62,036) |
| Travel and subsistence | 1,000 | 1,000 | 1,273 | (273) |
| Training personnel | 2,000 | 2,000 | 1,809 | 191 |
| Capital outlay | 21,000 | 23,000 | 162,019 | (139,019) |
| Other miscellaneous | 1,650 | 1,650 | 1,796 | (146) |
| Total Streets Division | $ 4,443,553 | $ 4,445,553 | $ 4,426,349 | $ 19,204 |
| Total Engineering Department | $ 7,619,574 | $ 7,637,674 | $ 6,850,831 | $ 786,843 |
| State Street Aid Department - | | | | |
| Traffic signals | $ 85,000 | $ 85,000 | $ 91,425 | $ (6,425) |
| Curbs and gutters | 125,000 | 125,000 | 20,532 | 104,468 |
| Sidewalks | 50,000 | 50,000 | 29,776 | 20,224 |
| Rights-of-way | 100,000 | 100,000 | 20,922 | 79,078 |
| Street paving | 2,000,000 | 2,000,000 | 1,872,660 | 127,340 |
| Street markings | 185,000 | 185,000 | 40,691 | 144,309 |
| Intersections | 50,000 | 50,000 | | 50,000 |
| Traffic signal lighting | 75,000 | 75,000 | 55,769 | 19,231 |
| Street construction | 50,000 | 50,000 | 64,496 | (14,496) |
| Surveys and engineering | 80,000 | 80,000 | | 80,000 |
| Other miscellaneous | 350 | 350 | | 350 |
| Total State Street Aid Department | $ 2,800,350 | $ 2,800,350 | $ 2,196,271 | $ 604,079 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Planning Department - | | | | |
| Labor | $ 458,252 | $ 458,252 | $ 460,132 | $ (1,880) |
| Operation and maintenance | 7,000 | 7,000 | 2,648 | 4,352 |
| Supplies | 45,900 | 45,900 | 34,124 | 11,776 |
| Insurance | 9,498 | 9,498 | 6,972 | 2,526 |
| Social Security taxes | 35,056 | 35,056 | 33,397 | 1,659 |
| Group insurance | 68,326 | 68,326 | 71,312 | (2,986) |
| Retirement | 48,728 | 48,728 | 49,661 | (933) |
| Utilities | 7,200 | 7,200 | 2,626 | 4,574 |
| Travel and subsistence | 10,400 | 10,400 | 5,597 | 4,803 |
| Association dues | 4,200 | 4,200 | 1,608 | 2,592 |
| Surveys | 250,000 | 250,000 | 438,728 | (188,728) |
| Training personnel | 4,000 | 4,000 | 1,835 | 2,165 |
| Capital outlay | 14,100 | 26,900 | 20,297 | 6,603 |
| Other miscellaneous | 3,500 | 3,500 | 8,246 | (4,746) |
| Total Planning Department | $ 966,160 | $ 978,960 | $ 1,137,183 | $ (158,223) |
| Building and Codes Department - | | | | |
| Labor | $ 1,233,532 | $ 1,233,532 | $ 1,232,395 | $ 1,137 |
| Operation and maintenance | 9,500 | 9,500 | 9,961 | (461) |
| Supplies | 36,500 | 36,500 | 20,510 | 15,990 |
| Insurance | 18,971 | 18,971 | 15,322 | 3,649 |
| Social Security taxes | 94,365 | 94,365 | 89,210 | 5,155 |
| Group insurance | 251,175 | 251,175 | 278,917 | (27,742) |
| Retirement | 133,449 | 133,449 | 133,127 | 322 |
| Utilities | 15,500 | 15,500 | 17,124 | (1,624) |
| Travel and subsistence | 50,800 | 50,800 | 59,515 | (8,715) |
| Association dues | 2,500 | 2,500 | 1,851 | 649 |
| Training personnel | 8,500 | 8,500 | 4,984 | 3,516 |
| Capital outlay | 13,200 | 13,200 | 4,392 | 8,808 |
| Other miscellaneous | 2,500 | 2,500 | 509 | 1,991 |
| Total Building and Codes Department | $ 1,870,492 | $ 1,870,492 | $ 1,867,817 | $ 2,675 |
| Solid Waste Department - | | | | |
| Labor | $ 1,564,338 | $ 1,564,338 | $ 1,483,662 | $ 80,676 |
| Operations and maintenance | 1,147,123 | 1,147,123 | 1,128,792 | 18,331 |
| Supplies | 580,971 | 580,971 | 409,015 | 171,956 |
| Insurance | 187,971 | 187,971 | 206,248 | (18,277) |
| Social Security taxes | 119,672 | 119,672 | 104,869 | 14,803 |
| Group insurance | 489,698 | 489,698 | 460,096 | 29,602 |
| Retirement | 168,187 | 168,187 | 153,657 | 14,530 |
| Utilities | 66,000 | 66,000 | 55,462 | 10,538 |
| Travel and subsistence | 7,200 | 7,200 | 8,689 | (1,489) |
| Training personnel | 10,000 | 10,000 | 480 | 9,520 |
| License fees | 3,500 | 3,500 | 6,239 | (2,739) |
| Disposal carts | 175,000 | 175,000 | 105,000 | 70,000 |
| Capital outlay | 12,000 | 12,000 | 310 | 11,690 |
| Other miscellaneous | 4,875 | 4,875 | 2,679 | 2,196 |
| Total Solid Waste Department | $ 4,536,535 | $ 4,536,535 | $ 4,125,198 | $ 411,337 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Transportation Department - | | | | |
| Traffic Division - | | | | |
| Labor | $ 376,375 | $ 376,375 | $ 349,333 | $ 27,042 |
| Operations and maintenance | 255,376 | 255,376 | 229,970 | 25,406 |
| Traffic control devices | 33,500 | 33,500 | 40,024 | (6,524) |
| Supplies | 13,228 | 13,228 | 9,005 | 4,223 |
| Insurance | 13,227 | 13,227 | 13,228 | (1) |
| Social Security taxes | 32,672 | 32,672 | 25,179 | 7,493 |
| Group insurance | 87,128 | 87,128 | 75,869 | 11,259 |
| Retirement | 50,968 | 50,968 | 38,667 | 12,301 |
| Utilities | 6,525 | 6,525 | 11,037 | (4,512) |
| Travel and subsistence | 2,500 | 2,500 | 3,241 | (741) |
| Association and regional dues | 7,998 | 7,998 | 8,375 | (377) |
| Training personnel | 9,000 | 9,000 | 4,085 | 4,915 |
| Capital outlay | 5,500 | 13,600 | 18,135 | (4,535) |
| Other miscellaneous | 5,300 | 5,300 | 5,644 | (344) |
| Total Traffic Division | $ 899,297 | $ 907,397 | $ 831,792 | $ 75,605 |
| Public Transit Division - | | | | |
| Labor | $ 614,349 | $ 614,349 | $ 634,689 | $ (20,340) |
| Operation and maintenance | 54,901 | 54,901 | 113,109 | (58,208) |
| Supplies | 18,970 | 18,970 | 16,439 | 2,531 |
| Fuel | 155,185 | 155,185 | 101,239 | 53,946 |
| Insurance | 43,505 | 43,505 | 46,384 | (2,879) |
| Social Security taxes | 43,118 | 43,118 | 45,796 | (2,678) |
| Group insurance | 106,961 | 106,961 | 113,756 | (6,795) |
| Retirement | 39,401 | 39,401 | 42,468 | (3,067) |
| Utilities | 7,700 | 7,700 | 8,433 | (733) |
| Travel and subsistence | 2,500 | 2,500 | 1,308 | 1,192 |
| Association and regional dues | 21,798 | 21,798 | 21,700 | 98 |
| Training and instruction | 4,000 | 4,000 | 2,337 | 1,663 |
| Contract services | 94,350 | 94,350 | 100,877 | (6,527) |
| Pass - thru grant expenditures | 82,075 | 82,075 | 75,762 | 6,313 |
| Capital outlay | 110,291 | 110,291 | 87,278 | 23,013 |
| Planning | 44,000 | 44,000 | 11,064 | 32,936 |
| Other miscellaneous | 300 | 300 | 193 | 107 |
| Total Public Transit Division | $ 1,443,404 | $ 1,443,404 | $ 1,422,832 | $ 20,572 |
| Total Transportation Department | $ 2,342,701 | $ 2,350,801 | $ 2,254,624 | $ 96,177 |
| Urban Environmental Department - | | | | |
| Labor | $ 556,873 | $ 556,873 | $ 500,559 | $ 56,314 |
| Operation and maintenance | 66,305 | 67,005 | 60,162 | 6,843 |
| Agricultural materials | 26,100 | 26,100 | 31,452 | (5,352) |
| Supplies | 48,557 | 48,557 | 38,642 | 9,915 |
| Insurance | 35,528 | 35,528 | 35,959 | (431) |
| Social Security taxes | 42,601 | 42,601 | 35,038 | 7,563 |
| Group insurance | 207,691 | 207,691 | 175,520 | 32,171 |
| Retirement | 51,253 | 51,253 | 40,465 | 10,788 |
| Utilities | 47,700 | 47,700 | 32,614 | 15,086 |
| Travel and subsistence | 1,400 | 1,400 | | 1,400 |
| Training personnel | 2,000 | 2,000 | 200 | 1,800 |
| Capital outlay | 27,275 | 27,275 | 33,020 | (5,745) |
| Other miscellaneous | 1,300 | 1,300 | 849 | 451 |
| Total Urban Environmental Department | $ 1,114,583 | $ 1,115,283 | $ 984,480 | $ 130,803 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Public Health, Education and Welfare - | | | | |
| Linebaugh Public Library | $ 889,954 | $ 889,954 | $ 889,954 | |
| Rutherford County Chamber of Commerce | 623,742 | 623,742 | 647,194 | $ (23,452) |
| Middle Tennessee State University | 333,333 | 666,667 | 666,667 | |
| Rutherford County Paws | 68,500 | 68,500 | 68,500 | |
| DHS - Rehabilitation Service | 51,000 | 51,000 | 51,000 | |
| Main Street Program | 37,500 | 37,500 | 37,500 | |
| Center for the Arts | 25,000 | 25,000 | 25,000 | |
| Discovery House | 20,000 | 20,000 | 20,000 | |
| Child Advocacy Center | 19,890 | 19,890 | 15,692 | 4,198 |
| Oaklands Association | 15,000 | 15,000 | 15,000 | |
| Rutherford County Health Department | 11,000 | 11,000 | 11,000 | |
| Domestic Violence Program | 10,000 | 10,000 | 10,000 | |
| Primary Care Clinic | 10,000 | 10,000 | 10,000 | |
| Middle Tennessee Symphony | 10,000 | 10,000 | 10,000 | |
| Special Kids Incorporated | 10,000 | 10,000 | 10,000 | |
| Meals on Wheels | 10,000 | 10,000 | 10,000 | |
| Journeys in Community Living | 10,000 | 10,000 | 10,000 | |
| Uncle Dave Macon Days | 8,000 | 8,000 | 8,000 | |
| Bradley Academy | 7,500 | 7,500 | 7,693 | (193) |
| Murfreesboro Youth Orchestra | 7,500 | 7,500 | 7,500 | |
| Exchange Club Center | 6,000 | 6,000 | 6,000 | |
| Crime Stoppers | 5,000 | 5,000 | 5,000 | |
| CASA of Rutherford County | 5,000 | 5,000 | 5,000 | |
| Martin Luther King Scholarship | 4,000 | 4,000 | 4,000 | |
| Read to Succeed | 4,000 | 4,000 | 4,000 | |
| Pregnancy Support | 3,500 | 3,500 | 3,500 | |
| Boys and Girls Club | 6,000 | 6,000 | 6,000 | |
| Folkfest | 2,500 | 2,500 | 2,500 | |
| Generation for Creation | 2,500 | 2,500 | 2,500 | |
| Greenhouse Ministries | 2,500 | 2,500 | 2,500 | |
| City Schools Foundation | 2,500 | 2,500 | 2,500 | |
| Rutherford County Soil Conservation | 2,500 | 2,500 | 2,500 | |
| Sexual Assault Service Program | 2,500 | 2,500 | 2,500 | |
| 2nd Harvest Food Bank | 2,000 | 2,000 | 2,000 | |
| Special Olympics | 2,000 | 2,000 | 2,000 | |
| Beesley Animal Foundation | 2,000 | 2,000 | 2,000 | |
| Leadership Rutherford | 1,500 | 1,500 | 1,500 | |
| Total Public Health, Education and Welfare | $ 2,233,919 | $ 2,567,253 | $ 2,586,700 | $ (19,447) |
| Community Services - | | | | |
| Senior Citizens Department - | | | | |
| Labor | $ 432,376 | $ 432,376 | $ 424,133 | $ 8,243 |
| Operations and maintenance | 30,450 | 30,450 | 28,208 | 2,242 |
| Supplies | 109,200 | 109,200 | 90,838 | 18,362 |
| Senior trip expense | 50,000 | 50,000 | 24,329 | 25,671 |
| Insurance | 44,475 | 44,475 | 34,057 | 10,418 |
| Social Security taxes | 33,076 | 33,076 | 31,465 | 1,611 |
| Group insurance | 99,954 | 99,954 | 90,265 | 9,689 |
| Retirement | 24,748 | 24,748 | 29,807 | (5,059) |
| Utilities | 63,800 | 63,800 | 56,627 | 7,173 |
| Contractual services | 2,500 | 2,500 | 2,496 | 4 |
| Travel and subsistance | 1,000 | 1,000 | 705 | 295 |
| Training and instruction | 39,500 | 39,500 | 42,270 | (2,770) |
| Designated contributions | 2,500 | 2,500 | 262 | 2,238 |
| Capital outlay | 15,000 | 28,000 | 28,002 | (2) |
| Other miscellaneous | 8,200 | 8,200 | 3,312 | 4,888 |
| Total Senior Citizens Department | $ 956,779 | $ 969,779 | $ 886,776 | $ 83,003 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Community Services (continued) - | | | | |
| Communications Department - | | | | |
| Labor | $ 389,053 | $ 389,053 | $ 370,718 | $ 18,335 |
| Operation and maintenance | 35,776 | 35,776 | 10,956 | 24,820 |
| Supplies | 3,600 | 3,600 | 1,465 | 2,135 |
| Advertising supplies | 750 | 750 | 213 | 537 |
| Audio/video supplies | 24,000 | 24,000 | 34,274 | (10,274) |
| Insurance | 3,111 | 3,111 | 3,016 | 95 |
| Social Security taxes | 29,763 | 29,763 | 26,911 | 2,852 |
| Group insurance | 101,892 | 101,892 | 85,371 | 16,521 |
| Retirement | 33,256 | 33,256 | 33,873 | (617) |
| Utilities | 3,600 | 3,600 | 2,129 | 1,471 |
| Travel and subsistence | 1,700 | 1,700 | 799 | 901 |
| Association dues | 2,900 | 2,900 | 2,135 | 765 |
| Training personnel | 10,000 | 10,000 | 5,354 | 4,646 |
| Professional services | 16,000 | 16,000 | 16,500 | (500) |
| Capital outlay | 35,200 | 53,200 | 65,068 | (11,868) |
| Other miscellaneous | 36,700 | 36,700 | 27,330 | 9,370 |
| Total Communications Department | $ 727,301 | $ 745,301 | $ 686,112 | $ 59,189 |
| Total Community Services | $ 1,684,080 | $ 1,715,080 | $ 1,572,888 | $ 142,192 |
| Recreation - | | | | |
| Parks and Recreation Department - | | | | |
| Labor | $ 4,665,971 | $ 4,665,971 | $ 4,476,633 | $ 189,338 |
| Operation and maintenance | 772,661 | 772,661 | 862,411 | (89,750) |
| Supplies | 343,815 | 343,815 | 322,260 | 21,555 |
| Insurance | 256,835 | 256,835 | 288,769 | (31,934) |
| Social Security taxes | 357,282 | 357,282 | 331,585 | 25,697 |
| Group insurance | 739,475 | 739,475 | 660,066 | 79,409 |
| Retirement | 321,074 | 321,074 | 305,648 | 15,426 |
| Utilities | 1,072,990 | 1,072,990 | 915,859 | 157,131 |
| Travel and subsistence | 21,100 | 21,100 | 20,759 | 341 |
| Arts and humanities | 96,900 | 96,900 | 99,613 | (2,713) |
| Surveys and studies | | | 72,493 | (72,493) |
| Training personnel | 16,500 | 16,500 | 13,382 | 3,118 |
| Purchases for resale | 94,300 | 94,300 | 98,129 | (3,829) |
| Sales tax | 29,300 | 29,300 | 28,268 | 1,032 |
| Capital outlay | 3,897,404 | 3,897,404 | 2,401,061 | 1,496,343 |
| Miscellaneous grant expenditures | 5,050 | 5,050 | 1,348 | 3,702 |
| Other miscellaneous | 22,343 | 22,343 | 17,620 | 4,723 |
| Total Parks and Recreation Department | $ 12,713,000 | $ 12,713,000 | $ 10,915,904 | $ 1,797,096 |
| Public Golf Department - | | | | |
| Labor | $ 960,530 | $ 960,530 | $ 892,763 | $ 67,767 |
| Operations and maintenance | 59,535 | 59,535 | 59,739 | (204) |
| Material | 105,000 | 105,000 | 109,407 | (4,407) |
| Supplies | 76,928 | 76,928 | 56,027 | 20,901 |
| Insurance | 13,707 | 13,707 | 30,984 | (17,277) |
| Social Security taxes | 73,481 | 73,481 | 66,708 | 6,773 |
| Group insurance | 177,160 | 177,160 | 179,726 | (2,566) |
| Retirement | 80,401 | 80,401 | 76,430 | 3,971 |
| Utilities | 73,600 | 73,600 | 73,596 | 4 |
| Travel and subsistence | 2,300 | 2,300 | 1,762 | 538 |
| Training personnel | 1,200 | 1,200 | 903 | 297 |
| Items for resale | 299,751 | 299,751 | 292,700 | 7,051 |
| Capital outlay | 20,700 | 104,968 | 108,515 | (3,547) |
| Other miscellaneous expenses | 39,900 | 39,900 | 35,072 | 4,828 |
| Total Public Golf Department | $ 1,984,193 | $ 2,068,461 | $ 1,984,332 | $ 84,129 |
| Total Recreation | $ 14,697,193 | $ 14,781,461 | $ 12,900,236 | $ 1,881,225 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Community Development Department - | | | | |
| Administration | $ 119,807 | $ 151,091 | $ 151,299 | $ (208) |
| Housing rehabilitation | 429,577 | 349,577 | 161,218 | 188,359 |
| Housing assistance | 181,191 | 201,763 | 198,795 | 2,968 |
| Neighborhood Stabilization program | | | 488 | (488) |
| Emergency Solutions grant | 178,902 | 178,902 | 165,007 | 13,895 |
| Homeless assistance | 11,886 | 11,886 | 11,881 | 5 |
| THDA Home grant | 500,000 | | | |
| Property acquisition | 26,000 | 50,000 | 40,924 | 9,076 |
| Public facilities improvement | | 113,000 | | 113,000 |
| Other | 103,724 | 103,724 | 97,724 | 6,000 |
| Total Community Development Department | $ 1,551,087 | $ 1,159,943 | $ 827,336 | $ 332,607 |
| TOTAL EXPENDITURES | $ 95,501,510 | $ 95,185,366 | $ 88,995,111 | $ 6,190,255 |
| Excess of Revenues Over (Under) Expenditures | $ 23,272,916 | $ 23,197,916 | $ 30,771,776 | $ 7,573,860 |
| Other Financing Sources (Uses) - | | | | |
| Proceeds from the sale of land | | $ 75,000 | $ 2,762,510 | $ 2,687,510 |
| Transfers in (out) - | | | | |
| Murfreesboro Electric Department | $ 3,047,250 | 3,047,250 | 3,120,100 | 72,850 |
| Debt service fund | (26,397,595) | (26,397,595) | (26,371,574) | 26,021 |
| Murfreesboro City School System | (4,810,103) | (4,810,103) | (4,810,103) | |
| Drug fund | (100,000) | (100,000) | (97,973) | 2,027 |
| Total other financing sources (uses) | $ (28,260,448) | $ (28,185,448) | $ (25,397,040) | $ 2,788,408 |
| Net change in fund balance | $ (4,987,532) | $ (4,987,532) | $ 5,374,736 | $ 10,362,268 |
| Fund Balance at beginning of year, as previously stated | $ 56,249,193 | $ 56,249,193 | $ 56,249,193 | |
| Prior period adjustment | | | 314,178 | $ 314,178 |
| Fund Balance at beginning of year, as restated | $ 56,249,193 | $ 56,249,193 | $ 56,563,371 | $ 314,178 |
| Fund Balance at end of year | $ 51,261,661 | $ 51,261,661 | $ 61,938,107 | $ 10,676,446 |

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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Local intergovernmental revenues | $ 19,140,000 | $ 21,750,500 | $ 21,767,086 | $ 16,586 |
| State program revenues | 31,635,900 | 33,208,500 | 33,342,662 | 134,162 |
| Federal program revenues | 75,000 | 70,000 | 43,616 | (26,384) |
| Charges for services | 10,000 | 11,500 | 9,975 | (1,525) |
| Indigent children revenues | 3,477 | 3,477 | 3,477 | |
| Other local revenues | 392,750 | 440,500 | 489,350 | 48,850 |
| | $ 51,257,127 | $ 55,484,477 | $ 55,656,166 | $ 171,689 |
| Expenditures - | | | | |
| Regular instruction program | $ 35,616,373 | $ 35,616,373 | $ 31,994,847 | $ 3,621,526 |
| Special education program | 5,122,280 | 5,122,280 | 5,085,405 | 36,875 |
| Attendance | 79,274 | 79,274 | 69,945 | 9,329 |
| Health services | 583,057 | 583,057 | 560,080 | 22,977 |
| Other student support | 1,272,191 | 1,272,191 | 1,226,868 | 45,323 |
| Regular instruction program - support | 1,833,269 | 1,833,269 | 1,643,769 | 189,500 |
| Special education program - support | 585,913 | 585,913 | 585,881 | 32 |
| Board of education | 1,072,926 | 1,072,926 | 931,270 | 141,656 |
| Office of superintendent | 307,090 | 317,980 | 315,459 | 2,521 |
| Office of principal | 3,562,393 | 3,590,485 | 3,590,485 | |
| Fiscal services | 488,412 | 488,412 | 512,537 | (24,125) |
| Operation of plant | 4,883,613 | 4,883,613 | 4,586,985 | 296,628 |
| Maintenance of plant | 1,838,057 | 1,838,057 | 1,579,320 | 258,737 |
| Transportation | 2,292,056 | 2,292,056 | 2,014,891 | 277,165 |
| Information technology | 863,633 | 959,606 | 959,606 | |
| Community services | 434,382 | 434,382 | 392,785 | 41,597 |
| Early childhod education | 10,800 | 10,800 | 19 | 10,781 |
| Indigent children | 16,412 | 16,412 | 16,412 | |
| Personnel services | 245,335 | 245,335 | 227,998 | 17,337 |
| Capital outlay | 2,802,763 | 2,802,763 | 7,589,326 | (4,786,563) |
| | $ 63,910,229 | $ 64,045,184 | $ 63,883,888 | $ 161,296 |
| Excess of Revenues Over (Under) Expenditures | $ (12,653,102) | $ (8,560,707) | $ (8,227,722) | $ 332,985 |
| Other Financing Sources and (Uses) - | | | | |
| Debt proceeds | | | $ 179,450 | $ 179,450 |
| Transfers in | $ 4,810,103 | $ 4,810,103 | 4,810,103 | |
| Transfers out | | | (1,259,346) | (1,259,346) |
| | $ 4,810,103 | $ 4,810,103 | $ 3,730,207 | $ (1,079,896) |
| Net change in fund balance | $ (7,842,999) | $ (3,750,604) | $ (4,497,515) | $ (746,911) |
| Fund Balance at beginning of year, as previously stated | $ 9,256,544 | $ 9,256,544 | $ 9,256,544 | |
| Prior period adjustment | | | (1,945,714) | $ (1,945,714) |
| Fund Balance at beginning of year, as restated | $ 9,256,544 | $ 9,256,544 | $ 7,310,830 | $ (1,945,714) |
| Fund Balance at end of year | $ 1,413,545 | $ 5,505,940 | $ 2,813,315 | $ (2,692,625) |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Position**
**Proprietary Funds**

**June 30, 2015**

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Murfreesboro Water and Sewer | Murfreesboro Electric Department | Nonmajor Enterprise Funds | Totals | Internal Service Funds |
| ASSETS | | | | | |
| Current Assets - | | | | | |
| Cash and cash equivalents | $ 27,958,513 | $ 52,336,981 | $ 6,193,802 | $ 86,489,296 | $ 12,915,240 |
| Accounts receivable | 2,663,305 | 19,778,329 | 137,707 | 22,579,341 | |
| Grants receivable, net | 84,750 | | | 84,750 | |
| Due from others | | | | | 67,569 |
| Due from other funds | 463,011 | | | 463,011 | 36,376 |
| Inventories | 852,559 | 2,098,204 | 63,643 | 3,014,406 | 234,261 |
| Prepaid items and other assets | 262,434 | 209,314 | 25,731 | 497,479 | 38,270 |
| Total Current Assets | $ 32,284,572 | $ 74,422,828 | $ 6,420,883 | $ 113,128,283 | $ 13,291,716 |
| Noncurrent Assets - | | | | | |
| Restricted assets - | | | | | |
| Cash and cash equivalents | $ 28,659,579 | | | $ 28,659,579 | $ 225,860 |
| Certificates of deposit | | | | | 500,000 |
| Conservation loans receivable | | $ 1,612,389 | | 1,612,389 | |
| Other non-current assets | | 48,581 | | 48,581 | |
| Net pension asset | | 3,492,551 | | 3,492,551 | |
| Capital assets - | | | | | |
| Land and construction in progress | 53,896,620 | 10,452,170 | $ 1,134,694 | 65,483,484 | |
| Other capital assets, net of depreciation | 333,431,965 | 122,580,771 | 3,851,141 | 459,863,877 | |
| Total Noncurrent Assets | $ 415,988,164 | $ 138,186,462 | $ 4,985,835 | $ 559,160,461 | $ 725,860 |
| Total Assets | $ 448,272,736 | $ 212,609,290 | $ 11,406,718 | $ 672,288,744 | $ 14,017,576 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows of resources related to pensions | $ 950,035 | $ 1,215,922 | | $ 2,165,957 | |
| Deferred charge on refunding | | 42,950 | | 42,950 | |
| Total deferred outflows of resources | $ 950,035 | $ 1,258,872 | | $ 2,208,907 | |
| Total assets and deferred outflows of resources | $ 449,222,771 | $ 213,868,162 | $ 11,406,718 | $ 674,497,651 | $ 14,017,576 |
| LIABILITIES | | | | | |
| Current Liabilities - | | | | | |
| Accounts payable | $ 2,432,862 | $ 24,059,407 | $ 4,233 | $ 26,496,502 | $ 1,021,527 |
| Accrued and withheld liabilities | 237,621 | 714,335 | 4,760 | 956,716 | 8,689 |
| Due to other funds | 343,937 | | 1,403,082 | 1,747,019 | 6,831 |
| Unearned revenue | | | | | 22,802 |
| Deposits held | 535,001 | 7,869,443 | | 8,404,444 | |
| Compensated absences | 1,147,528 | | | 1,147,528 | |
| Claims and judgments payable | | | | | 2,500,303 |
| Bonds and loans payable | 8,191,444 | 982,000 | | 9,173,444 | |
| Total Current Liabilities | $ 12,888,393 | $ 33,625,185 | $ 1,412,075 | $ 47,925,653 | $ 3,560,152 |
| Noncurrent Liabilities - | | | | | |
| Compensated absences | $ 677,809 | $ 1,406,790 | | $ 2,084,599 | |
| Claims and judgments payable | | | | | $ 4,426,197 |
| Net pension liability | 920,819 | | | 920,819 | |
| Post-employment benefit obligation | 7,216,410 | 4,189,864 | | 11,406,274 | |
| Bonds and loans payable | 95,445,175 | 7,442,000 | | 102,887,175 | |
| Advances on conservation loans | | 1,666,370 | | 1,666,370 | |
| Other liabilities | | 649,694 | | 649,694 | |
| Total Noncurrent Liabilities | $ 104,260,213 | $ 15,354,718 | | $ 119,614,931 | $ 4,426,197 |
| Total Liabilities | $ 117,148,606 | $ 48,979,903 | $ 1,412,075 | $ 167,540,584 | $ 7,986,349 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Position (continued)**
**Proprietary Funds**

**June 30, 2015**

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Murfreesboro Water and Sewer | Murfreesboro Electric Department | Nonmajor Enterprise Funds | Totals | Internal Service Funds |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows of resources related to pensions | $ 1,412,190 | $ 3,813,488 | | $ 5,225,678 | |
| Total deferred outflows of resources | $ 1,412,190 | $ 3,813,488 | | $ 5,225,678 | |
| NET POSITION | | | | | |
| Net investment in capital assets | $ 283,691,966 | $ 124,002,197 | $ 4,985,835 | $ 412,679,998 | |
| Restricted for capital activity | 23,891,480 | | | 23,891,480 | |
| Restricted for debt service | 4,768,099 | | | 4,768,099 | |
| Unrestricted | 18,310,430 | 37,072,574 | 5,008,808 | 60,391,812 | $ 6,031,227 |
| Total Net Position | $ 330,661,975 | $ 161,074,771 | $ 9,994,643 | $ 501,731,389 | $ 6,031,227 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 449,222,771 | $ 213,868,162 | $ 11,406,718 | $ 674,497,651 | $ 14,017,576 |

| | |
|---|---|
| Total Proprietary Fund Net Position | $ 501,731,389 |
| Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds | 6,471,466 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | 281,774 |
| Net Position of Business-Type Activities | $ 508,484,629 |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Murfreesboro Water and Sewer | Murfreesboro Electric Department | Nonmajor Enterprise Funds | Totals | Internal Service Funds |
| Operating Revenues - | | | | | |
| Charges for services | $ 45,800,636 | $ 165,924,035 | $ 3,209,722 | $ 214,934,393 | $ 20,858,352 |
| Other revenues | | | | | 80,196 |
| | $ 45,800,636 | $ 165,924,035 | $ 3,209,722 | $ 214,934,393 | $ 20,938,548 |
| Operating Expenses - | | | | | |
| Power purchases | | $ 132,323,421 | | $ 132,323,421 | |
| Other operating expenses | $ 19,268,911 | 7,680,444 | $ 3,051,510 | 30,000,865 | $ 3,240,472 |
| Claims and administrative | | | | | 16,040,631 |
| Depreciation and amortization | 11,435,587 | 6,418,708 | 280,549 | 18,134,844 | |
| Maintenance and repairs | 1,336,516 | 2,244,797 | | 3,581,313 | |
| Taxes and tax equivalents | | 1,258,664 | | 1,258,664 | |
| | $ 32,041,014 | $ 149,926,034 | $ 3,332,059 | $ 185,299,107 | $ 19,281,103 |
| Operating Income (Loss) | $ 13,759,622 | $ 15,998,001 | $ (122,337) | $ 29,635,286 | $ 1,657,445 |
| Nonoperating Revenues - | | | | | |
| Grant revenue | $ 860,539 | | | $ 860,539 | |
| Interest | 74,245 | $ 85,729 | $ 13,985 | 173,959 | $ 14,618 |
| | $ 934,784 | $ 85,729 | $ 13,985 | $ 1,034,498 | $ 14,618 |
| Nonoperating Expenses - | | | | | |
| Interest | $ 1,683,097 | $ 190,084 | | $ 1,873,181 | |
| Loss on disposal of assets | 1,133,671 | | | 1,133,671 | |
| | $ 2,816,768 | $ 190,084 | | $ 3,006,852 | |
| Income (Loss) Before Capital Contributions and Transfers | $ 11,877,638 | $ 15,893,646 | $ (108,352) | $ 27,662,932 | $ 1,672,063 |
| Capital contributions | $ 5,091,435 | | | $ 5,091,435 | |
| Transfers in | | | $ 52,577 | 52,577 | |
| Transfers out | | $ (3,120,100) | | (3,120,100) | |
| | $ 5,091,435 | $ (3,120,100) | $ 52,577 | $ 2,023,912 | |
| Change in Net Position | $ 16,969,073 | $ 12,773,546 | $ (55,775) | $ 29,686,844 | $ 1,672,063 |
| Net Position at beginning of year as previously stated | $ 315,576,711 | $ 149,725,496 | $ 10,106,322 | $ 475,408,529 | $ 4,359,164 |
| Prior period adjustment | (1,883,809) | (1,424,271) | (55,904) | (3,363,984) | |
| Net Position at beginning of year, as restated | $ 313,692,902 | $ 148,301,225 | $ 10,050,418 | $ 472,044,545 | $ 4,359,164 |
| Net Position at end of year | $ 330,661,975 | $ 161,074,771 | $ 9,994,643 | $ 501,731,389 | $ 6,031,227 |
| Change in Net Position | | | | $ 29,686,844 | |
| Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds | | | | 1,394,228 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 271,511 | |
| Change in Net Position of Business-Type Activities | | | | $ 31,352,583 | |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Murfreesboro Water and Sewer | Murfreesboro Electric Department | Nonmajor Enterprise Funds | Totals | Internal Service Funds |
| Cash Flows from Operating Activities - | | | | | |
| Cash received from customers | $ 45,487,391 | $ 164,201,522 | $ 445,065 | $ 210,133,978 | |
| Cash payments to suppliers | (11,801,480) | (3,623,653) | (174,812) | (15,599,945) | $ (1,729,377) |
| Cash payments to employees | (8,398,545) | (6,325,478) | (284,903) | (15,008,926) | (877,646) |
| Cash payments to TVA for power | | (132,046,955) | | (132,046,955) | |
| Cash payments of property taxes | | (905,836) | | (905,836) | |
| Cash received from interfund services provided | | | | | 20,805,857 |
| Cash payments of claims and administrative expenses | | | | | (16,327,767) |
| Other receipts (payments) | | | 450,928 | 450,928 | (417,227) |
| Net Cash Provided (Used) by Operating Activities | $ 25,287,366 | $ 21,299,600 | $ 436,278 | $ 47,023,244 | $ 1,453,840 |
| Cash Flows from Noncapital Financing Activities - | | | | | |
| (Repays) advances on TVA conservation loans | | $ 933 | | $ 933 | |
| Transfers in | | | $ 52,577 | 52,577 | |
| Transfers out | | (3,120,100) | | (3,120,100) | |
| Net Cash Provided (Used) by Noncapital Financing Activities | | $ (3,119,167) | $ 52,577 | $ (3,066,590) | |
| Cash Flows from Capital and Related Financing Activities - | | | | | |
| Acquisition and construction of capital assets | $ (8,861,525) | $ (6,988,065) | $ (5,925) | $ (15,855,515) | |
| Net removal costs of capital assets | | (640,642) | | (640,642) | |
| Proceeds from sale of assets | 11,813 | | | 11,813 | |
| Principal payment on bonds and loans | (9,073,633) | (1,130,769) | | (10,204,402) | |
| Amortization of bond premium | (168,001) | | | (168,001) | |
| Interest paid on bonds and loans | (1,683,094) | (190,694) | | (1,873,788) | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | $ (19,774,440) | $ (8,950,170) | $ (5,925) | $ (28,730,535) | |
| Cash Flows From Investing Activities - | | | | | |
| Interest received | $ 74,245 | $ 85,729 | $ 13,985 | $ 173,959 | $ 17,241 |
| Net Cash Provided (Used) by Investing Activities | $ 74,245 | $ 85,729 | $ 13,985 | $ 173,959 | $ 17,241 |
| Net Increase (Decrease) in Cash and Cash Equivalents | $ 5,587,171 | $ 9,315,992 | $ 496,915 | $ 15,400,078 | $ 1,471,081 |
| Cash and Cash Equivalents at Beginning of Year | 51,030,921 | 43,020,989 | 5,696,887 | 99,748,797 | 11,670,019 |
| Cash and Cash Equivalents at End of Year | $ 56,618,092 | $ 52,336,981 | $ 6,193,802 | $ 115,148,875 | $ 13,141,100 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Murfreesboro Water and Sewer | Murfreesboro Electric Department | Nonmajor Enterprise Funds | Totals | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating income (loss) | $ 13,759,622 | $ 15,998,001 | $ (122,337) | $ 29,635,286 | $ 1,657,445 |
| Adjustments to reconcile net earnings to net cash provided (used) by operating activities | | | | | |
| Depreciation and amortization | 11,527,338 | 6,600,046 | 280,549 | 18,407,933 | |
| Pension expense (benefit) | | | | | |
| Provision for doubtful accounts | 374,472 | | | 374,472 | |
| Changes in assets and deferred outflows, and liabilities and deferrred inflows | | | | | |
| Accounts receivable | (313,246) | (2,431,184) | 6,446 | (2,737,984) | |
| Due from other funds | 2,292,249 | | 2,723,248 | 5,015,497 | (20,807) |
| Inventory | (141,546) | 307,649 | 2,000 | 168,103 | (38,492) |
| Prepaid items and other current assets | (47,145) | 48,035 | (11,350) | (10,460) | 239,283 |
| Conservation loans receivable | | 14,553 | | 14,553 | |
| Net pension asset | | (2,477,059) | | (2,477,059) | |
| Other noncurrent assets | | 124,230 | | 124,230 | |
| Deferred outflows related to pensions | (950,035) | (1,215,922) | | (2,165,957) | |
| Accounts payable | 371,467 | 559,029 | (26,149) | 904,347 | (172,381) |
| Claims and judgments payable | | | | | (188,000) |
| Due to other funds | (2,939,071) | | (2,415,127) | (5,354,198) | (28,695) |
| Accrued and withheld liabilities | 19,326 | 55,495 | (1,002) | 73,819 | 5,487 |
| Net pension liability | (962,990) | | | (962,990) | |
| Post-employment benefit obligation | 823,766 | 647,198 | | 1,470,964 | |
| Other liabilities | | | | | |
| Deposits | 12,898 | 706,118 | | 719,016 | |
| Accrued compensated absences | 48,071 | 60,959 | | 109,030 | |
| Deferred inflows related to pensions | 1,412,190 | 2,302,452 | | 3,714,642 | |
| Net Cash Provided (Used) by Operating Activities | $ 25,287,366 | $ 21,299,600 | $ 436,278 | $ 47,023,244 | $ 1,453,840 |
| Non-Cash Capital and Related Financing Activities - | | | | | |
| Utility acquisition debt incurred | | $ 189,248 | | $ 189,248 | |
| Contributions in aid of construction | $ 5,091,345 | | | 5,091,345 | |
| Assets provided by issuance of long-term debt | 16,640,650 | | | 16,640,650 | |
| Principal forgiveness of State of Tennesee revolving loans | 1,171,831 | | | 1,171,831 | |
| Capital asset transfers and acquisitions from other funds | | | $ 531,849 | 531,849 | |
| | $ 22,903,826 | $ 189,248 | $ 531,849 | $ 5,812,442 | |
| Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position - | | | | | |
| Cash and Cash Equivalents | $ 27,958,513 | $ 52,336,981 | $ 6,193,802 | $ 86,489,296 | $ 12,915,240 |
| Cash and Cash Equivalents - Restricted | 28,659,579 | | | 28,659,579 | 225,860 |
| Cash and Cash Equivalents at End of Year | $ 56,618,092 | $ 52,336,981 | $ 6,193,802 | $ 115,148,875 | $ 13,141,100 |
| Reconciliation of Depreciation and Amortization Expense per Statement of Revenues, Expenses, and Changes in Net Position to Expense per Statement of Cash Flows - | | | | | |
| Depreciation and amortization expense per Statement of Revenues, Expenses, and Changes in Net Position | $ 11,435,587 | $ 6,418,708 | $ 280,549 | $ 18,134,844 | |
| Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenues, Expenses, and Changes in Net Position | 91,751 | 181,338 | | 273,089 | |
| Depreciation and amortization expense per Statement of Cash Flows | $ 11,527,338 | $ 6,600,046 | $ 280,549 | $ 18,407,933 | |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Pension Trust Funds | Extended School Program Private Purpose Trust Fund | School Activity Agency Fund |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 1,525,153 | $ 3,009 | $ 587,926 |
| Certificates of deposit | | 159,709 | 10,000 |
| Investments, at fair value | | | |
| Certificates of deposit | 964,699 | | |
| Mutual funds | 97,568,760 | | |
| U.S. Government notes and bonds | 378,444 | | |
| Municipal notes and bonds | 695,964 | | |
| Corporate notes and bonds | 13,802,936 | | |
| Common stock | 26,261,802 | | |
| Accrued interest receivable | 205,021 | | |
| Other receivables | 2,460 | | 4,211 |
| Inventory | | | 3,263 |
| | $ 141,405,239 | $ 162,718 | $ 605,400 |
| LIABILITIES | | | |
| Due to others | | | $ 605,400 |
| | | | $ 605,400 |
| NET POSITION | | | |
| Net Position - | | | |
| Held in trust for pension benefits and other purposes | $ 141,405,239 | $ 162,718 | $ - 0 - |

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Pension Trust Funds | Extended School Program Private Purpose Trust Fund |
|---|---|---|
| Additions - | | |
| Contributions - | | |
| Employer | $ 5,668,997 | |
| Investment income- | | |
| Net appreciation in fair value of investments | $ (5,513,456) | |
| Interest | 506,036 | $ 481 |
| Dividends | 3,383,602 | |
| Miscellaneous income | 1,585 | |
| Total investment income | $ (1,622,233) | $ 481 |
| Less investment fees | (92,549) | |
| Net investment income | $ (1,714,782) | $ 481 |
| Total additions | $ 3,954,215 | $ 481 |
| Deductions - | | |
| Benefits to participants | $ 4,839,215 | $ -0- |
| Total deductions | $ 4,839,215 | $ -0- |
| Net Increase (Decrease) | $ (885,000) | $ 481 |
| Net Position Held in Trust for Pension Benefits - | | |
| Beginning of year , as previously stated | $ 142,417,838 | $ 162,237 |
| Prior period adjustment | (127,599) | |
| Beginning of year, as restated | $ 142,290,239 | $ 162,237 |
| End of year | $ 141,405,239 | $ 162,718 |

See notes to financial statements.

## Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Murfreesboro, Tennessee (the "City") was first chartered by the Tennessee General Assembly (State Legislature) in 1811. The present charter was granted in 1931 and has been amended as needed. The City operates under a Council-Manager form of government. The City's major operations include police and fire protection, parks, education, recreation, public works and general administrative services. In addition, the City owns and operates a water and sewer system and an electric utility.

### Description of Government-wide Financial Statements

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

### Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Murfreesboro, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Murfreesboro has no component units.

Complete financial statements of individual departments, considered part of the primary government, can be obtained from the administrative offices in the following locations:

Murfreesboro City Schools Central Office
2552 South Church Street
Murfreesboro

Evergreen Cemetery
519 Greenland Drive
Murfreesboro

Murfreesboro Electric Department
205 North Maple Street
Murfreesboro

Murfreesboro Water and Sewer Department
300 Northwest Broad Street
Murfreesboro

### Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## 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 legally restricted to expenditures for education.

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

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

The City reports the following major proprietary funds:

Murfreesboro Water and Sewer Fund – The Water and Sewer fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Murfreesboro Electric Department Fund – The Electric Department fund accounts for the revenue and costs for providing electric utility service for the residential and commercial concerns of the City.

Additionally, the government reports the following fund types:

Internal Service Funds – The internal service funds consist of a *fleet services fund* that accounts for fleet and equipment management to other departments or agencies of the government on a cost reimbursement basis, a *risk management fund* that accounts for revenues and costs associated with the City's self-funded liability and workers' compensation insurance programs, and an *insurance fund* that accounts for revenues and costs associated with the City's self-funded group health insurance plan.

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

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.

## 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.

## 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 and sewer fund and the electric department fund and of the City's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgetary Basis of Accounting**

Budgets and Budgetary Accounting – General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations.

Budgets have been adopted for the following funds:

General Fund

Debt Service Funds

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

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

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.

## 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 Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

### Implementation of Accounting Pronouncement – GASB No. 68 and GASB No. 71

During the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date –an Amendment of GASB Statement No. 68*.

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 71 addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing to a defined benefit pension plan after the measurement date of the government's beginning net pension plan.

### Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

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

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

Inventories – Inventories held by the Electric Department are stated at average cost on a first-in, first-out basis. Water and Sewer Department and Special Revenue Fund inventories are stated at cost on a first-in, first-out basis. The cost of inventories is recorded as expenditures when consumed.

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 and Sewer | Total |
| Restricted assets - | | | | | |
| Cash and cash equivalents | $ 886,796 | $ 26,995,854 | $ 5,174,114 | $ 28,659,579 | $ 61,716,343 |
| Investments | | | 1,958,768 | | 1,958,768 |
| | $ 886,796 | $ 26,995,854 | $ 7,132,882 | $ 28,659,579 | $ 63,675,111 |

## 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 restricted funds in the general fund at June 30, 2015 is $886,796.

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, 2015 is $26,995,854.

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 $352,786 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2015. 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, 2015, $52,577 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, 2015 is $1,958,768.

In addition, included in restricted cash in the Capital Improvement and Contingency Fund is $4,821,328 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 and Sewer Department has restricted certain funds. At June 30, 2015, Water and Sewer connection fees in the amount of $17,908,916 are restricted for new development and construction. The funds are to be appropriated at the recommendation of the Water and Sewer Board to the City Council. The reserve sinking fund was required by the U.S. Army Corp of Engineers in the contract for the Water and Sewer Department to pump water from Percy Priest Lake. The total amount restricted for this purpose is $336,484. The interest income reserve was set up by the Water and Sewer Board to reserve interest earned on nonoperational funds so it would not be used in the rate structure. The interest income reserve was established to segregate investment earnings from operating cash. This money can be used to fund future construction upon board approval. At June 30, 2015, $2,671,080 was restricted for this purpose. Certain other amounts have been restricted for future year debt payments. The future debt reserve was established by the Water and Sewer Board. At June 30, 1992, the Board determined that the restricted bond fund was adequately funded and therefore, no additional funding has been made. The amount of reserve for future year debt payments at June 30, 2015 is $4,768,099. A repair and replacement fund in the amount of $2,975,000 was established to be used specifically for approved capital improvements, both current and anticipated expansions, and major repairs and replacements of existing plant to include emergency contingencies for major catastrophes and acts of God (lightning, wind, etc.).

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

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

Restricted Assets – Internal Service Funds –

As a self-insured employer for the City's workers' compensation obligation, the City of Murfreesboro is required to comply with Tennessee Code Annotated 50-6-405(b) and any applicable rules. As of January 1, 2005, all self-insured are required to maintain security in an amount not less than five hundred thousand ($500,000) pursuant to Tennessee Code Annotated 50-6-405(b)(1). Accordingly at June 30, 2015, the City of Murfreesboro's Risk Management Fund has $500,000 in a certificate of deposit which is restricted in this manner. In addition, the Insurance Fund has $225,860 in cash restricted for claims.

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

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

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

Total depreciation and amortization expense for proprietary funds amounted to $18,407,933 for the year ended June 30, 2015. 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:

| | Total Proprietary Funds |
|---|---|
| Depreciation and amortization on statement of cash flows | $ 18,407,933 |
| Depreciation and amortization on statement of revenues, expenses, and changes in net position | 18,134,844 |
| Difference (depreciation charged to other operating expense accounts) | $ 273,089 |

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.

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

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

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 |

Allowance for Uncollectible Accounts – The City's allowance for estimated uncollectible receivables at June 30, 2015 is as follows:

| | General Fund | Water and Sewer | Evergreen Cemetery |
|---|---|---|---|
| Allowance for - | | | |
| Taxes Receivable | $ 1,980,486 | | |
| Other | 3,136,749 | | |
| Accounts Receivable | | $ 265,305 | $ 10,238 |

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

Long-term Debt – In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond and loan issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond and loan issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 and deferred contributions on pension plans. A deferred charge on refunding results from the difference in the carrying amount of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred contributions for the pension plans were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

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

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

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, 2015, will not be available for collection until fiscal year 2016, beginning October 2015, and also qualifies for reporting on the statement of net position. In addition, other amounts such as developer fees, program income and certain other amounts are not available until future periods and therefore are reported as deferred inflows in the statement of net position as well as on the governmental funds balance sheet. The third item arises due to amounts received in advance of meeting timing requirements, such as from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available (unavailable revenue) and when the timing requirements are met (amounts received in advance). The last item relates to certain amounts related to pensions that must be deferred. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions are deferred and amortized over the expected remaining service lives of employees.

Estimates – Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

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

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

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

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

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

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

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

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

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

Spending Policy – Revenues earned may be restricted, committed, assigned or unassigned depending on the fund type. If there is no provision in a grantor agreement regarding earnings on grant proceeds reported in the general fund, earnings will be unassigned for use of the general fund. If a grant agreement involves a local match, the match will be considered assigned for the purpose of the grant by the Mayor and Council upon approval of the grant.

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

| | General Fund | General Purpose School Fund | Debt Service Fund | TMBF / Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Summary for Governmental Funds Balance Sheet | | | | | | |
| Nonspendable | $ 828,550 | | | | $ 2,063,648 | $ 2,892,198 |
| Restricted | 2,574,940 | | | $ 24,707,177 | 7,023,163 | 34,305,280 |
| Committed | 11,415 | $ 1,234,573 | | | 3,552,085 | 4,798,073 |
| Assigned | 4,550,786 | 1,578,742 | $ 2,776,002 | | 419,261 | 9,324,791 |
| Unassigned | 53,972,416 | | | (1,317,050) | | 52,655,366 |
| Total fund balances | $ 61,938,107 | $ 2,813,315 | $ 2,776,002 | $ 23,390,127 | $ 13,058,157 | $ 103,975,708 |

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

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

Fund balance classifications at June 30, 2015 are as follows:

| | General Fund | General Purpose School Fund | Debt Service Fund | TMBF/Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Fund balances: | | | | | | |
| Nonspendable | | | | | | |
| Fuel inventory | $ 108,600 | | | | | $ 108,600 |
| Golf inventory | 91,283 | | | | | 91,283 |
| Airport inventory | | | | | $ 42,690 | 42,690 |
| Cafeteria inventory | | | | | 80,864 | 80,864 |
| Prepaids | 628,667 | | | | | 628,667 |
| Permanent fund | | | | | 1,940,094 | 1,940,094 |
| Restricted | | | | | | |
| State road projects | 350,635 | | | | | 350,635 |
| Law enforcement | 121,626 | | | | 339,606 | 461,232 |
| Section 125 | 19,552 | | | | | 19,552 |
| Recreation projects | 67,799 | | | | | 67,799 |
| State street aid | 2,015,328 | | | | | 2,015,328 |
| Capital projects | | | | $ 24,707,177 | | 24,707,177 |
| Education capital projects | | | | | 4,820,016 | 4,820,016 |
| Education | | | | | 1,716,937 | 1,716,937 |
| School cafeteria | | | | | 146,604 | 146,604 |
| Committed | | | | | | |
| State street aid | 11,332 | | | | | 11,332 |
| Law enforcement | | | | | 517,436 | 517,436 |
| Airport | | | | | 415,061 | 415,061 |
| Community development | 83 | | | | | 83 |
| Education | | $ 1,234,573 | | | | 1,234,573 |
| School cafeteria | | | | | 347,858 | 347,858 |
| Capital improvement | | | | | 1,062,269 | 1,062,269 |
| Extended school program | | | | | 1,209,461 | 1,209,461 |
| Assigned | | | | | | |
| Recreation projects | 14,574 | | | | | 14,574 |
| Education | | 1,578,742 | | | | 1,578,742 |
| Budgetary assignment | 4,536,212 | | | | | 4,536,212 |
| Debt service | | | $ 2,776,002 | | | 2,776,002 |
| Cemetery operations | | | | | 419,261 | 419,261 |
| Unassigned | 53,972,416 | | | (1,317,050) | | 52,655,366 |
| | $ 61,938,107 | $ 2,813,315 | $ 2,776,002 | $ 23,390,127 | $ 13,058,157 | $ 103,975,708 |

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

**Revenues and Expenditures/Expenses**

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

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

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

Reclassifications – Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $271,933,947 difference are as follows:

| | | |
|---|---|---|
| General Government - | | |
| General Obligation refunding bonds | $ | 45,940,000 |
| Add: Unamortized Premium | | 4,768,062 |
| Bank loan | | 1,250,000 |
| TMBF loans payable | | 156,268,144 |
| Accrued interest payable | | 556,554 |
| Energy Efficient School Loan | | 1,378,415 |
| Landfill post-closure costs | | 1,162,000 |
| Compensated absences | | 9,633,212 |
| Net pension liability | | 4,242,450 |
| Post-employment benefit obligation | | 46,735,110 |
| Net adjustment | $ | 271,933,947 |

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

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 $(9,840,368) 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 | $ | 7,572,107 |
| Deferred experience income or loss pension plans | | 991,093 |
| Deferred outflows related to pensions | $ | 8,563,200 |
| Certain amounts related to net pension liability are deferred and amortized over time. These are not reported in the funds: | | |
| Net differences between projected and actual investments | $ | (18,403,568) |
| Deferred inflows related to pensions | $ | (18,403,568) |
| Net adjustment | $ | (9,840,368) |

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide financial statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period."

The details of this $8,784,167 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 29,391,941 |
| Depreciation | | (20,607,774) |
| Net adjustment | $ | 8,784,167 |

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 $1,405,692 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. | $ | (982,160) |
| Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | | 2,387,852 |
| Net adjustment | $ | 1,405,692 |

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

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $22,829,280 difference are as follows:

| | | |
|---|---|---|
| Debt issued or incurred | | $ (2,646,853) |
| Amortization of premium | | 725,505 |
| Principal repayments | | 24,670,628 |
| Decrease in landfill liability | | 80,000 |
| | Net adjustment | $ 22,829,280 |

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 $ (957,670) difference are as follows:

| | | |
|---|---|---|
| Change in compensated absences | | $ (200,874) |
| Change in accrued interest | | 52,859 |
| Change in pension expense | | |
| Actuarially determined pension expense | | (2,187,035) |
| Contributions expensed per fund statements | | 7,572,107 |
| Adjustment of prior year net pension obligation | | 244,962 |
| Change in OPEB liability | | (6,439,689) |
| | Net adjustment | $ (957,670) |

**Note C – REGULATED OPERATIONS**

The Water and Sewer Department follows the accounting and reporting requirements of GASB 62 paragraphs 476-500, which require that the effects of certain ratemaking processes be recorded in the financial statements. Such effects primarily concern the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. Accordingly, the Water and Sewer Department records various regulatory assets and liabilities to reflect the regulator's actions. Management believes that the Department meets the criteria for continued application of GASB 62 paragraphs 476-500, but will continue to evaluate its applicability based on changes in the regulatory and competitive environment.

**Note D – RELATED ORGANIZATIONS**

The City Council is also responsible for appointing or approving appointments to the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints or approves appointments to the boards of the Murfreesboro Housing Authority and the Linebaugh Public Library System.

## Note E – CASH AND INVESTMENTS

Investments – As of June 30, 2015, the City had the following investments and maturities:

| | | Fair Value | Investment Maturities in Years <1 | 1-5 | 6-10 |
|---|---|---|---|---|---|
| Employee Pension Plan - | | | | | |
| Municipal Bonds | | $ 695,964 | | | $ 695,964 |
| Corporate Bonds & Notes | | 6,149,175 | $ 1,364,752 | $ 1,932,216 | 2,852,207 |
| | Total | $ 6,845,139 | $ 1,364,752 | $ 1,932,216 | $ 3,548,171 |
| Electric Department Pension Plan - | | | | | |
| U.S. Government Bonds & Notes | | $ 378,444 | | | $ 378,444 |
| Corporate Bonds & Notes | | 7,653,761 | $ 2,177,455 | 3,533,883 | 1,942,423 |
| | Total | $ 8,032,205 | $ 2,177,455 | $ 3,533,883 | $ 2,320,867 |
| Perpetual Care Cemetery Fund - | | | | | |
| Corporate Bonds & Notes | | $ 1,256,327 | $ 410,501 | $ 646,454 | $ 199,372 |
| | Total | $ 1,256,327 | $ 410,501 | $ 646,454 | $ 199,372 |

State statutes authorize the City to invest operating funds in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. Investments held by employee pension plans are limited to those types allowed by plan documents.

Interest rate risk – The City does not have a formal policy to limit exposure to interest rate risk for investments.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2015, 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, 2015.

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

Credit risk –The City does not have a formal policy related to credit risk. However, the pension committee has an investment directive for its investments to maintain an overall credit quality of "A" for its portfolio. At June 30, 2015, 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, 2015, the City had investments in corporate bonds rated by Moody's as presented as follows:

| | Fair Value: Corporate Bonds & Notes | | |
|---|---|---|---|
| Moody's Rating | City's Pension Plan | Electric Department Pension Plan | Perpetual Care Cemetery |
| A1 | $ 454,625 | $ 531,899 | $ 151,245 |
| A2 | 415,124 | 258,134 | 91,821 |
| A3 | 984,570 | 2,082,977 | 379,137 |
| AA1 | 320,468 | 191,324 | |
| AA2 | | 168,954 | |
| AA3 | 149,779 | 209,490 | |
| BA3 | | 276,750 | |
| BAA1 | 2,231,108 | 2,526,731 | 358,437 |
| BAA2 | 676,857 | 679,843 | 50,625 |
| BAA3 | 1,066,423 | 1,106,103 | 225,062 |
| NR | 546,185 | | |
| | $ 6,845,139 | $ 8,032,205 | $ 1,256,327 |

NR=not rated

Custodial credit risk - investments – For an investment, this is the risk that, in the event of the failure of a counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. Of the investment in corporate bonds and notes and municipal bonds and notes, $6,845,139, $8,032,205 and $1,256,327 of the City's Employee Pension Plan, Electric Department Pension Plan and Evergreen Cemetery fund, respectively, are uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent, but not in the City's name.

## Note F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

| Governmental activities | Balance July 1, 2014 | Increases | Adjustments Decreases | Balance June 30, 2015 |
|---|---|---|---|---|
| Capital assets, not being depreciated - | | | | |
| Land | $ 249,070,983 | $ 1,816,335 | $ 544,918 | $ 250,342,400 |
| Construction in progress | 50,538,299 | 26,150,392 | 38,721,641 | 37,967,050 |
| Subtotal | $ 299,609,282 | $ 27,966,727 | $ 39,266,559 | $ 288,309,450 |
| Capital assets, being depreciated - | | | | |
| Buildings | $ 131,317,697 | $ 21,144,170 | $ 317,329 | $ 152,144,538 |
| Improvements other than buildings | 81,074,718 | 1,262,141 | 41,264 | 82,295,595 |
| Equipment | 69,940,833 | 9,281,048 | 3,648,266 | 75,573,615 |
| Computer software | 2,200,415 | 13,628 | 191,107 | 2,022,936 |
| Infrastructure | 327,110,027 | 11,098,696 | 82,469 | 338,126,254 |
| Subtotal | $ 611,643,690 | $ 42,799,683 | $ 4,280,435 | $ 650,162,938 |
| Less accumulated depreciation | | | | |
| Buildings | $ (40,688,051) | $ (3,209,179) | $ 34,889 | $ (43,932,119) |
| Improvements other than buildings | (35,130,808) | (3,594,024) | (41,264) | (38,683,568) |
| Equipment | (37,755,347) | (6,047,813) | (3,380,735) | (40,422,425) |
| Computer software | (902,991) | (163,174) | (191,107) | (875,058) |
| Infrastructure | (86,229,180) | (7,593,584) | | (93,822,764) |
| Subtotal | $ (200,706,377) | $ (20,607,774) | $ (3,578,217) | $ (217,735,934) |
| Capital assets, being depreciated, net | $ 410,937,313 | $ 22,191,909 | $ 702,218 | $ 432,427,004 |
| Capital assets, net | $ 710,546,595 | $ 50,158,636 | $ 39,968,777 | $ 720,736,454 |

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

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

| | |
|---|---|
| Governmental activities - | |
| General government | $ 550,734 |
| Police | 1,074,566 |
| Fire and rescue | 922,135 |
| Judicial | 3,266 |
| Engineering | 7,696,263 |
| Building and codes | 2,220 |
| Solid waste | 854,514 |
| Transportation | 337,428 |
| Urban environmental | 33,317 |
| Public health, education and welfare | 102,343 |
| Community services | 302,398 |
| Recreation | 3,839,250 |
| Education | 4,889,340 |
| Total governmental activities depreciation expense | $ 20,607,774 |

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 |
|---|---|---|---|---|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | $ 22,899,504 | $ 527,559 | $ 499,942 | $ 22,927,121 |
| Construction in progress | 30,494,766 | 32,434,567 | 20,372,970 | 42,556,363 |
| Subtotal | $ 53,394,270 | $ 32,962,126 | $ 20,872,912 | $ 65,483,484 |
| Capital assets, being depreciated - | | | | |
| Structures and improvements | $ 104,107,299 | $ 1,219,382 | $ 517,009 | $ 104,809,672 |
| Transmission and distribution mains | 313,830,311 | 13,808,368 | 39,381 | 327,599,298 |
| Electric plant | 163,204,945 | 8,785,979 | 481,389 | 171,509,535 |
| Equipment | 56,169,135 | 2,015,941 | 2,899,268 | 55,285,808 |
| Subtotal | $ 637,311,690 | $ 25,829,670 | $ 3,937,047 | $ 659,204,313 |
| Less: accumulated depreciation - | | | | |
| Structures and improvements | $ (24,197,217) | $ (2,762,493) | $ (455,310) | $ (26,504,400) |
| Transmission and distribution mains | (82,016,577) | (6,019,504) | (20,117) | (88,015,964) |
| Electric plant | (48,259,468) | (6,162,233) | (2,256,002) | (52,165,699) |
| Equipment | (31,424,858) | (3,481,762) | (2,252,247) | (32,654,373) |
| | $ (185,898,120) | $ (18,425,992) | $ (4,983,676) | $ (199,340,436) |
| Capital assets, being depreciated, net | $ 451,413,570 | $ 7,403,678 | $ (1,046,629) | $ 459,863,877 |
| Capital assets, net | $ 504,807,840 | $ 40,365,804 | $ 19,826,283 | $ 525,347,361 |

## Note F – CAPITAL ASSETS (continued)

The Murfreesboro Electric Department follows the Federal Energy Regulatory Commission's unique system of accounting which is required for TVA distributors. Accordingly, when a plant asset is of a depreciable class the cost of removal shall be charged to the accumulated provision for depreciation applicable to such property. Removal costs charged to accumulated depreciation for the fiscal year ended June 30, 2015 are $952,920.

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

| | |
|---|---|
| Business-type activities: | |
| Water and sewer | $ 11,527,338 |
| Electric | 6,618,105 |
| Cemetery | 27,628 |
| Stormwater fund | 252,921 |
| Total business-type activities depreciation expense | $ 18,425,992 |

## Note G – LONG-TERM LIABILITIES

General Obligation Refunding Bonds – In the year ended June 30, 2010, the City of Murfreesboro refinanced five of its Tennessee Municipal Bond Fund Loans by issuing $65,855,000 in general obligation refunding bonds with a maturity date of June 1, 2020 and bearing fixed rates ranging from 2.00% to 5.00%. Certain bonds are subject to federal arbitrage regulations. The Tennessee Municipal Bond Fund Loans were refinanced to reduce the risk of rising interest rates by converting variable rate debt to fixed rate debt. During the fiscal year ended June 30, 2014, the City of Murfreesboro issued $29,355,000 with a maturity of June 30, 2029 and bearing fixed rates ranging from 1.00% to 5.00%.

| Year Ending June 30, | Governmental Activities | |
|---|---|---|
| | Principal | Interest |
| 2016 | $ 5,460,000 | $ 1,842,588 |
| 2017 | 5,680,000 | 1,601,687 |
| 2018 | 5,915,000 | 1,350,688 |
| 2019 | 5,780,000 | 1,105,937 |
| 2020 | 3,660,000 | 816,938 |
| 2021-2025 | 10,015,000 | 2,712,687 |
| 2026-2029 | 9,430,000 | 753,400 |
| | $ 45,940,000 | $ 10,183,925 |

Revenue and Tax Refunding Bonds – During the year ended June 30, 2010, the Electric Department and the Water and Sewer Department refinanced several of their Tennessee Municipal Fund Bond Loans by issuing $15,445,000 and $40,860,000, respectively, in revenue and tax refunding bonds in conjunction with the City of Murfreesboro with maturity dates the same dates as the original Tennessee Municipal Fund Bonds. The maturities for the revenue and tax bonds for the Electric Department range from 2015-2021 and bear interest at fixed rates ranging from 2.00% to 3.38%. The maturities for the revenue and tax bonds for the Water and Sewer Department range from 2015-2026 and bear interest at rates ranging from 2.00% to 5.00%. The new bonds are secured by a pledge of net revenues from operations. During the year ended June 30, 2013, the Water and Sewer Department borrowed $28,610,000 in revenue and tax refunding bonds and paid off State of Tennessee revolving loans. The 2013 revenue and tax refunding bonds are payable from 2014 through 2021 at a fixed rate of 1.31%.

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

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

| Purpose | Interest Rates | Amount |
|---|---|---|
| Electric Department – Series 2009 | 2.00-3.38% | $ 2,125,000 |
| Water and Sewer Department – Series 2009 | 2.00-5.00% | 26,815,000 |
| Water and Sewer Department – Series 2013 | 1.31% | 21,755,000 |
| | | $ 50,695,000 |

Maturities of the revenue bonds are as follows:

| Year Ending June 30, | Business-type Activities Principal | Business-type Activities Interest |
|---|---|---|
| 2016 | $ 6,035,000 | $ 1,507,291 |
| 2017 | 6,150,000 | 1,377,460 |
| 2018 | 6,320,000 | 1,207,839 |
| 2019 | 6,485,000 | 1,031,679 |
| 2020 | 6,660,000 | 848,864 |
| 2021-2025 | 17,285,000 | 1,919,485 |
| 2026 | 1,760,000 | 70,400 |
| | $ 50,695,000 | $ 7,963,018 |

Tennessee Municipal Bond Fund Loans

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

| Purpose | Interest Rates | |
|---|---|---|
| Governmental activities | Variable | $ 79,669,144 |
| Governmental activities | 2.89% | 36,812,000 |
| Governmental activities | 2.17% | 36,079,000 |
| Governmental activities | 1.25% | 3,708,000 |
| | | $ 156,268,144 |
| Business-type activities | Variable | 39,238,000 |
| | | $ 195,506,144 |

Annual debt service requirements to maturity are as follows:

| TMBF Loans Year Ending June 30, | Governmental Activities Principal | Governmental Activities Interest | Business-type Activities Principal | Business-type Activities Interest |
|---|---|---|---|---|
| 2016 | $ 17,984,925 | $ 2,279,228 | $ 2,973,000 | $ 1,340,349 |
| 2017 | 17,441,000 | 2,058,528 | 3,104,000 | 1,239,540 |
| 2018 | 17,503,313 | 1,838,058 | 3,241,000 | 1,134,373 |
| 2019 | 16,427,000 | 1,616,590 | 3,385,000 | 1,024,636 |
| 2020 | 16,991,000 | 1,402,104 | 3,535,000 | 910,092 |
| 2021-2025 | 56,839,906 | 3,934,693 | 17,034,000 | 2,671,616 |
| 2026-2027 | 13,081,000 | 359,168 | 5,966,000 | 176,781 |
| | $ 156,268,144 | $ 13,488,369 | $ 39,238,000 | $ 8,497,387 |

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

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

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

Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | Governmental Activities Principal |
|---|---|
| 2016 | $ 197,148 |
| 2017 | 197,148 |
| 2018 | 197,148 |
| 2019 | 197,148 |
| 2020 | 197,148 |
| 2021-2023 | 392,675 |
| | $ 1,378,415 |

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

Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | Governmental Activities | |
|---|---|---|
| | Principal | Interest |
| 2016 | $ 315,000 | $ 17,480 |
| 2017 | 315,000 | 12,440 |
| 2018 | 320,000 | 7,360 |
| 2019 | 155,000 | 3,560 |
| 2020 | 145,000 | 1,160 |
| | $ 1,250,000 | $ 42,000 |

State Revolving Loans – The Water and Sewer borrowed a total of $5,714,363 from the State of Tennessee on three revolving loans for capital projects in the prior fiscal year. During the year ended June 30, 2015, the Department borrowed an additional $16,640,650 from the State of Tennessee on three revolving loans for capital projects. Under the terms of the debt agreement the Department will have portion of the loans forgiven by the State of Tennessee. During the year 1,171,831 of the borrowings on the revolving loans had been forgiven. The total outstanding balance of the revolving loans at June 30, 2015 is $20,172,609. These loans bear interest at an annual interest rate of .93%. 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 complete.

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

State Revolving Loans (continued)

Two of the projects were not considered substantially completed as of June 30, 2015. Upon completion of the two capital projects the loans will be converted to term loans with repayment to be made over a 20 year period with estimated monthly principal and interest requirements of $35,395 and $105,059, respectively. During November 2014, one of the State of Tennessee revolving loans was converted to a term loan.

Annual principal maturities and interest payments related to the State of Tennessee revolving loan that was substantially complete during the year ended June 30, 2015 are as follows:

| Year Ending June 30, | State Revolving Loans | |
|---|---|---|
| | Principal | Interest |
| 2016 | $ 165,444 | $ 34,632 |
| 2017 | 166,992 | 32,940 |
| 2018 | 168,552 | 31,248 |
| 2019 | 170,124 | 29,544 |
| 2020 | 171,708 | 27,828 |
| 2021-2025 | 882,912 | 112,656 |
| 2026-2030 | 924,912 | 67,044 |
| 2031-2035 | 853,554 | 21,346 |
| | $ 3,504,198 | $ 357,238 |

Loans Payable – Utility Plant Acquisition – The Electric Department has periodically purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC). During the year ended June 30, 2014, the Department made a purchase of $152,009 representing $18,230 in net plant allocated to specific plant accounts and $133,780 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance of $112,421 is payable annually in equal installments over a ten year period. Currently, the annual payments due on prior purchases total $146,919 as of June 30, 2015.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, $6,926,500 of internal service funds claims and judgments are included in the above amounts.

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

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

Long-term liability activity for the year ended June 30, 2015, was as follows:

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 | Due Within One Year |
|---|---|---|---|---|---|
| *Governmental Activities -* | | | | | |
| General Obligation bonds | $ 51,020,000 | | $ 5,080,000 | $ 45,940,000 | $ 5,460,000 |
| Add: Premium on bonds | 5,493,566 | | 725,505 | 4,768,061 | |
| | $ 56,513,566 | | $ 5,805,505 | $ 50,708,061 | $ 5,460,000 |
| Tennessee Municipal Bond Fund Loans | 172,704,771 | $ 2,646,853 | 19,083,480 | 156,268,144 | 17,984,925 |
| Bank Loan | 1,560,000 | | 310,000 | 1,250,000 | 315,000 |
| Energy Efficient School Loan | 1,575,563 | | 197,148 | 1,378,415 | 197,148 |
| | $ 232,353,900 | $ 2,646,853 | $ 25,396,133 | $ 209,604,620 | $ 23,957,073 |
| Estimated landfill closure costs | 1,242,000 | | 80,000 | 1,162,000 | 450,000 |
| Compensated absences | 9,432,338 | 1,970,844 | 1,769,970 | 9,633,212 | 1,790,916 |
| Net pension liability | 8,856,614 | 9,689,466 | 14,303,630 | 4,242,450 | |
| Post-employment benefit obligation | 40,295,422 | 7,803,786 | 1,364,097 | 46,735,111 | |
| Claims and judgments | 7,114,500 | 2,736,704 | 2,924,704 | 6,926,500 | 2,500,303 |
| Governmental activity - Long-term liabilities | $ 299,294,774 | $ 24,847,653 | $ 45,838,534 | $ 278,303,893 | $ 28,698,292 |
| *Business-type Activities -* | | | | | |
| Revenue Bonds | $ 56,600,000 | | $ 5,905,000 | $ 50,695,000 | $ 6,035,000 |
| Matured bonds payable | 36,000 | | | 36,000 | |
| Add: premium on refunding | 2,099,011 | | 180,001 | 1,919,010 | |
| | $ 58,735,011 | | $ 6,085,001 | $ 52,650,010 | $ 6,035,000 |
| State revolving loans | 4,799,592 | $ 16,640,650 | 1,267,633 | 20,172,609 | 165,444 |
| Compensated absences | 3,123,097 | 458,504 | 349,474 | 3,232,127 | 1,147,528 |
| Net pension liability | 1,883,809 | 2,149,919 | 3,112,909 | 920,819 | |
| Post-employment benefit obligation | 9,935,310 | 1,938,718 | 467,754 | 11,406,274 | |
| Tennessee Municipal Bond Fund Loans | 42,085,000 | | 2,847,000 | 39,238,000 | 2,973,000 |
| Business-type activity - Long-term liabilities | $ 120,561,819 | $ 21,187,791 | $ 14,129,771 | $ 127,619,839 | $ 10,320,972 |

## Note H – CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2015, outstanding funds advanced by TVA totaled $1,666,370 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, 2015, the outstanding receivables for loans made from these funds amounted to $1,612,389.

## Note I – EMPLOYEE PENSION PLANS

The City maintains two single employer defined benefit pension plans (the City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension). The City also provides two defined contribution plans (the City of Murfreesboro Employees' Pension Plan – Defined Contribution and the Murfreesboro Electric Department Employees' Pension Plan – Defined Contribution) and participates in the Tennessee Consolidated Retirement System, an agent, multiple-employer public employee retirement system (PERS). The City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension are included in the accompanying financial statements as pension trust funds.

The following is a summary of each of these plans:

City of Murfreesboro Employees' Pension Plan – Defined Benefit

Plan Description - The defined benefit pension plan covers all City employees except those employees of the school system, the Evergreen Cemetery Commission and electric department. All other departments of the City, including the water and sewer department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by SunTrust Bank, Nashville, N.A. and Pinnacle Financial Partners who serve as co-trustees for the plan.

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

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

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

The plan does not issue a separate financial report, but is included in the accompanying financial statements as a pension trust fund.

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

The costs of administering the plan are financed by the City of Murfreesboro's general fund and water and sewer fund.

As of June 30, 2015, 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.

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

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

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

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

Employment shall be the period of a participant's continuous and uninterrupted employment since his late date of employment with the City; certain authorized leaves of absence do not interrupt continuous employment.

The plan provides for a basic monthly pension beginning at normal retirement age which is based upon the monthly compensation of the participant. The normal retirement date for general employees is the participants 65th birthday or the participant's attainment of age 55 and completion of 30 years of service. The normal retirement date for firefighters and police officers is the participant's 55th birthday.

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

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

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

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

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

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

Contributions - The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the plan. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report, and must also be approved by City Council. The contribution rate for the fiscal year ended June 30, 2014, the actuarial valuation date, was 12.10%. The contribution rate for the fiscal year ended June 30, 2015 was 12.18%.

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

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

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

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

Investment Policy – The City did not have a formal investment policy in regard to the allocation of invested assets for the fiscal year ended June 30, 2014, the date of the actuarial valuation. It is the pension committee's informal policy to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension committee has retained Chartwell Consulting to advice in this regard and to monitor the plan's investments to insure that they are meeting the pension committee's policy range for each type of investment. Subsequent to year end, the pension committee adopted a formal investment policy which will be effective for the fiscal year ended June 30, 2016. At June 30, 2014 the pension plan's policy range was as follows:

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

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

Investment Rate of Return – The investment rate of return is 7.25% per annum, compounded annually. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of forward-looking rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

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

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

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

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

Paragraph 29 of GASB Statement 68 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The current contribution policy requires contributions of normal cost plus a closed amortization of the unfunded liabilities (not to exceed 30 years from when the unfunded liability was created). 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 (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2013 | $ 118,848,917 | $ 103,639,531 | $ 15,209,386 |
| Service cost | $ 2,955,999 | | $ 2,955,999 |
| Interest | 8,695,137 | | 8,695,137 |
| Difference between expected and actual experience | 188,248 | | 188,248 |
| Contributions - employer | | $ 4,468,963 | (4,468,963) |
| Net investment income | | 17,416,539 | (17,416,539) |
| Benefit payments, including refund of employee contributions | (3,743,995) | (3,743,995) | |
| Net changes | $ 8,095,389 | $ 18,141,507 | $ (10,046,118) |
| Balance at June 30, 2014 | $ 126,944,306 | $ 121,781,038 | $ 5,163,268 |

Note: June 30, 2014 is the measurement date and valuation date for the reporting date June 30, 2015.

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

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

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

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Net pension (asset) liability | $ 4,242,499 | $ 920,819 | $ 5,163,318 |

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

| | 1% Decrease 6.25% | Current Rate 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| Net pension (asset) liability | $ 22,123,650 | $ 5,163,268 | $ (9,150,231) |

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

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

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the recognized pension expense (benefit) is $2,159,242.

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Pension expense | $ 1,833,464 | $ 325,778 | $ 2,159,242 |

At June 30, 2015, the reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

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

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

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Experience gains or losses | $ 41,295 | $ 123,422 | | |
| Net difference between projected and actual earnings on investments | | | $ 6,488,924 | $ 1,412,190 |
| Contributions made subsequent to measurement date | 3,607,905 | 826,613 | | |
| | $ 3,649,200 | $ 950,035 | $ 6,488,924 | $ 1,412,190 |

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, 2015 will be recognized in pension expense as follows:

| Year Ending June 30 | Governmental Activities | Business-type Activities |
|---|---|---|
| 2016 | $ (1,616,333) | $ (335,415) |
| 2017 | (1,616,333) | (335,415) |
| 2018 | (1,616,333) | (335,415) |
| 2019 | (1,616,333) | (335,415) |
| 2020 | 5,899 | 17,632 |
| Thereafter | 11,804 | 35,260 |
| | $ (6,447,629) | $ (1,288,768) |

City of Murfreesboro Employees' Pension Plan – Defined Contribution

Effective July 1, 2010, a defined contribution plan has been implemented by the City. In accordance with the City code, subject to approval by the City Council, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time City employees, except those employees of the school system, Evergreen Cemetery Commission and the electric department, hired on or after July 1, 2010. The provisions of this plan require a three percent mandatory employee contribution. The City matches 100% of the employee contributions up to eight percent. Employees become 100% vested in the plan after five years of full-time employment. Both the member contributions and the employer contribution for the year ended June 30, 2015 is $595,879.

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

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

Murfreesboro Electric Department Employee Pension (continued)

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.

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

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

Current membership in each of these plans was comprised of the following as of the June 30, 2015, the actuarial valuation date:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 46 |
| Current employees: | |
| Fully vested | 67 |
| Nonvested | 1 |
| Total | 114 |

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, 2015, 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. As of June 30, 2015, the Committee's adopted assets allocation strategy was as follows:

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

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

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

Murfreesboro Electric Department Employee Pension (continued)

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 1.09%.

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Investment rate of return | 7.0% |
| Projected salary increases | 4.0% |
| Inflation rate | 2.25% |

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

The actuarial assumptions used in the June 30, 2015 valuation are selected by the Department. Effective June 30, 2015, the following changes were made to the actuarial assumptions and methods:

The salary scale was reduced form 4.5% per annum to 4.0% per annum.

Withdrawal rates were changed from an age based table to a service based table.

The rate of retirement was changed from 100% retiring at age 60 to a graded table from age 60 to 70.

The percent married was changed from 90% to 80%.

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 32 - 65% | 7.00 - 8.75 % |
| International Equity | 0 - 18% | 7.50 - 10.50 % |
| Fixed Income | 35 - 45% | 2.00 % |
| Cash | 1 - 10% | 1.25 % |
| Real Estate | 0 -20% | 1.25 % |

Discount rate – The discount rate used to measure the total pension liability was 7.0%. As an alternative to projecting the pension plan's net position based upon projected contributions, benefit payments and earnings, the annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the 20-year closed amortization from July 1, 2005 of the unfunded liabilities. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

Murfreesboro Electric Department Employee Pension (continued)

Sensitivity of net pension liability 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 would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

| | 1% Decrease 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| Net pension (asset) liability | $ (1,339,731) | $ (3,492,551) | $ (5,324,908) |

Detailed information about the pension plan's fiduciary net position is available in the separately issued Department pension plan financial report.

Net Pension Asset – The employer's net pension asset was measured as of June 30, 2015 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2015.

The components of the net pension (asset) liability of Murfreesboro Electric Department at June 30, 2015 were as follows:

| | Total Pension Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2014 | $ 19,493,709 | $ 20,509,201 | $ (1,015,492) |
| Service cost | $ 402,454 | | $ 402,454 |
| Interest | 1,366,114 | | 1,366,114 |
| Difference between expected and actual experience | 287,323 | | 287,323 |
| Changes in assumptions | (3,198,319) | | (3,198,319) |
| Contributions - employer | | $ 1,200,000 | (1,200,000) |
| Net investment income | | 227,180 | (227,180) |
| Benefit payments, including refund of employee contributions | (760,507) | (760,507) | |
| Administrative expenses | | (92,549) | 92,549 |
| Net changes | $ (1,902,935) | $ 574,124 | $ (2,477,059) |
| Balance at June 30, 2015 | $ 17,590,774 | $ 21,083,325 | $ (3,492,551) |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the recognized pension expense (benefit) is $(190,530). At June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

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

Murfreesboro Electric Department Employee Pension (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Experience gains or losses | $ 239,436 | $ 239,106 |
| Changes in assumptions | | 2,665,266 |
| Net difference between projected and actual investments | 976,486 | 909,116 |
| | $ 1,215,922 | $ 3,813,488 |

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, 2015 will be recognized in pension expense as follows:

| Year Ending June 30 | Total |
|---|---|
| 2016 | $ 603,860 |
| 2017 | 603,860 |
| 2018 | 603,860 |
| 2019 | 300,819 |
| 2020 | 485,167 |
| | $ 2,597,566 |

Murfreesboro Electric Department Pension Plan – Defined Contribution

Effective April 1, 2012, a defined contribution plan has been implemented by the Department. In accordance with the City code, subject to approval by the Board of Directors, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time department employees hired on or after April 1, 2012. The provisions of this plan require a four percent of pay mandatory employee contribution. The Department makes a fixed contribution of six percent of pay. Employees become 100% vested in the plan after five years of full-time employment. Both the member contribution and the employer contribution for the year ended June 30, 2015 is $25,285.

Tennessee Consolidated Retirement System
Teacher Legacy Pension Plan

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

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

Teacher Legacy Pension Plan (continued)

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change 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 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, 2015 to the Teacher Legacy Pension Plan were $2,776,559 which is 9.04 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 Asset – At June 30, 2014, the Murfreesboro City Schools reported an asset of $127,108 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension assets was determined by an actuarial valuation as of that date. Murfreesboro City School's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Murfreesboro City School's proportion was .782226 percent. The proportion measured as of June 30, 2013 was .768977 percent.

Pension Income – For the year ended June 30, 2015, Murfreesboro City Schools recognized a pension income of $77,866.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2015, Murfreesboro City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

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

Teacher Legacy Pension Plan (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 308,587 | |
| Net difference between projected and actual earnings on pension plan investments | | $ 10,472,894 |
| Changes in proportion of net pension liability (asset) | 186,874 | |
| Contributions made subsequent to measurement date | 2,776,559 | |
| | $ 3,272,020 | $ 10,472,894 |

Murfreesboro City Schools' employer contributions of $2,776,559 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Total |
|---|---|
| 2016 | $ (2,535,647) |
| 2017 | (2,535,647) |
| 2018 | (2,535,647) |
| 2019 | (2,535,647) |
| 2020 | 82,577 |
| Thereafter | 82,578 |
| | $ (9,977,433) |

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

| | |
|---|---|
| Investment rate of return | 7.5 percent, net of pension plan investment expenses, including inflation |
| Projected salary increases | Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent |
| Inflation rate | 3.0 percent |
| Cost-of-Living Adjustment | 2.5 percent |

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Teacher Legacy Pension 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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012 (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as 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. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized on the following table:

| Asset Class | Long-Term Expected Real Rate of Return | Target Allocation |
|---|---|---|
| U.S. Equity | 6.46% | 33% |
| Developed market international equity | 6.26% | 17% |
| Emerging market international equity | 6.40% | 5% |
| Private equity and strategic lending | 4.61% | 8% |
| U.S. fixed income | 0.98% | 29% |
| Real estate | 4.73% | 7% |
| Short-term securities | 0.00% | 1% |
| | | 100% |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 7.5 percent based on a blending of the three factors described above.

Discount rate – The discount rate used to measure the total pension liability was 7.5 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 statue. Based on those assumptions, the pensions 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 School's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Murfreesboro City School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

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

Teacher Legacy Pension Plan (continued)

| | 1% Decrease 6.50% | Current Rate 7.50% | 1% Increase 8.50% |
|---|---|---|---|
| Murfreesboro City School's proportionate share of the net pension (asset) liability | $ 21,438,210 | $ (127,108) | $ (17,980,853) |

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

At June 30, 2015, Murfreesboro City Schools Reported a payable of $232,255 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2015.

Teacher Retirement Plan

Plan description – Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of the Murfreesboro City Schools are provided pensions through the Teachers Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the 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 all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire 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. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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 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. 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

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

Teacher Retirement Plan

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, 2015 to the Teacher Retirement Plan were $52,287 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension liabilities – Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense – Since the measurement date is June 30, 2014, Murfreesboro City Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2015, Murfreesboro City Schools reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Murfreesboro City School's contributions subsequent to the measurement date of June 30, 2014 | $ 52,287 | (not applicable) |
| | $ 52,287 | |

Murfreesboro City School's employer contributions of $52,287 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

At June 30, 2015, Murfreesboro City Schools reported a payable of $5,322 for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2015.

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 statue under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plan of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Public Employee Retirement Plan (continued)
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 one-half 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, 2014, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 206 |
| Inactive employees entitled to but not yet receiving benefits | 246 |
| Active employees | 372 |
| Total | 824 |

Contributions – Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. 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, 2015, employer contributions for Murfreesboro City Schools were $1,135,356 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 School's 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 School's net pension liability (asset) was measured as of June 30, 2014, 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 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Investment rate of return | 7.5 percent, net of pension plan investment expenses, including inflation |
| Projected salary increases | Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent |
| Inflation rate | 3.0 percent |
| Cost-of-Living Adjustment | 2.5 percent |

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

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

Public Employee Retirement Plan (continued)

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. 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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012 (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as 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. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized on the following table:

| Asset Class | Long-Term Expected Real Rate of Return | Target Allocation |
|---|---|---|
| U.S. Equity | 6.46% | 33% |
| Developed market international equity | 6.26% | 17% |
| Emerging market international equity | 6.40% | 5% |
| Private equity and strategic lending | 4.61% | 8% |
| U.S. fixed income | 0.98% | 29% |
| Real estate | 4.73% | 7% |
| Short-term securities | 0.00% | 1% |
| | | 100% |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate – The discount rate used to measure the total pension liability was 7.5 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 statue. Based on those assumptions, the pensions 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.

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

Public Employee Retirement Plan (continued)

The components of the net pension (asset) liability of Public Employee Retirement Plan at June 30, 2015 were as follows:

| | Total Pension Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2013 | $ 21,261,520 | $ 19,886,712 | $ 1,374,808 |
| Service cost | $ 581,710 | | $ 581,710 |
| Interest | 1,603,649 | | 1,603,649 |
| Difference between expected and actual experience | 545,205 | | 545,205 |
| Contributions - employer | | $ 1,110,112 | (1,110,112) |
| Contributions - employee | | - | - |
| Net investment income | | 3,300,207 | (3,300,207) |
| Benefit payments, including refund of employee contributions | (922,493) | (922,493) | |
| Administrative expenses | | (13,867) | 13,867 |
| Net changes | $ 1,808,071 | $ 3,473,959 | $ (1,665,888) |
| Balance at June 30, 2014 | $ 23,069,591 | $ 23,360,671 | $ (291,080) |

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| | 1% Decrease 6.50% | Current Rate 7.50% | 1% Increase 8.50% |
|---|---|---|---|
| Murfreesboro City School's net pension liability (asset) | $ 2,739,828 | $ (291,080) | $ (2,813,683) |

Pension expense – For the year ended June 30, 2015 Murfreesboro City Schools recognized pension expense of $431,637 for the public employee pension plan.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2015, Murfreesboro City Schools reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 454,337 | |
| Net difference between projected and actual earnings on pension plan investments | | $ 1,441,750 |
| Contributions subsequent to the measurement date of June 30, 2014 | 1,135,356 | |
| | $ 1,589,693 | $ 1,441,750 |

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

Public Employee Retirement Plan (continued)

The amount shown for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset0 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 |
|---|---|
| 2016 | $ (269,570) |
| 2017 | (269,570) |
| 2018 | (269,570) |
| 2019 | (269,570) |
| 2020 | 90,868 |
| | $ (987,412) |

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

At June 30, 2015, Murfreesboro City Schools reported a payable of $96,003 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2015.

**Note J – DEFERRED COMPENSATION PLANS**

The City of Murfreesboro and the Murfreesboro Electric Department offer employees deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all full-time City and Department employees, permit them to defer a portion of their salary until future years.

As of July 1, 1998, the City and the Murfreesboro Electric Department implemented a new standard requiring changes to the accounting and financial reporting for the deferred compensation plans created in accordance with IRC 457. The plans are administered by an independent plan administrator. The City's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions.

Amendments to the laws governing Section 457 plans require that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported in the City's financial statements.

**Note K – POST-EMPLOYMENT BENEFITS**

The City offers health care benefits for retired employees and their beneficiaries under two separate arrangements within the City and the Murfreesboro Electric Department. The City, including Water and Sewer, offers retirees post-employment healthcare benefits on an annual basis with the option to cancel, modify, or reduce benefits by authority of the Mayor and City Council.

The following is a summary of each of these plans:

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

City of Murfreesboro Administered Benefits

In addition to pension benefits described in Note I, the City provides certain healthcare benefits for retired employees. Plan benefits and any amendments are under the authority of City Council. The current retiree's share of premiums is 20%. Police and Firefighters are eligible to retire at age 55 without regard to years of service. General employees are eligible to retire at age 55 with 30 years of service, or at age 62 with twenty or more years of service with an actuarially reduced retirement benefit, or age 65 without regard to years of service. If an employee has met one of these standards and retired, and has 15 years of continuous service with the City with 5 years of continuous coverage in a City health insurance plan, the retired employee is currently eligible to continue such health insurance coverage until the retired employee is eligible for Medicare. As of June 30, 2015, there were 158 participants receiving these benefits.

Murfreesboro Electric Department Administered Plan

Plan Description

In addition to the pension benefits described in Note I, the Murfreesboro Electric Department provides certain healthcare and life insurance benefits for retired employees. The current retiree's share of the premiums is 10%. Substantially all of the Department's employees may become eligible for those benefits if they reach normal retirement age (60) or reach age 55 and have 10 years of service. Currently, 25 retirees are receiving benefits.

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

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

Funding Policy and Annual OPEB Cost – Contribution requirements of the City and plan members are determined by the City Council under the City administered plan and by the Board of Directors of the Murfreesboro Electric Department for the Murfreesboro Electric Department's plan. Currently, only current benefits payable are being funded under the plans.

Both plans' other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The components of the annual required contribution and the net OPEB obligation are as follows:

| | City Administered Plan | | Murfreesboro Electric Department |
|---|---|---|---|
| | Water & Sewer | City | |
| Normal Cost | $ 726,853 | $ 4,050,326 | $ 447,258 |
| Amortization of Unfunded Accrued Liability | 538,731 | 2,903,283 | 382,250 |
| Interest | 28,162 | 154,735 | 18,459 |
| Annual Required Contribution | $ 1,293,746 | $ 7,108,344 | $ 847,967 |
| Contribution as a percentage of projected pay | 18.48% | 20.38% | 17.32% |

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

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

| | City Administered Plan | | Murfreesboro Electric Department |
|---|---|---|---|
| | Water & Sewer | City | |
| Annual required contribution | $ 1,293,746 | $ 7,108,344 | $ 847,967 |
| Interest on net OPEB obligation | 275,683 | 1,627,138 | 159,128 |
| Adjustment to annual required contribution | (489,941) | (1,319,707) | (147,865) |
| Annual OPEB cost | $ 1,079,488 | $ 7,415,775 | $ 859,230 |
| Contributions made | (255,722) | (924,503) | (212,032) |
| Increase in net OPEB obligation | $ 823,766 | $ 6,491,272 | $ 647,198 |
| Net OPEB obligation at beginning of year | 6,392,644 | 36,403,419 | 3,542,666 |
| Net OPEB obligation at end of year | $ 7,216,410 | $ 42,894,691 | $ 4,189,864 |

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

| Year End | Plan | Annual OPEB Cost | OPEB Cost Contributed | Obligation at Year-end |
|---|---|---|---|---|
| 06/30/13 | Water & Sewer | $ 1,128,110 | 22.9% | $ 5,024,281 |
| 06/30/14 | Water & Sewer | $ 1,596,134 | 14.3% | $ 6,392,644 |
| 06/30/15 | Water & Sewer | $ 1,079,488 | 23.7% | $ 7,216,410 |
| 06/30/13 | City | $ 6,047,502 | 12.5% | $ 30,020,279 |
| 06/30/14 | City | $ 7,192,161 | 11.3% | $ 36,403,419 |
| 06/30/15 | City | $ 7,415,775 | 12.5% | $ 42,894,691 |
| 06/30/13 | Electric Department | $ 862,830 | 20.9% | $ 2,925,825 |
| 06/30/14 | Electric Department | $ 813,167 | 24.1% | $ 3,542,666 |
| 06/30/15 | Electric Department | $ 859,230 | 24.7% | $ 4,189,864 |

As of July 1, 2013 and July 1, 2014, the effective dates of the biannual OPEB valuations for the City Administered Plan and the Murfreesboro Electric Department, respectively, the plan was 0% funded. The actuarial accrued unfunded liability (UAAL) for benefit at June 30, 2015, as well as actuarial methods and assumptions for both plans was as follows:

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

| | City Administered Plan | | |
|---|---|---|---|
| | Water & Sewer | City | Murfreesboro Electric Department |
| Unfunded Actuarial Accrued Liability (UAAL) | $ 15,089,152 | $ 81,317,130 | $ 8,708,359 |
| Covered payroll | $ 6,999,392 | $ 34,873,946 | $ 4,895,949 |
| Ratio of UAAL to covered payroll | 216% | 233% | 178% |
| Actuarial Valuation Method | Entry Age Normal Actuarial Cost Method | Entry Age Normal Actuarial Cost Method | Entry Age Normal Actuarial Cost Method |
| Amortization Period - open | 30 yrs | 30 yrs | 30 yrs |
| Actuarial assumptions: | | | |
| Discount rate | 4.50% | 4.50% | 4.50% |
| Projected salary increases | 4.00% | 4.00% | 4.00% |
| Inflation rate | 2.50% | 2.50% | 2.50% |

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

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

The OPEB was set at $-0- at the transition to GASB 45 for both plans. The actuarial method used was the entry age normal actuarial cost method. The plans were assumed to be unfunded. Health care cost trend rates are assumed to increase 8% in the first year of valuation and future increases are assumed to grade uniformly to 5% over a six year period. No increase in costs for the HRA plan for Medicare eligible individuals is assumed in the future. Claims were adjusted downward 3% each year from attained ages 55 to 65, while claims were increased 3% each year from ages 65 to 75 for the Electric Department.

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

Murfreesboro City Schools

Plan Description

Murfreesboro City Schools participates in the Teacher Group Insurance Plan, a state-administered plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tennessee.gov/finance/act/cafr.html.

Special Funding Situation

The state is legally responsible for contributions to the Teacher Group and Medicare Supplement Plans that cover the retirees of other governmental entities. The state provides a subsidy for retired higher education and local education agency (LEA) teachers in the plans. The state is not the sole employer of the LEA employees since some of these agencies provide additional direct subsidies and all provide implicit subsidies. However, the state is the sole contributor for the vast majority of higher education teachers that participate in the Medicare Supplement Plan and, therefore, is acting as the employer.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates Administrative costs of the plan are allocated to plan participants. The state provides a partial premium subsidy to pre-65 teachers. For plan members electing family coverage, plan members contribute on average 40% of premiums and Murfreesboro City Schools contributes on average 60% of premiums. For plan members electing single coverage, Murfreesboro City Schools contributes 100% of premiums.

| Annual OPEB cost and Net OPEB Obligation | Teacher Group Plan |
|---|---|
| ARC | $ 384,000 |
| Interest on the net OPEB obligation | 155,680 |
| Adjustment to the ARC | (151,670) |
| Annual OPEB cost | $ 388,010 |
| Amount of contribution | (439,593) |
| Increase/(Decrease) in net OPEB obligation | $ (51,583) |
| Net OPEB obligation - beginning of year | 3,892,003 |
| Net OPEB obligation - end of year | $ 3,840,420 |

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

| Year End | Plan | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year-end |
|---|---|---|---|---|
| 06/30/13 | Teachers Group | $ 2,211,436 | 20.3% | $ 4,026,187 |
| 06/30/14 | Teachers Group | $ 375,148 | 135.8% | $ 3,892,003 |
| 06/30/15 | Teachers Group | $ 388,010 | 113.3% | $ 3,840,420 |

Funded Status and Funding Progress

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education plan, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent initially for the Local Education plans. The rate decreased to 7.0 percent in fiscal year 2015, and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. All rates include a 2.5 percent inflation assumption. The cost trend in the Medicare Supplement plan is 2.0 percent initially. The rate increases to 6.0 percent in fiscal year 2015 and decreases incrementally to 4.2 percent in fiscal year 2044. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning July 1, 2007. Payroll is assumed to grow at a rate of 3 percent.

## Note L – INFORMATION ON INDIVIDUAL PENSION PLAN

Fiduciary funds as reported in the basic financial statements include a single column for the City's two pension trust funds. A separately issued report is available for the Murfreesboro Electric Department Pension Trust. Separate financial information related to the Murfreesboro Employees' Pension Plan is presented below:

**STATEMENT OF NET POSITION**

| | |
|---|---|
| Assets - | |
| Cash and cash equivalents | $ 1,282,324 |
| Investments, at fair value | 118,903,816 |
| Accrued interest receivable | 133,315 |
| Due from trustee | 2,460 |
| | $ 120,321,915 |
| Net Position - | |
| Held in trust for pension benefits | $ 120,321,915 |

**STATEMENT OF CHANGES IN NET POSITION**

| | |
|---|---|
| Additions - | |
| Employer contributions | $ 4,468,997 |
| Investment loss | (1,849,412) |
| | $ 2,619,585 |
| Deductions - | |
| Benefits to participants | $ 4,078,708 |
| | $ 4,078,708 |
| Net decrease | $ (1,459,123) |
| | |
| Net Position Held in Trust for Pension Benefits - | |
| Beginning of year, as previously stated | $ 121,908,637 |
| Prior period adjustment | (127,599) |
| Beginning of year, as restated | $ 121,781,038 |
| End of year | $ 120,321,915 |

## Note M – COMMITMENTS AND CONTINGENCIES

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

Additionally, there was a decrease in this estimated liability from the previous year in the amount of $80,000. The City's engineer estimates that additional costs required will approximate $1,162,000. 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.

## Note M – COMMITMENTS AND CONTINGENCIES (contingencies)

Construction – The City has entered into agreements as follows:

| | Project Authorization | Expended To Date | Remaining Commitment |
|---|---|---|---|
| Airport Runway Extension | $ 4,543,401 | $ 1,165,376 | $ 3,378,025 |
| Bradley Academy Renovation | 112,500 | 4,920 | 107,580 |
| Comprehensive Plan | 727,407 | 436,664 | 290,743 |
| City Hall Carpet and Paint | 209,953 | 9,590 | 200,363 |
| City Hall Finance and Tax Remodel | 432,434 | 402,413 | 30,021 |
| ERP Software - Workforce Management | 434,212 | 365,645 | 68,567 |
| ERP Software - Finance, HR, City Court | 1,465,332 | 1,031,050 | 434,282 |
| McKnight & StarPlex Park Renovation | 917,851 | 886,376 | 31,475 |
| New Police Headquarters | 1,613,000 | 1,023,405 | 589,595 |
| Old Fort Indoor Tennis Complex | 5,444,991 | 4,969,436 | 475,555 |
| Overall Creek Elementary School | 17,115,083 | 17,043,936 | 71,147 |
| SportsCom Renovations | 2,771,122 | 2,600,218 | 170,904 |
| Two-way Radio Infrastructure Upgrades | 1,699,000 | 169,900 | 1,529,100 |
| Veterans Parkway Phase 2B | 7,626,741 | 5,581,446 | 2,045,295 |
| | $ 45,113,027 | $ 35,690,375 | $ 9,422,652 |

Also, the Murfreesboro City School System has contracted a janitorial service company to provide the custodial services for certain school facilities. Total commitments as of June 30, 2015 approximate $900,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

Eminent Domain – The City has pending multiple lawsuits involving the acquisition of real property. Interests being acquired include temporary construction easements, permanent easements, fee simple title to portions of improved and unimproved land, and fee simple title to entire parcels of improved and unimproved land. Land is being acquired for current and future projects. In each case the City has tendered into Court the amount it reasonably believes the interest in land being acquired is worth and for which it can reasonably determine a value. Payments of additional material amounts may result from negotiated settlements or the award of additional amounts. While the City intends to vigorously litigate these cases, management believes there is a possibility that the City may pay an estimated additional amount of $1,646,642.

Grantor Agencies – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Pending Lawsuits – The City is a party to various lawsuits claiming damages for personal injury and property damage in automobile and general liability cases, as well as miscellaneous other litigation. Some amounts in these matters are substantial. In the opinion of the City attorney, the City should prevail in most of the litigation that is not fully insured or barred by the statute of limitations. In any event, the likelihood that the City would incur aggregate liability arising from such litigation in an amount that would be material in relation to its financial position is remote.

## Note N – LEASES

The City receives rental income principally for real property from various agencies. Future minimum rental commitments under these leases are insignificant except for the lease of the Rutherford County Chamber of Commerce building as outlined below. Rental income from these sources totaled approximately $654,277 for the year ended June 30, 2015.

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 $4,923,686, respectively. Accumulated depreciation at June 30, 2015 was $966,262. 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 |
|---|---|
| 2016 | $ 69,166 |
| 2017 | 69,166 |
| 2018 | 69,166 |
| 2019 | 69,166 |
| 2020 | 69,166 |
| 2021-2025 | 380,415 |
| | $ 726,245 |

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

## Note O – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2015, arising from these transactions were as follows:

| | Due From | Due To |
|---|---|---|
| General Fund | | |
| Water and Sewer fund | $ 318,685 | |
| General purpose school fund | 5,644 | |
| TMBF/Bond Fund | 1,635,791 | |
| Nonmajor governmental funds | 8,515 | |
| Nonmajor enterprise funds | 940,071 | |
| Internal service funds | 1,196 | |
| | $ 2,909,902 | |
| General Purpose School Fund | | |
| General fund | | $ 5,644 |
| TMBF/Bond Fund | $ 604,234 | |
| Nonmajor governmental funds | 62,575 | |
| | $ 666,809 | $ 5,644 |
| TMBF/Bond Fund | | |
| Nonmajor enterprise funds | | |
| General fund | | $ 1,635,791 |
| General purpose school fund | | 604,234 |
| | | $ 2,240,025 |
| Nonmajor Governmental Funds | | |
| General fund | | $ 8,515 |
| General purpose school fund | | 62,575 |
| Nonmajor governmental funds | $ 157,880 | 157,880 |
| Internal service funds | | 5,489 |
| | $ 157,880 | $ 234,459 |
| Water and Sewer Fund | | |
| General fund | | $ 318,685 |
| Nonmajor enterprise funds | $ 463,011 | |
| Internal service funds | | 25,252 |
| | $ 463,011 | $ 343,937 |
| Nonmajor Enterprise Funds | | |
| General fund | | $ 940,071 |
| TMBF/Bond Fund | | |
| Water and Sewer fund | | 463,011 |
| | | $ 1,403,082 |
| Internal Service Funds | | |
| General fund | | $ 1,196 |
| Water and Sewer fund | $ 25,252 | |
| Nonmajor governmental funds | 5,489 | |
| Internal service funds | 5,635 | 5,635 |
| | $ 36,376 | $ 6,831 |
| | $ 4,233,978 | $ 4,233,978 |

## Note O – INTERFUND TRANSACTIONS (continued)

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

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.

Interfund transfers during the year ended June 30, 2015 were as follows:

| | | Transfer From | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | General Fund | General Purpose School Fund | TMBF/Bond Fund | Debt Service Fund | Nonmajor Governmental Funds | Electric Department Fund | Total |
| Transfer To | General Fund | | | | | | $ 3,120,100 | $ 3,120,100 |
| | General Purpose School Fund | $ 4,810,103 | | | | | | 4,810,103 |
| | TMBF/Bond Fund | | $ 683,000 | | | | | 683,000 |
| | Debt Service Fund | 26,371,574 | | $ 1,015,470 | | $ 190,649 | | 27,577,693 |
| | Nonmajor Governmental Funds | 97,973 | 576,346 | | $ 4,820,641 | 36,825 | | 5,531,785 |
| | Nonmajor Enterprise Fund | | | | | 52,577 | | 52,577 |
| | | $ 31,279,650 | $ 1,259,346 | $ 1,015,470 | $ 4,820,641 | $ 280,051 | $ 3,120,100 | $ 41,775,258 |

## Note P – RISK MANAGEMENT PROGRAM

General, Workers' Compensation, and Auto Liability − The City established a self-insurance program for general liability and workers' compensation during the fiscal year ended June 30, 1986. The automobile liability was added to the self-insurance program during the fiscal year ended June 30, 1988. Premiums are paid into the Risk Management Fund by all City funds requiring insurance and the public library and are available to pay claims, claim reserves, and administrative costs of the program. As of July 1, 2008, the City no longer provided workers' compensation coverage for Murfreesboro Electric Department. Claims for the fiscal year ended June 30, 2015 were $2,736,704. Specific claims for workers' compensation in excess of $500,000 up to $1,000,000 are covered under an excess insurance policy effective April 1, 2014. Claims for fire and extended coverage in excess of $100,000 are covered through commercial insurance. Claims for law enforcement are covered by commercial insurance with a $25,000 deductible. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued.

Group Health − The City provides medical insurance through a group self-insurance program plan. HealthScope Benefits, Inc. acted as the administrator of the plan through December 31, 2014 and Blue Cross Blue Shield of Tennessee acted as the administrator of the plan for the 2015 calendar year. Insurance premiums are paid into the Insurance Fund from various City funds and the Water and Sewer Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. 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, 2015 were $12,937,620.

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

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

Claims Liability – The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

Claim liabilities do not include nonincremental claims adjustment expenses. Changes in the Funds' claims liability amounts during the year ended June 30, 2015 were as follows:

| Fiscal Year | Liability at Beginning | Year Claims and Change in Estimate | Claim Payments | Liability at End |
|---|---|---|---|---|
| Risk Management Fund - | | | | |
| 2014 | $ 6,164,000 | $ 3,385,086 | $ 2,434,586 | $ 7,114,500 |
| 2015 | $ 7,114,500 | $ 2,736,704 | $ 2,924,704 | $ 6,926,500 |
| Insurance Fund - | | | | |
| 2014 | $ 945,341 | $ 13,234,344 | $ 13,171,179 | $ 1,008,506 |
| 2015 | $ 1,008,506 | $ 12,937,620 | $ 13,150,243 | $ 795,883 |

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

During the year ended June 30, 2015, the following prior period adjustments were made to retroactively restate certain fund balance amounts.

The general fund beginning balance was increased by $314,178 due to reclassification of two inactive nonmajor enterprise funds to the general fund in the amount of $32,412 and the correction of prior year amount due to the pension fund of $281,766, which was not required by law or statute to be paid to the pension fund, and therefore should have not been accrued.

The general purpose school fund beginning balance was decreased by $1,945,714 due to the correction of an error in previous periods. Amounts previously recorded as due from other funds and due to other funds should have been recorded as transfers in previous years.

Also, the other governmental funds beginning balance increased by $1,943,704 due to a correction of the same error in previous periods.

The prior period adjustments at the governmental fund level are as follows:

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

| | General Fund | General Purpose School | Extended School Program | School Cafeteria | Federal and State Programs | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Error related to due to/froms | | $ (1,945,714) | $ (458,898) | $ (34,190) | $ 2,438,802 | |
| Change in inventory reserve | | | | (2,010) | | $ (2,010) |
| Correction of an error | $ 281,766 | | | | | 281,766 |
| Dormant nonmajor enterprise funds | 32,412 | | | | | 32,412 |
| Total prior period adjustments | $ 314,178 | $ (1,945,714) | $ (458,898) | $ (36,200) | $ 2,438,802 | $ 312,168 |

During the year ended June 30, 2015, the City implemented GASB statement 68 "*Accounting and Financial Reporting for Pensions*". GASB No. 68 requires the cumulative effect of applying the new standards be reported as a restatement of the governmental employer's beginning net position for the earliest period restated. A summary of the prior period adjustments are reflected in the table below:

| | Government-wide | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Governmental Funds | Proprietary Funds |
| Accounting change - GASB No. 68 | $ (19,049,501) | $ (3,308,080) | | $ (3,308,080) |
| Correction of an error | 312,168 | | $ 312,168 | |
| Dormant nonmajor enterprise funds | | (55,904) | | (55,904) |
| Total prior period adjustments | $ (18,737,333) | $ (3,363,984) | $ 312,168 | $ (3,363,984) |

## Note R – FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

| | Quoted Prices in Active Markets for Identical Assets (Level 1 inputs) |
|---|---|
| Employee Pension Plan | |
| Mututal funds | $ 85,470,763 |
| Municipal notes and bonds | 695,964 |
| Corporate notes and bonds | 6,149,175 |
| Common/preferred stock | 26,261,802 |
| | $ 118,577,704 |
| Electric Department Pension Plan | |
| Mututal funds | $ 12,097,997 |
| Municipal notes and bonds | 378,444 |
| Corporate notes and bonds | 7,653,761 |
| | $ 20,130,202 |
| Perpetual Care Cemetery Fund | |
| Mutual funds | $ 702,441 |
| Corporate notes and bonds | 1,256,327 |
| | $ 1,958,768 |

## Note S – MEMORANDUM OF UNDERSTANDING

On May 29, 2015 the City of Murfreesboro entered into a Memorandum of Understanding with Middle Tennessee Electric Membership Corporation (MTEMC) to explore the possible sale of Murfreesboro Electric Department to MTEMC. The parties are currently performing due diligence analysis to ascertain the financial value of the Department. Should the financial and political ramifications of the analysis point to a viable sale of the Department's assets, TVA, in its regulatory authority, would need to agree to the arrangement and consent to the assignment of the wholesale power contract to MTEMC. TVA would expect to understand the overall benefit of such change in ownership including impact to rates.

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| **City of Murfreesboro Employees' Pension Plan -** | **FYE 2014** |
|---|---|
| **Total Pension Liability** | |
| Service cost | $ 2,955,999 |
| Interest | 8,695,137 |
| Changes in benefit terms | - |
| Differences between expected and actual experience | 188,248 |
| Changes in assumptions | - |
| Benefit payments, including refunds of member contributions | (3,743,995) |
| **Net Change in Total Pension Liability** | $ 8,095,389 |
| **Total Pension Liability - beginning** | 118,848,917 |
| **Total Pension Liability - ending (a)** | $ 126,944,306 |
| **Plan Fiduciary Net Position** | |
| Contributions - employer | $ 4,468,963 |
| Contributions - member | - |
| Net investment income | 17,416,539 |
| Benefit payments, including refunds of member contributions | (3,743,995) |
| Administrative expense | - |
| Other | - |
| **Net Change in Plan Fiduciary Net Position** | $ 18,141,507 |
| **Plan Fiduciary Net Position - beginning** | 103,639,531 |
| **Plan Fiduciary Net Position - ending (b)** | $ 121,781,038 |
| **City's Net Pension Liability ending (a) - (b)** | $ 5,163,268 |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 95.9% |
| **Covered - Employee Payroll** | 36,996,942 |
| **City's Net Pension Liability as a Percentage of Covered-Employee Payroll** | 14.0% |

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

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| **Murfreesboro Electric Department Employees' Pension Plan -** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| **Total Pension Liability** | | |
| Service cost | $ 460,924 | $ 402,454 |
| Interest | 1,322,046 | 1,366,114 |
| Changes in benefit terms | - | - |
| Differences between expected and actual experience | (358,659) | 287,323 |
| Changes in assumptions | - | (3,198,319) |
| Benefit payments, including refunds of member contributions | (712,113) | (760,507) |
| **Net Change in Total Pension Liability** | $ 712,198 | $ (1,902,935) |
| **Total Pension Liability - beginning** | 18,781,511 | 19,493,709 |
| **Total Pension Liability - ending (a)** | $ 19,493,709 | $ 17,590,774 |
| **Plan Fiduciary Net Position** | | |
| Contributions - employer | $ 1,200,000 | $ 1,200,000 |
| Contributions - member | - | - |
| Net investment income | 2,744,581 | 227,180 |
| Benefit payments, including refunds of member contributions | (712,113) | (760,507) |
| Administrative expense | (84,031) | (92,549) |
| Other | - | - |
| **Net Change in Plan Fiduciary Net Position** | $ 3,148,437 | $ 574,124 |
| **Plan Fiduciary Net Position - beginning** | 17,360,764 | 20,509,201 |
| **Plan Fiduciary Net Position - ending (b)** | $ 20,509,201 | $ 21,083,325 |
| **City's Net Pension Liability ending (a) - (b)** | $ (1,015,492) | $ (3,492,551) |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 105.2% | 119.9% |
| **Covered - Employee Payroll** | 4,598,385 | 4,561,070 |
| **City's Net Pension Liability as a Percentage of Covered-Employee Payroll** | 0.0% | 0.0% |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**
**Teacher Legacy Pension Plan**

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

| **Teacher Legacy Pension Plan of TCRS** | | **FYE 2014** |
|---|---|---|
| Murfreesboro City School's proportion of the net pension asset | | 0.78223% |
| Murfreesboro City School's proportionate share of the net pension asset | $ | 127,108 |
| Murfreesboro City School's covered-employee payroll | $ | 30,702,254 |
| Murfreesboro City School's proportionate share of the net pension asset as a percentage of its covered-employee payroll | | 0.41% |
| Plan fiduciary net position as a percentage of the total pension liability | | 100.08% |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**
**Public Employeee Pension Plan**

**Schedule of Changes of 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 2014** |
|---|---|
| **Total Pension Liability** | |
| Service cost | $ 581,710 |
| Interest | 1,603,649 |
| Changes in benefit terms | - |
| Differences between expected and actual experience | 545,205 |
| Changes in assumptions | - |
| Benefit payments, including refunds of member contributions | (922,493) |
| **Net Change in Total Pension Liability** | $ 1,808,071 |
| **Total Pension Liability - beginning** | 21,261,520 |
| **Total Pension Liability - ending (a)** | $ 23,069,591 |
| **Plan Fiduciary Net Position** | |
| Contributions - employer | $ 1,110,112 |
| Contributions - member | - |
| Net investment income | 3,300,207 |
| Benefit payments, including refunds of member contributions | (922,493) |
| Administrative expense | (13,867) |
| Other | - |
| **Net Change in Plan Fiduciary Net Position** | $ 3,473,959 |
| **Plan Fiduciary Net Position - beginning** | 19,886,712 |
| **Plan Fiduciary Net Position - ending (b)** | $ 23,360,671 |
| **Net Pension Liability (Asset) - ending (a)-(b)** | $ (291,080) |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 101.3% |
| **Covered - Employee Payroll** | 9,151,773 |
| **Net Pension Liability as a Percentage of Covered-Employee Payroll** | 3.2% |

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

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| **City of Murfreesboro Employees' Pension Plan -** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Actuarially determined contribution | $ 4,468,963 | $ 4,468,967 |
| Contributions in relation to the actuarially determined contribution | 4,468,963 | 4,468,967 |
| Contribution deficiency (excess) | $ - | $ - |
| Covered-employee payroll | $ 36,996,942 | $ 36,611,244 |
| Contributions as a percentage of covered-employee payroll | 12.1% | 12.2% |

**Notes to Schedule**

Valuation date: July 1, 2014

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

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

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

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| **Murfreesboro Electric Department Employees' Pension Plan -** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Actuarially determined contribution | $ 602,257 | $ 430,626 |
| Contributions in relation to the actuarially determined contribution | 1,200,000 | 1,200,000 |
| Contribution deficiency (excess) | $ (597,743) | $ (769,374) |
| Covered-employee payroll | $ 4,598,385 | $ 4,561,070 |
| Contributions as a percentage of covered-employee payroll | 26.1% | 26.3% |

**Notes to Schedule**

Valuation date: June 30, 2015

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

| | |
|---|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | 20- year closed amortization |
| Remaining amortization period | 10 years |
| Asset valuation method | Fair Value |
| Inflation | 2.25% |
| Salary increases | 4.00% |
| Investment rate of return | 7.00% |
| Retirement age | Participants may retire on the first day of month coincident with or next following reaching age 55 and completion of 10 years of service |
| Mortality | RP 2000 Combined Mortality Table reflects mortality improvement through the valuation date using mortality improvement scale AA |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**
**Teacher Retirement Plan**

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

| **Teacher Retirement Plan of TCRS** | **FYE 2015** |
|---|---|
| Actuarially determined contribution | $ 32,679 |
| Contributions in relation to the actuarially determined contribution | 52,287 |
| Contribution deficiency (excess) | $ (19,608) |
| Covered-employee payroll | $ 1,307,156 |
| Contributions as a percentage of covered-employee payroll | 4.0% |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**
**Teacher Legacy Pension Plan**

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

| **Teacher Legacy Pension Plan of TCRS** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Actuarially determined contribution | $ 2,726,364 | $ 2,776,559 |
| Contributions in relation to the actuarially determined contribution | 2,726,364 | 2,776,559 |
| Contribution deficiency (excess) | $ - | $ - |
| Covered-employee payroll | $ 30,702,254 | $ 30,714,157 |
| Contributions as a percentage of covered-employee payroll | 8.9% | 9.0% |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**
**Public Employee Pension Plan**

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

| **Public Employee Pension Plan of TCRS** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Actuarially determined contribution | $ 1,110,112 | $ 1,135,356 |
| Contributions in relation to the actuarially determined contribution | 1,110,112 | 1,135,356 |
| Contribution deficiency (excess) | $ - | $ - |
| Covered-employee payroll | $ 9,151,773 | $ 9,329,134 |
| Contributions as a percentage of covered-employee payroll | 12.1% | 12.2% |

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates are:

| | |
|---|---|
| Actuarial cost method | Frozen initial laibility |
| Amortization method | Level dollar, closed (not to exceed 20 years) |
| Remaining amortization period | 4 years |
| Asset valuation method | 10-year smoothed within a 20 % corridor to market value |
| Inflation | 3.00% |
| Salary increases | Graded salary ranges from 8.97 to 3.71 % based on age, including inflation, averaging 4.25 percent |
| Investment rate of return | 7.5% , net of investment expense, including inflation |
| Retirement age | Pattern of retirement determined by experience study |
| Mortality | Customized table based on actual experience including an adjustment for some anticipated improvement |
| Cost of living adjustments | 2.50% |

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

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| **City of Murfreesboro Employees' Pension Plan -** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 16.75% | NA |

| **Murfreesboro Electric Department Employees' Pension Plan -** | **FYE 2014** | **FYE 2015** |
|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 15.27% | 1.09% |

NA *not available*

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

**CITY OF MURFREESBORO, TENNESSEE**

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

**Schedule of Funding Progress**

**June 30, 2015**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| **City of Murfreesboro (excluding Water and Sewer employees)** | | | | | | |
| 07/01/09 | $ -0- | $ 58,233,849 | $ 58,233,849 | 0.0 % | $ 30,404,899 | 191.5 % |
| 07/01/11 | -0- | 67,268,504 | 67,268,504 | 0.0 | 32,362,816 | 207.9 |
| 07/01/13 | -0- | 74,752,223 | 74,752,223 | 0.0 | 33,532,641 | 222.9 |
| **Murfreesboro Water and Sewer Department** | | | | | | |
| 07/01/09 | $ -0- | $ 11,913,264 | 11,913,264 | 0.0 % | 5,569,115 | 213.9 % |
| 07/01/11 | -0- | 13,289,514 | 13,289,514 | 0.0 | 6,728,128 | 211.7 |
| 07/01/13 | -0- | 13,904,243 | 13,904,243 | 0.0 | 6,730,185 | 206.6 |
| **Murfreesboro Electric Department** | | | | | | |
| 07/01/10 | $ -0- | $ 6,713,346 | $ 6,713,346 | 0.0 % | $ 4,696,177 | 143.0 % |
| 07/01/12 | -0- | 7,409,294 | 7,409,294 | 0.0 | 4,660,810 | 159.0 |
| 07/01/14 | -0- | 8,103,724 | 8,103,724 | 0.0 | 4,895,949 | 165.5 |
| **Murfreesboro City Schools** | | | | | | |
| 07/01/10 | $ -0- | $ 2,570,000 | $ 2,570,000 | 0.0 % | $ 40,603,000 | 6.3 % |
| 07/01/11 | -0- | 12,743,000 | 12,743,000 | 0.0 | 40,876,000 | 31.2 |
| 07/01/13 | -0- | 3,243,000 | 3,243,000 | 0.0 | 38,871,000 | 32.8 |

# ***NONMAJOR GOVERNMENTAL FUNDS***

## ***SPECIAL REVENUE FUNDS***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and special purpose funds established by the City Council.

## ***CAPITAL PROJECTS FUNDS***

Capital Projects Funds are used to account for the acquisition or construction of capital projects, other than those financed by Enterprise Funds or Internal Service Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, lease of City property, and earnings on investments.

## ***DEBT SERVICE FUNDS***

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

## ***PERMANENT FUND***

Permanent Funds are used to account for funds that are legally restricted to the extent that only earnings (and not principal) may be used for purposes that support the City or its citizenry.

The ***Perpetual Care Cemetery Fund*** accounts for the portion of cemetery lot sale proceeds required by law to be deposited into a perpetual care fund. Earnings on the funds may be used for the maintenance of the Evergreen Cemetery grounds.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**
**Nonmajor Governmental Funds**

**June 30, 2015**

| | Total Special Revenue Funds | Capital Improvement and Contingency Fund | Permanent Fund Perpetual Care Cemetery Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 3,385,137 | $ 1,193,535 | | $ 4,578,672 |
| Certificates of deposit | 352,548 | | | 352,548 |
| Due from other funds | 157,880 | | | 157,880 |
| Due from other governments | 2,490,280 | | | 2,490,280 |
| Accounts receivable, net | 77,713 | | $ 37,585 | 115,298 |
| Due from others | 100 | | | 100 |
| Other receivables | | | 10,216 | 10,216 |
| Prepaid items and deposits | 2,194 | | | 2,194 |
| Inventory | 123,554 | | | 123,554 |
| Restricted assets - | | | | |
| Cash and cash equivalents | | 4,821,328 | 352,786 | 5,174,114 |
| Investments, at fair value | | | 1,958,768 | 1,958,768 |
| | $ 6,589,406 | $ 6,014,863 | $ 2,359,355 | $ 14,963,624 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities- | | | | |
| Accounts payable | $ 886,675 | | | $ 886,675 |
| Accrued liabilities | 531,136 | | | 531,136 |
| Due to other funds | 234,459 | | | 234,459 |
| Unearned revenue | 66,537 | $ 7,578 | | 74,115 |
| Other deposits | 41,051 | | | 41,051 |
| | $ 1,759,858 | $ 7,578 | | $ 1,767,436 |
| Deferred Inflows of Resources- | | | | |
| Unavailable revenue | $ 13,031 | $ 125,000 | | $ 138,031 |
| | $ 13,031 | $ 125,000 | | $ 138,031 |
| Fund Balances- | | | | |
| Nonspendable | $ 123,554 | | $ 1,940,094 | $ 2,063,648 |
| Restricted | 2,203,147 | $ 4,820,016 | | 7,023,163 |
| Committed | 2,489,816 | 1,062,269 | | 3,552,085 |
| Assigned | | | 419,261 | 419,261 |
| | $ 4,816,517 | $ 5,882,285 | $ 2,359,355 | $ 13,058,157 |
| | $ 6,589,406 | $ 6,014,863 | $ 2,359,355 | $ 14,963,624 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Total Special Revenue Funds | Capital Improvement and Contingency Fund | School Debt Service Fund | Permanent Fund Perpetual Care Cemetery Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|
| Revenues- | | | | | |
| Intergovernmental | $ 12,624,158 | $ 4,820,016 | | | $ 17,444,174 |
| Charges for services | 4,955,968 | | | | 4,955,968 |
| Interest and investment earnings | 2,597 | 1,833 | | $ 111,853 | 116,283 |
| Miscellaneous | 520,853 | | | | 520,853 |
| | $ 18,103,576 | $ 4,821,849 | | $ 111,853 | $ 23,037,278 |
| Expenditures - | | | | | |
| Current- | | | | | |
| Police | $ 259,887 | | | | $ 259,887 |
| Community services | 5,070,085 | | | | 5,070,085 |
| Education | 5,078,473 | | | | 5,078,473 |
| Food service | 5,969,987 | | | | 5,969,987 |
| Capital outlay | 1,979,111 | | | | 1,979,111 |
| Debt service - | | | | | |
| Principal | | | $ 4,518,609 | | 4,518,609 |
| Interest | | | 915,203 | | 915,203 |
| | $ 18,357,543 | | $ 5,433,812 | | $ 23,791,355 |
| Excess of Revenues Over (Under) Expenditures | $ (253,967) | $ 4,821,849 | $ (5,433,812) | $ 111,853 | $ (754,077) |
| Other Sources (Uses) - | | | | | |
| Transfers in | $ 97,973 | | $ 5,433,812 | | $ 5,531,785 |
| Transfers out | (227,474) | | | $ (52,577) | (280,051) |
| | $ (129,501) | | $ 5,433,812 | $ (52,577) | $ 5,251,734 |
| Net change in fund balances | $ (383,468) | $ 4,821,849 | $ -0- | $ 59,276 | $ 4,497,657 |
| Fund Balances at beginning of year, as previously stated | $ 3,256,281 | $ 1,060,436 | $ -0- | $ 2,300,079 | $ 6,616,796 |
| Prior period adjustment | 1,943,704 | | | | 1,943,704 |
| Fund Balances at beginning of year, as restated | $ 5,199,985 | $ 1,060,436 | $ -0- | $ 2,300,079 | $ 8,560,500 |
| Fund Balances at end of year | $ 4,816,517 | $ 5,882,285 | $ -0- | $ 2,359,355 | $ 13,058,157 |

## ***NONMAJOR SPECIAL REVENUE FUNDS***

***Airport Fund*** accounts for revenues and expenditures related to the operation of the municipal airport.

***Drug Enforcement Fund*** accounts for revenue from drug fines and confiscated property and the use of those funds in the City's drug enforcement and education programs.

***Extended School Program Fund*** accounts for revenues and expenditures associated with the operation of the School System's before and after school program.

***School Cafeteria Fund*** accounts for the revenues and expenditures of the cafeteria operations for all of the schools.

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

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Airport | Drug Enforcement | Extended School Program | School Cafeteria | School Federal and State Programs | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | $ 224,498 | $ 929,702 | $ 850,454 | $ 416,517 | $ 963,966 | $ 3,385,137 |
| Certificates of deposit | | | 352,548 | | | 352,548 |
| Due from others | | 100 | | | | 100 |
| Due from other funds | | | 157,880 | | | 157,880 |
| Due from other governments | 1,045,828 | 10,537 | | 146,604 | 1,287,311 | 2,490,280 |
| Accounts receivable, net | 71,123 | | 6,590 | | | 77,713 |
| Prepaid items and deposits | 2,194 | | | | | 2,194 |
| Inventory | 42,690 | | | 80,864 | | 123,554 |
| | $ 1,386,333 | $ 940,339 | $ 1,367,472 | $ 643,985 | $ 2,251,277 | $ 6,589,406 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities- | | | | | | |
| Accounts payable | $ 883,919 | $ 2,756 | | | | $ 886,675 |
| Accrued liabilities | 3,612 | | $ 140,370 | $ 68,659 | $ 318,495 | 531,136 |
| Due to other funds | | 14,004 | 4,610 | | 215,845 | 234,459 |
| Unearned revenue | | 66,537 | | | | 66,537 |
| Deposits | 41,051 | | | | | 41,051 |
| | $ 928,582 | $ 83,297 | $ 144,980 | $ 68,659 | $ 534,340 | $ 1,759,858 |
| Deferred Inflows of Resources- | | | | | | |
| Unavailable revenue - other | | | $ 13,031 | | | $ 13,031 |
| | | | $ 13,031 | | | $ 13,031 |
| Fund Balances- | | | | | | |
| Nonspendable | $ 42,690 | | | $ 80,864 | | $ 123,554 |
| Restricted | | $ 339,606 | | 146,604 | $ 1,716,937 | 2,203,147 |
| Committed | 415,061 | 517,436 | $ 1,209,461 | 347,858 | | 2,489,816 |
| Unassigned | | | | | | |
| | $ 457,751 | $ 857,042 | $ 1,209,461 | $ 575,326 | $ 1,716,937 | $ 4,816,517 |
| | $ 1,386,333 | $ 940,339 | $ 1,367,472 | $ 643,985 | $ 2,251,277 | $ 6,589,406 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Airport | Drug Enforcement | Extended School Program | School Cafeteria | School Federal and State Programs | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|
| Revenues- | | | | | | |
| Intergovernmental | $ 1,953,488 | | $ 36,910 | $ 4,862,233 | $ 5,771,527 | $ 12,624,158 |
| Charges for services | 1,480,398 | | 3,014,813 | 460,757 | | 4,955,968 |
| Interest | 988 | $ 1,609 | | | | 2,597 |
| Miscellaneous | 883 | 384,793 | 134,604 | 573 | | 520,853 |
| | $ 3,435,757 | $ 386,402 | $ 3,186,327 | $ 5,323,563 | $ 5,771,527 | $ 18,103,576 |
| Expenditures- | | | | | | |
| Education | | | | | $ 5,078,473 | $ 5,078,473 |
| Police | | $ 259,887 | | | | 259,887 |
| Community services | $ 1,221,151 | | $ 3,183,598 | | 665,336 | 5,070,085 |
| Food service | | | | $ 5,969,987 | | 5,969,987 |
| Capital outlay | 1,958,278 | 20,833 | | | | 1,979,111 |
| | $ 3,179,429 | $ 280,720 | $ 3,183,598 | $ 5,969,987 | $ 5,743,809 | $ 18,357,543 |
| Excess of Revenues Over (Under) Expenditures | $ 256,328 | $ 105,682 | $ 2,729 | $ (646,424) | $ 27,718 | $ (253,967) |
| Other Sources (Uses)- | | | | | | |
| Transfers in | | $ 97,973 | | | | $ 97,973 |
| Transfers out | $ (190,649) | | | | $ (36,825) | (227,474) |
| | $ (190,649) | $ 97,973 | | | $ (36,825) | $ (129,501) |
| Net change in fund balances | $ 65,679 | $ 203,655 | $ 2,729 | $ (646,424) | $ (9,107) | $ (383,468) |
| Fund Balances at beginning of year, as previously stated | $ 392,072 | $ 653,387 | $ 1,665,630 | $ 1,257,950 | $ (712,758) | $ 3,256,281 |
| Prior period adjustment | | | (458,898) | (36,200) | 2,438,802 | 1,943,704 |
| Fund Balances at beginning of year, as restated | $ 392,072 | $ 653,387 | $ 1,206,732 | $ 1,221,750 | $ 1,726,044 | $ 5,199,985 |
| Fund Balances at end of year | $ 457,751 | $ 857,042 | $ 1,209,461 | $ 575,326 | $ 1,716,937 | $ 4,816,517 |

**CITY OF MURFREESBORO, TENNESSEE**

**Airport Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| State funds | $ 2,676,620 | $ 3,388,358 | $ 1,953,488 | $ (1,434,870) |
| Interest | 1,200 | 1,200 | 988 | (212) |
| Rental income | 442,881 | 442,881 | 476,421 | 33,540 |
| Fuel sales | 1,086,258 | 1,086,258 | 1,003,977 | (82,281) |
| Miscellaneous | 770 | 770 | 883 | 113 |
| | $ 4,207,729 | $ 4,919,467 | $ 3,435,757 | $ (1,483,710) |
| Expenditures - | | | | |
| Labor | $ 160,497 | $ 160,497 | $ 144,265 | $ 16,232 |
| Operations and maintenance | 78,300 | 78,300 | 76,727 | 1,573 |
| Supplies | 14,951 | 14,951 | 9,274 | 5,677 |
| Insurance | 16,038 | 16,038 | 15,712 | 326 |
| Social Security taxes | 12,278 | 12,278 | 10,698 | 1,580 |
| Group insurance | 17,001 | 17,001 | 18,143 | (1,142) |
| Retirement | 9,749 | 9,749 | 9,749 | |
| Utilities | 45,350 | 45,350 | 38,642 | 6,708 |
| Travel and subsistence | 4,600 | 4,600 | 1,856 | 2,744 |
| Purchases for resale | 924,915 | 924,915 | 836,160 | 88,755 |
| Fuel rebates | 32,793 | 32,793 | 39,940 | (7,147) |
| Surveys and studies | 5,250 | 5,250 | 6,269 | (1,019) |
| Other miscellaneous | 16,100 | 16,100 | 13,716 | 2,384 |
| Capital outlay | 2,681,820 | 3,393,558 | 1,958,278 | 1,435,280 |
| | $ 4,019,642 | $ 4,731,380 | $ 3,179,429 | $ 1,551,951 |
| Excess of Revenues Over (Under) Expenditures | $ 188,087 | $ 188,087 | $ 256,328 | $ 68,241 |
| Other Financing Sources and (Uses) - | | | | |
| Transfers out | (190,649) | (190,649) | (190,649) | -0- |
| Net change in fund balance | $ (2,562) | $ (2,562) | $ 65,679 | $ 68,241 |
| Fund Balance at beginning of year | 392,072 | 392,072 | 392,072 | -0- |
| Fund Balance at end of year | $ 389,510 | $ 389,510 | $ 457,751 | $ 68,241 |

**CITY OF MURFREESBORO, TENNESSEE**

**Drug Enforcement Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Court fines | $ 100,000 | $ 100,000 | $ 94,724 | $ (5,276) |
| Seizure awards | 100,000 | 123,000 | 261,900 | 138,900 |
| Interest | 1,000 | 1,000 | 1,609 | 609 |
| Miscellaneous | 10,600 | 10,600 | 28,169 | 17,569 |
| | $ 211,600 | $ 234,600 | $ 386,402 | $ 151,802 |
| Expenditures - | | | | |
| Labor | $ 110,000 | $ 110,000 | $ 102,197 | $ 7,803 |
| Operations and maintenance | 31,700 | 31,700 | 29,720 | 1,980 |
| Supplies | 5,650 | 5,650 | 4,033 | 1,617 |
| Utilities | 19,800 | 19,800 | 22,383 | (2,583) |
| Undercover operations | 70,000 | 70,000 | 63,000 | 7,000 |
| Other miscellaneous | 25,550 | 48,550 | 38,554 | 9,996 |
| Capital outlay | 53,900 | 53,900 | 20,833 | 33,067 |
| | $ 316,600 | $ 339,600 | $ 280,720 | $ 58,880 |
| Excess of Revenues Over (Under) Expenditures | $ (105,000) | $ (105,000) | $ 105,682 | $ 210,682 |
| Other Financing Sources - | | | | |
| Transfers in | 100,000 | 100,000 | 97,973 | (2,027) |
| Net change in fund balance | $ (5,000) | $ (5,000) | $ 203,655 | $ 208,655 |
| Fund Balance at beginning of year | 653,387 | 653,387 | 653,387 | -0- |
| Fund Balance at end of year | $ 648,387 | $ 648,387 | $ 857,042 | $ 208,655 |

**CITY OF MURFREESBORO, TENNESSEE**

**Extended School Program Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| State funds | | | $ 36,910 | $ 36,910 |
| Charges for services | $ 2,582,431 | $ 2,582,431 | 3,014,813 | 432,382 |
| Other local revenues | 6,960 | 6,960 | 134,604 | 127,644 |
| | $ 2,589,391 | $ 2,589,391 | $ 3,186,327 | $ 596,936 |
| Expenditures - | | | | |
| Community services | $ 3,209,436 | $ 3,209,436 | $ 3,183,598 | $ 25,838 |
| Excess of Revenues Over (Under) Expenditures | $ (620,045) | $ (620,045) | $ 2,729 | $ 622,774 |
| Fund Balance at beginning of year, as previously stated | $ 1,665,630 | $ 1,665,630 | $ 1,665,630 | |
| Prior period adjustment | | | (458,898) | $ (458,898) |
| Fund Balance at beginning of year, as restated | $ 1,665,630 | $ 1,665,630 | $ 1,206,732 | $ (458,898) |
| Fund Balance at end of year | $ 1,045,585 | $ 1,045,585 | $ 1,209,461 | $ 163,876 |

**CITY OF MURFREESBORO, TENNESSEE**

**School Cafeteria Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Federal program revenues | $ 4,012,604 | $ 4,269,109 | $ 4,131,485 | $ (137,624) |
| State program revenues | 160,000 | 615,000 | 496,363 | (118,637) |
| USDA Commodities | | 234,385 | 234,385 | |
| Charges for services | 316,020 | 324,929 | 460,757 | 135,828 |
| Other local revenues | | | 573 | 573 |
| | $ 4,488,624 | $ 5,443,423 | $ 5,323,563 | $ (119,860) |
| Expenditures - | | | | |
| Food service | $ 4,564,229 | $ 5,754,866 | $ 5,735,602 | $ 19,264 |
| USDA commodities | | 234,385 | 234,385 | |
| | $ 4,564,229 | $ 5,989,251 | $ 5,969,987 | $ 19,264 |
| Excess of Revenues Over (Under) Expenditures | $ (75,605) | $ (545,828) | $ (646,424) | $ (100,596) |
| Fund Balance at beginning of year, as previously stated | $ 1,257,950 | $ 1,257,950 | $ 1,257,950 | |
| Prior period adjustment | | | (36,200) | $ (36,200) |
| Fund Balance at beginning of year, as restated | $ 1,257,950 | $ 1,257,950 | $ 1,221,750 | $ (36,200) |
| Fund Balance at end of year | $ 1,182,345 | $ 712,122 | $ 575,326 | $ (136,796) |

**CITY OF MURFREESBORO, TENNESSEE**

**School Federal and State Program Funds**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| State program revenues | $ 1,185,647 | $ 1,185,647 | $ 1,195,947 | $ 10,300 |
| Federal program revenues | 4,336,494 | 5,796,041 | 4,575,580 | (1,220,461) |
| | $ 5,522,141 | $ 6,981,688 | $ 5,771,527 | $ (1,210,161) |
| Expenditures - | | | | |
| Regular instruction program | $ 1,458,884 | $ 2,115,051 | $ 1,534,832 | $ 580,219 |
| Special education program | 1,003,258 | 1,502,860 | 1,167,526 | 335,334 |
| Health services | 100,000 | 100,000 | 100,000 | |
| Other student support | 23,851 | 93,194 | 62,715 | 30,479 |
| Regular instruction - support | 705,430 | 705,652 | 575,101 | 130,551 |
| Special education program - support | 462,046 | 696,259 | 552,519 | 143,740 |
| Community services | 646,200 | 646,200 | 665,336 | (19,136) |
| Early childhood education | 1,085,647 | 1,085,647 | 1,085,780 | (133) |
| | $ 5,485,316 | $ 6,944,863 | $ 5,743,809 | $ 1,201,054 |
| Excess of Revenues Over (Under) Expenditures | $ 36,825 | $ 36,825 | $ 27,718 | $ (9,107) |
| Other Financing Sources (Uses) | | | | |
| Transfers out | $ (36,825) | $ (36,825) | $ (36,825) | $ -0- |
| Net change in fund balance | $ -0- | $ -0- | $ (9,107) | $ (9,107) |
| Fund Balance at beginning of year, as previously stated | $ (712,758) | $ (712,758) | $ (712,758) | |
| Prior period adjustment | | | 2,438,802 | $ 2,438,802 |
| Fund Balance at beginning of year, as restated | $ (712,758) | $ (712,758) | $ 1,726,044 | $ 2,438,802 |
| Fund Balance at end of year | $ (712,758) | $ (712,758) | $ 1,716,937 | $ 2,429,695 |

## ***MAJOR CAPITAL PROJECTS FUND***

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

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

**CITY OF MURFREESBORO, TENNESSEE**

**TMBF/Bond Fund**

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

**Year Ended June 30, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues- | | | | |
| Interest income | $ 22,500 | $ 22,500 | $ 74,351 | $ 51,851 |
| Intergovernmental revenues | | | 73,711 | 73,711 |
| Miscellaneous income | 300,000 | 1,500,000 | 943,101 | (556,899) |
| | $ 322,500 | $ 1,522,500 | $ 1,091,163 | $ (431,337) |
| Expenditures- | | | | |
| Capital outlay and other projects | $ 86,305,436 | $ 86,305,436 | $ 18,545,814 | $ 67,759,622 |
| | $ 86,305,436 | $ 86,305,436 | $ 18,545,814 | $ 67,759,622 |
| Excess of Revenues Over (Under) Expenditures | $ (85,982,936) | $ (84,782,936) | $ (17,454,651) | $ 67,328,285 |
| Other Financing Sources (Uses)- | | | | |
| Issuance of debt | $ 51,303,760 | $ 51,303,760 | $ 2,467,403 | $ (48,836,357) |
| Transfer in | | | 683,000 | 683,000 |
| Transfers out | (300,000) | (1,500,000) | (1,015,470) | 484,530 |
| | $ 51,003,760 | $ 49,803,760 | $ 2,134,933 | $ (47,668,827) |
| Net change in fund balance | $ (34,979,176) | $ (34,979,176) | $ (15,319,718) | $ 19,659,458 |
| Fund Balance at beginning of year | 38,709,845 | 38,709,845 | 38,709,845 | -0- |
| Fund Balance at end of year | $ 3,730,669 | $ 3,730,669 | $ 23,390,127 | $ 19,659,458 |

## ***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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues- | | | | |
| Interest income | $ 500 | $ 500 | $ 1,833 | $ 1,333 |
| Revenue from county shared bonds | | 200,000 | 4,820,016 | 4,620,016 |
| Miscellaneous revenue | 7,600 | 7,600 | | (7,600) |
| | $ 8,100 | $ 208,100 | $ 4,821,849 | $ 4,613,749 |
| Expenditures- | | | | |
| Capital outlay and other projects | $ 8,100 | $ 208,100 | $ -0- | $ 208,100 |
| | $ 8,100 | $ 208,100 | $ -0- | $ 208,100 |
| Excess of Revenues Over (Under) Expenditures | $ -0- | $ -0- | $ 4,821,849 | $ 4,821,849 |
| Fund Balance at beginning of year | 1,060,436 | 1,060,436 | 1,060,436 | -0- |
| Fund Balance at end of year | $ 1,060,436 | $ 1,060,436 | $ 5,882,285 | $ 4,821,849 |

## ***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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Interest earned | $ -0- | $ -0- | $ 2,007 | $ 2,007 |
| Expenditures - | | | | |
| Principal retirement | $ 24,670,628 | $ 24,670,628 | $ 20,152,019 | $ 4,518,609 |
| Interest | 5,375,816 | 5,375,816 | 3,611,448 | 1,764,368 |
| Fiscal agent fees | 105,000 | 105,000 | 81,090 | 23,910 |
| | $ 30,151,444 | $ 30,151,444 | $ 23,844,557 | $ 6,306,887 |
| Excess of Revenues Over (Under) Expenditures | $ (30,151,444) | $ (30,151,444) | $ (23,842,550) | $ 6,308,894 |
| Other Financing Sources (Uses) - | | | | |
| Transfers in | $ 27,512,307 | $ 28,712,307 | $ 27,577,693 | $ (1,134,614) |
| Transfers out | | | (4,820,641) | (4,820,641) |
| | $ 27,512,307 | $ 28,712,307 | $ 22,757,052 | $ (5,955,255) |
| Net change in fund balance | $ (2,639,137) | $ (1,439,137) | $ (1,085,498) | $ 353,639 |
| Fund Balance at beginning of year | 3,861,500 | 3,861,500 | 3,861,500 | -0- |
| Fund Balance at end of year | $ 1,222,363 | $ 2,422,363 | $ 2,776,002 | $ 353,639 |

## ***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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues - | | | | |
| Interest earned | $ -0- | $ -0- | $ -0- | $ -0- |
| Expenditures - | | | | |
| Principal retirement | $ 4,604,394 | $ 4,604,394 | $ 4,518,609 | $ 85,785 |
| Interest | 1,113,001 | 1,113,001 | 915,203 | 197,798 |
| | $ 5,717,395 | $ 5,717,395 | $ 5,433,812 | $ 283,583 |
| Excess of Revenues Over (Under) Expenditures | $ (5,717,395) | $ (5,717,395) | $ (5,433,812) | $ (283,583) |
| Other Financing Sources (Uses) - | | | | |
| Transfers in | $ 5,717,395 | $ 5,717,395 | $ 5,433,812 | $ (283,583) |
| | $ 5,717,395 | $ 5,717,395 | $ 5,433,812 | $ (283,583) |
| Net change in fund balance | $ -0- | $ -0- | $ -0- | $ -0- |
| Fund Balance at beginning of year | -0- | -0- | -0- | -0- |
| Fund Balance at end of year | $ -0- | $ -0- | $ -0- | $ -0- |

## ***NONMAJOR ENTERPRISE FUNDS***

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

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

***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.

***The Foremost Dairies, Inc. Plant and the Alton Box Board Co. Plant*** were dormant nonmajor enterprise funds whose major assets were land and buildings. The assets of these dormant nonmajor enterprise funds were moved to the General Fund as of June 30, 2014.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Net Position**
**Nonmajor Enterprise Funds**

**June 30, 2015**

| | Murfreesboro Stormwater Fund | Evergreen Cemetery | Totals |
|---|---|---|---|
| ASSETS | | | |
| Current Assets - | | | |
| Cash and cash equivalents | $ 6,122,246 | $ 71,556 | $ 6,193,802 |
| Accounts receivable | | 137,707 | 137,707 |
| Inventories | | 63,643 | 63,643 |
| Prepaid items | 23,204 | 2,527 | 25,731 |
| Total Current Assets | $ 6,145,450 | $ 275,433 | $ 6,420,883 |
| Noncurrent Assets - | | | |
| Land and construction in progress | $ 1,133,759 | $ 935 | $ 1,134,694 |
| Other capital assets, net of depreciation | 3,692,064 | 159,077 | 3,851,141 |
| Total Noncurrent Assets | $ 4,825,823 | $ 160,012 | $ 4,985,835 |
| Total Assets | $ 10,971,273 | $ 435,445 | $ 11,406,718 |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities - | | | |
| Accounts payable | | $ 4,233 | $ 4,233 |
| Accrued and withheld liabilities | $ 4,760 | | 4,760 |
| Due to other funds | 1,403,082 | | 1,403,082 |
| Total Current Liabilities | $ 1,407,842 | $ 4,233 | $ 1,412,075 |
| Net Position - | | | |
| Net investment in capital assets | $ 4,825,823 | $ 160,012 | $ 4,985,835 |
| Unrestricted | 4,737,608 | 271,200 | 5,008,808 |
| Total Net Position | $ 9,563,431 | $ 431,212 | $ 9,994,643 |
| Total Liabilities and Net Position | $ 10,971,273 | $ 435,445 | $ 11,406,718 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Murfreesboro Stormwater Fund | Foremost Daries, Inc. Plant | Alton Box Board Co. Plant | Evergreen Cemetery | Totals |
|---|---|---|---|---|---|
| Operating Revenues - | | | | | |
| Charges for services | $ 2,771,103 | | | $ 438,619 | $ 3,209,722 |
| Operating Expenses - | | | | | |
| Operating expenses | $ 2,594,066 | | | $ 457,444 | $ 3,051,510 |
| Depreciation and amortization expense | 252,921 | | | 27,628 | 280,549 |
| | $ 2,846,987 | | | $ 485,072 | $ 3,332,059 |
| Operating Income (Loss) | $ (75,884) | | | $ (46,453) | $ 3,612,608 |
| Nonoperating Revenues - | | | | | |
| Interest | 11,200 | | | 2,785 | 13,985 |
| Income (Loss) Before Transfers | $ (64,684) | | | $ (43,668) | $ (108,352) |
| Transfers in | | | | 52,577 | 52,577 |
| Change in Net Position | $ (64,684) | | | $ 8,909 | $ (55,775) |
| Net Position at beginning of year as previously stated | $ 9,628,115 | $ 34,402 | $ 21,502 | $ 422,303 | $ 10,106,322 |
| Prior period adjustment | | (34,402) | (21,502) | | (55,904) |
| Net Position at beginning of year as restated | 9,628,115 | -0- | -0- | 422,303 | 10,050,418 |
| Net Position at end of year | $ 9,563,431 | $ -0- | $ -0- | $ 431,212 | $ 9,994,643 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Murfreesboro Stormwater Fund | Evergreen Cemetery | Totals |
|---|---|---|---|
| Cash Flows from Operating Activities - | | | |
| Cash received from customers | | $ 445,065 | $ 445,065 |
| Cash payments to suppliers | | (174,812) | (174,812) |
| Cash payments to employees | | (284,903) | (284,903) |
| Other receipts | $ 450,928 | | 450,928 |
| Net Cash Provided (Used) by Operating Activities | $ 450,928 | $ (14,650) | $ 436,278 |
| Cash Flows from Noncapital Financing Activities - | | | |
| Transfers in | | $ 52,577 | $ 52,577 |
| Net Cash Provided (Used) by Noncapital Financing Activities | | $ 52,577 | $ 52,577 |
| Cash Flows From Capital and Related Financing Activities - | | | |
| Acquisition and construction of capital assets | | $ (5,925) | $ (5,925) |
| Net Cash Used by Capital and Related Financing Activities | | $ (5,925) | $ (5,925) |
| Cash Flows From Investing Activities - | | | |
| Interest received | $ 11,200 | $ 2,785 | $ 13,985 |
| Net Cash Provided by Investing Activities | $ 11,200 | $ 2,785 | $ 13,985 |
| Net Increase in Cash and Cash Equivalents | $ 462,128 | $ 34,787 | $ 496,915 |
| Cash and Cash Equivalents at Beginning of Year | 5,660,118 | 36,769 | 5,696,887 |
| Cash and Cash Equivalents at End of Year | $ 6,122,246 | $ 71,556 | $ 6,193,802 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Operating Income (Loss) | $ (75,884) | $ (46,453) | $ (122,337) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - | | | |
| Depreciation | 252,921 | 27,628 | 280,549 |
| Changes in assets and liabilities - | | | |
| Accounts receivable | | 6,446 | 6,446 |
| Inventory | | 2,000 | 2,000 |
| Prepaid expenses | (11,350) | | (11,350) |
| Due from other funds | 2,723,248 | | 2,723,248 |
| Accounts payable | (23,319) | (2,830) | (26,149) |
| Accrued and withheld liabilities | 439 | (1,441) | (1,002) |
| Due to other funds | (2,415,127) | | (2,415,127) |
| Net Cash Provided (Used) by Operating Activities | $ 450,928 | $ (14,650) | $ 436,278 |
| Non-Cash Capital and Related Financing Activities - | | | |
| Capital assets acquired with due to other fund | $ 531,849 | | $ 531,849 |
| | $ 531,849 | | $ 531,849 |

## ***INTERNAL SERVICE FUNDS***

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

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

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

***Fleet Services Fund*** accounts for fleet and equipment management to other departments or agencies of the City on a cost reimbursement basis.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Net Position**
**Internal Service Funds**

**June 30, 2015**

| | Insurance | Risk Management | Fleet Services | Totals |
|---|---|---|---|---|
| ASSETS | | | | |
| Current Assets - | | | | |
| Cash and cash equivalents | $ 4,202,868 | $ 8,712,372 | | $ 12,915,240 |
| Due from other funds | | | $ 36,376 | 36,376 |
| Due from others | 43,160 | 24,409 | | 67,569 |
| Prepaid item | 38,270 | | | 38,270 |
| Inventory | | | 234,261 | 234,261 |
| Total Current Assets | $ 4,284,298 | $ 8,736,781 | $ 270,637 | $ 13,291,716 |
| Noncurrent Assets - | | | | |
| Restricted assets - | | | | |
| Cash and cash equivalents | $ 225,860 | | | $ 225,860 |
| Certificates of deposit | | $ 500,000 | | 500,000 |
| Total Noncurrent Assets | $ 225,860 | $ 500,000 | | $ 725,860 |
| Total Assets | $ 4,510,158 | $ 9,236,781 | $ 270,637 | $ 14,017,576 |
| LIABILITIES AND NET POSITION | | | | |
| Current Liabilities - | | | | |
| Accounts payable | $ 795,883 | $ 225,644 | | $ 1,021,527 |
| Accrued and withheld liabilities | | 1,759 | $ 6,930 | 8,689 |
| Due to other funds | | 6,831 | | 6,831 |
| Unearned revenue | | 22,802 | | 22,802 |
| Claims and judgments payable | | 2,500,303 | | 2,500,303 |
| Total Current Liabilities | $ 795,883 | $ 2,757,339 | $ 6,930 | $ 3,560,152 |
| Noncurrent Liabilities - | | | | |
| Claims and judgments payable | | 4,426,197 | | 4,426,197 |
| Total Liabilities | $ 795,883 | $ 7,183,536 | $ 6,930 | $ 7,986,349 |
| Net Position - | | | | |
| Unrestricted | $ 3,714,275 | $ 2,053,245 | $ 263,707 | $ 6,031,227 |
| Total Net Position | $ 3,714,275 | $ 2,053,245 | $ 263,707 | $ 6,031,227 |
| Total Liabilities and Net Position | $ 4,510,158 | $ 9,236,781 | $ 270,637 | $ 14,017,576 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Insurance | Risk Management | Fleet Services | Totals |
|---|---|---|---|---|
| Operating Revenues - | | | | |
| Premiums from City departments | $ 12,338,554 | $ 3,802,437 | | $ 16,140,991 |
| Premiums from others | 2,320,593 | 1,688 | | 2,322,281 |
| Charges for services | | | $ 2,395,080 | 2,395,080 |
| Miscellaneous | 77,349 | | 2,847 | 80,196 |
| | $ 14,736,496 | $ 3,804,125 | $ 2,397,927 | $ 20,938,548 |
| Operating Expenses - | | | | |
| Claims and administrative expense | $ 13,303,927 | $ 2,736,704 | | $ 16,040,631 |
| Administrative support | | 573,494 | | 573,494 |
| Labor expense | | 229,903 | $ 651,471 | 881,374 |
| Parts and lubricants | | | 1,233,226 | 1,233,226 |
| Operation and maintenance | | 936 | 25,350 | 26,286 |
| Supplies | | 6,359 | 31,253 | 37,612 |
| Insurance | | | 6,931 | 6,931 |
| Social Security taxes | | 17,114 | 46,903 | 64,017 |
| Group insurance | | 26,459 | 177,742 | 204,201 |
| Retirement | | 27,271 | 70,528 | 97,799 |
| Utilities | | 1,711 | 67,098 | 68,809 |
| Travel | | 644 | | 644 |
| Professional fees | | 5,986 | | 5,986 |
| Miscellaneous | | 7,169 | 15,199 | 22,368 |
| Capital outlay | | 1,070 | 16,655 | 17,725 |
| | $ 13,303,927 | $ 3,634,820 | $ 2,342,356 | $ 19,281,103 |
| Operating Income (Loss) | $ 1,432,569 | $ 169,305 | $ 55,571 | $ 1,657,445 |
| Nonoperating Revenue - | | | | |
| Interest earned | 1,219 | 13,399 | -0- | 14,618 |
| Change in Net Position | $ 1,433,788 | $ 182,704 | $ 55,571 | $ 1,672,063 |
| Net Position at beginning of year | $ 2,280,487 | $ 1,870,541 | $ 208,136 | $ 4,359,164 |
| Net Position at end of year | $ 3,714,275 | $ 2,053,245 | $ 263,707 | $ 6,031,227 |

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows**
**Internal Service Funds**

**Year Ended June 30, 2015**

| | Insurance | Risk Management | Fleet Services | Totals |
|---|---|---|---|---|
| Cash Flows From Operating Activities- | | | | |
| Cash received from interfund services provided | $ 14,629,147 | $ 3,802,437 | $ 2,374,273 | $ 20,805,857 |
| Cash payments to suppliers | | | (1,729,377) | (1,729,377) |
| Cash payments to employees | | (229,903) | (647,743) | (877,646) |
| Cash payments of claims and administrative expenses | (13,554,819) | (2,772,948) | | (16,327,767) |
| Other receipts | 245,146 | 1,688 | 2,847 | 249,681 |
| Other payments | | (666,908) | | (666,908) |
| Net Cash Provided (Used) by Operating Activities | $ 1,319,474 | $ 134,366 | $ -0- | $ 1,453,840 |
| Cash Flows From Investing Activities- | | | | |
| Interest received | $ 1,219 | $ 16,022 | | $ 17,241 |
| Net Cash Provided (Used) by Investing Activities | $ 1,219 | $ 16,022 | | $ 17,241 |
| Net Increase (Decrease) in Cash and Cash Equivalents | $ 1,320,693 | $ 150,388 | $ -0- | $ 1,471,081 |
| Cash and Cash Equivalents at Beginning of Year | 3,108,035 | 8,561,984 | | 11,670,019 |
| Cash and Cash Equivalents at End of Year | $ 4,428,728 | $ 8,712,372 | $ -0- | $ 13,141,100 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | $ 1,432,569 | $ 169,305 | $ 55,571 | $ 1,657,445 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Changes in assets and liabilities - | | | | |
| Due from other funds | | | (20,807) | (20,807) |
| Due from others | 167,797 | 109,756 | | 277,553 |
| Prepaid items | (38,270) | | | (38,270) |
| Inventory | | | (38,492) | (38,492) |
| Accounts payable | (212,622) | 40,241 | | (172,381) |
| Claims and judgments payable | | (188,000) | | (188,000) |
| Accrued wages | | 1,759 | 3,728 | 5,487 |
| Due to other funds | (30,000) | 1,305 | | (28,695) |
| Net Cash Provided (Used) by Operating Activities | $ 1,319,474 | $ 134,366 | $ -0- | $ 1,453,840 |
| Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position - | | | | |
| Cash and Cash Equivalents | $ 4,202,868 | $ 8,712,372 | | $ 12,915,240 |
| Cash and Cash Equivalents - Restricted | 225,860 | | | 225,860 |
| Cash and Cash Equivalents at End of Year | $ 4,428,728 | $ 8,712,372 | $ -0- | $ 13,141,100 |

## ***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, 2015**

| | Employees' Pension | Electric Department Pension | Totals |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 1,282,324 | $ 242,829 | $ 1,525,153 |
| Investments, at fair value | | | |
| Certificates of deposit | 326,112 | 638,587 | 964,699 |
| Mutual funds | 85,470,763 | 12,097,997 | 97,568,760 |
| U.S. Government notes and bonds | | 378,444 | 378,444 |
| Municipal notes and bonds | 695,964 | | 695,964 |
| Corporate notes and bonds | 6,149,175 | 7,653,761 | 13,802,936 |
| Common/preferred stock | 26,261,802 | | 26,261,802 |
| Accrued interest receivable | 133,315 | 71,706 | 205,021 |
| Due from trustee | 2,460 | | 2,460 |
| | $ 120,321,915 | $ 21,083,324 | $ 141,405,239 |
| NET POSITION | | | |
| Net Position - | | | |
| Held in trust for pension benefits | $ 120,321,915 | $ 21,083,324 | $ 141,405,239 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | Employees' Pension | Electric Department Pension | Totals |
|---|---|---|---|
| Additions - | | | |
| Contributions - | | | |
| Employer | $ 4,468,997 | $ 1,200,000 | $ 5,668,997 |
| Investment income- | | | |
| Net depreciation in fair value of investments | $ (5,065,171) | $ (448,285) | $ (5,513,456) |
| Interest | 233,141 | 272,895 | 506,036 |
| Dividends | 2,981,033 | 402,569 | 3,383,602 |
| Miscellaneous income | 1,585 | | 1,585 |
| Total investment income (loss) | $ (1,849,412) | $ 227,179 | $ (1,622,233) |
| Less investment fees | | (92,549) | (92,549) |
| Net investment income (loss) | $ (1,849,412) | $ 134,630 | $ (1,714,782) |
| Total additions | $ 2,619,585 | $ 1,334,630 | $ 3,954,215 |
| Deductions - | | | |
| Benefits to participants | $ 4,078,708 | $ 760,507 | $ 4,839,215 |
| Total deductions | $ 4,078,708 | $ 760,507 | $ 4,839,215 |
| Net Increase (Decrease) | $ (1,459,123) | $ 574,123 | $ (885,000) |
| Net Position Held in Trust for Pension Benefits - | | | |
| Beginning of year , as previously stated | $ 121,908,637 | $ 20,509,201 | $ 142,417,838 |
| Prior period adjustment | (127,599) | | (127,599) |
| Beginning of year, as restated | $ 121,781,038 | $ 20,509,201 | $ 142,290,239 |
| End of year | $ 120,321,915 | $ 21,083,324 | $ 141,405,239 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 600,210 | $ 1,399,506 | $ 1,411,790 | $ 587,926 |
| Certificates of deposit | 10,000 | | | 10,000 |
| Other receivables | 2,109 | 4,211 | 2,109 | 4,211 |
| Inventory | 4,841 | | 1,578 | 3,263 |
| Total Assets | $ 617,160 | $ 1,403,717 | $ 1,415,477 | $ 605,400 |
| LIABILITIES | | | | |
| Due to others | $ 617,160 | $ 1,375,940 | $ 1,387,700 | $ 605,400 |
| Total Liabilities | $ 617,160 | $ 1,375,940 | $ 1,387,700 | $ 605,400 |

## ***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, 2015**

| | Interest Rate | Maturity Date | Amount |
|---|---|---|---|
| Governmental Funds - | | | |
| Extended School Program Fund | | | |
| Pinnacle Financial Partners | 0.30 % | 03/03/2016 | $ 100,000 |
| Pinnacle Financial Partners | 0.25 | 09/19/2015 | 126,274 |
| Pinnacle Financial Partners | 0.25 | 09/19/2015 | 126,274 |
| | | | $ 352,548 |
| Permanent Fund | | | |
| Ally Bank CD | 2.00 % | 09/30/2016 | $ 65,843 |
| BMW Bank of North America | 2.05 % | 09/13/2018 | 25,315 |
| Comenity Capital Bank | 1.60 % | 09/25/2017 | 25,266 |
| GE Retail Bank FDIC Insured CD | 2.00 % | 05/09/2019 | 25,135 |
| Goldman Sachs Bank FDIC Insured CD | 2.20 % | 02/04/2021 | 25,025 |
| Sonabank CD | 2.00 % | 11/27/2018 | 25,088 |
| State Bank of India - New York FDIC Insured CD | 2.26 % | 10/15/2019 | 50,035 |
| Wells Fargo CD | 1.50 % | 09/26/2018 | 50,518 |
| | | | $ 292,225 |
| Internal Service Funds - | | | |
| Risk Management Fund | | | |
| Midsouth Bank, Murfreesboro | 0.65 % | 09/23/2015 | $ 500,000 |
| Fiduciary Funds - | | | |
| Employees' Pension Trust Fund | | | |
| Goldman Sachs FDIC Insured CD | 2.00 % | 05/28/2019 | $ 225,639 |
| Goldman Sachs FDIC Insured CD | 2.20 % | 01/14/2020 | 100,473 |
| | | | $ 326,112 |
| Electric Department Employee Pension Fund | | | |
| American Express Bank FDIC Insured CD | 2.20 % | 11/20/2019 | $ 150,390 |
| Discover Bank FDIC Insured CD | 2.15 % | 09/17/2019 | 110,768 |
| Goldman Sachs FDIC Insured CD | 2.00 % | 05/28/2019 | 100,284 |
| Goldman Sachs FDIC Insured CD | 2.20 % | 01/14/2020 | 125,591 |
| Wells Fargo FDIC Insured CD | 1.50 % | 09/26/2018 | 151,554 |
| | | | $ 638,587 |
| Extended School Program Private Purpose Trust Fund | | | |
| Pinnacle Financial Partners | 0.30 % | 03/06/2016 | $ 159,709 |
| School Activity Agency Fund | | | |
| Pinnacle Financial Partners | 0.30 % | 03/22/2016 | $ 10,000 |
| Total Certificates of Deposit | | | $ 2,279,181 |

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund**

**June 30, 2015**

| | Interest Rate | | Maturity Date | | Fair Value |
|---|---|---|---|---|---|
| Employees' Pension Trust Fund - | | | | | |
| Jackson TN Energy Rev Taxable | 2.650 | % | 04/01/2021 | $ | 348,649 |
| Jackson TN Energy Rev Taxable | 3.200 | | 04/01/2024 | | 197,536 |
| Salt Lake City, Utah Arts Rev | 4.411 | | 04/01/2022 | | 149,779 |
| AT&T, Inc. | 2.375 | | 11/27/2018 | | 242,100 |
| Actavis Services | 3.800 | | 03/15/2025 | | 132,613 |
| Amgen Inc. Senior Bond | 3.875 | | 11/15/2021 | | 104,870 |
| Apple Inc. Senior Debt | 2.400 | | 05/03/2023 | | 320,468 |
| BP Capital Markets Senior | 3.561 | | 11/01/2021 | | 415,124 |
| Bank of America Sr Variable Rate | 1.988 | | 07/28/2017 | | 203,920 |
| Citigroup Floating Rate Libor Plus | 1.043 | | 04/09/2018 | | 295,143 |
| Clorox Co. | 3.550 | | 11/01/2015 | | 530,040 |
| Comcast Corp New Note | 4.950 | | 06/15/2016 | | 155,907 |
| Ford Motor Credit Floating Rate Debt | 1.388 | | 08/20/2016 | | 251,530 |
| General Elec Cap Corp Floating Rate Libor Plus 1.0% | 1.243 | | 04/15/2023 | | 200,890 |
| Goldman Sachs Group Inc | 2.000 | | 05/13/2020 | | 398,144 |
| Goldman Sachs Group Inc Sr Note | 6.250 | | 09/01/2017 | | 218,952 |
| Kinder Morgan Energy Partners LP | 5.800 | | 03/01/2021 | | 304,516 |
| Kohl's Corporation Sr Debt | 4.000 | | 11/01/2021 | | 526,230 |
| Kraft Foods Inc. Note | 4.125 | | 02/09/2016 | | 173,230 |
| Morgan Stanley Floating Rate | 4.040 | | 04/28/2023 | | 211,567 |
| National Rural Utils Coop Fin Corp | 7.200 | | 10/01/2015 | | 253,735 |
| Nationsbank Corp Sub Note | 7.750 | | 08/15/2015 | | 251,840 |
| O'Reilly Automotive Inc New Sr | 3.800 | | 09/01/2022 | | 510,005 |
| Scana Corp New Note Callable | 4.125 | | 02/01/2022 | | 125,924 |
| Torchmark Corp Sr Note Callable | 9.250 | | 06/15/2019 | | 155,575 |
| Viacom Inc. New Sr Note Callable | 5.625 | | 09/15/2019 | | 166,852 |
| Abbvie Inc. | NA | | NA | | 403,140 |
| Amazon Com Inc. | NA | | NA | | 737,953 |
| American Express Co. Com | NA | | NA | | 522,667 |
| American Tower Corporation | NA | | NA | | 606,385 |
| Amgen Inc. Com | NA | | NA | | 614,080 |
| Apple Inc. Com | NA | | NA | | 1,066,113 |
| CVS Health Corp Com | NA | | NA | | 524,400 |
| Capital One Financial Corp Com | NA | | NA | | 571,805 |
| Caterpillar Inc. Del Com | NA | | NA | | 296,870 |
| Chubb Corp Com | NA | | NA | | 380,560 |
| Conoco Phillips Com | NA | | NA | | 521,985 |
| Costco Wholesale Corp New Com | NA | | NA | | 236,355 |
| Diamond Offshore Drilling Inc. Com | NA | | NA | | 245,195 |
| Disney Walt Co. Com | NA | | NA | | 684,840 |
| EMC Corp Mass Com | NA | | NA | | 527,800 |
| Ebay Inc. Com | NA | | NA | | 451,800 |
| Express Scripts Holding Co | NA | | NA | | 711,520 |
| Fluor Corp New Com | NA | | NA | | 424,080 |
| Freeport McMoran Copper & Gold Com | NA | | NA | | 223,440 |
| General Electric Co Com | NA | | NA | | 531,400 |
| Genuine Parts Co | NA | | NA | | 313,355 |
| Gilead Sciences Inc. Com | NA | | NA | | 468,320 |
| Google Inc. Class A | NA | | NA | | 594,044 |
| HCA Holdings, Inc. | NA | | NA | | 816,480 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Interest Rate | Maturity Date | Fair Value |
|---|---|---|---|
| Employees' Pension Trust Fund (continued) - | | | |
| Halliburton Co. Com | NA | NA | $ 409,165 |
| Honeywell International Inc. Com | NA | NA | 591,426 |
| Intel Corp Com | NA | NA | 608,300 |
| International Business Machines Corp Com | NA | NA | 406,650 |
| JPMorgan Chase & Co. Com | NA | NA | 542,080 |
| Jarden Corp Com | NA | NA | 388,125 |
| Kraft Foods Group Inc. Com | NA | NA | 510,840 |
| Las Vegas Sands Corp | NA | NA | 446,845 |
| Lilly Eli & Co Com | NA | NA | 250,470 |
| Marathon Oil Com | NA | NA | 252,130 |
| Microsoft Corp Com | NA | NA | 441,500 |
| National Oilwell Varco Inc. Com | NA | NA | 337,960 |
| Oracle Corp Com | NA | NA | 604,500 |
| Pepsico Inc. Com | NA | NA | 560,040 |
| Proctor & Gamble Co. Com | NA | NA | 391,200 |
| Prudential Financial Inc. Com | NA | NA | 700,160 |
| Qualcomm Inc. Com | NA | NA | 626,300 |
| Quanta Services, Inc. | NA | NA | 403,480 |
| Schlumberger Ltd. Com | NA | NA | 430,950 |
| Southern Co Com | NA | NA | 146,650 |
| Target Corp Com | NA | NA | 408,150 |
| Union Pacific Corp Com | NA | NA | 572,220 |
| United Technologies Corp Com | NA | NA | 515,824 |
| United Health Group Inc. Com | NA | NA | 610,000 |
| Verizon Communications Inc. Com | NA | NA | 512,710 |
| Visa Inc. Com | NA | NA | 402,900 |
| Wells Fargo & Co. New Com | NA | NA | 731,120 |
| Whole Foods Market Com | NA | NA | 354,960 |
| YUM Brands Inc. Com | NA | NA | 630,560 |
| Alerian MLP ETF | NA | NA | 342,320 |
| Ishares S&P Mid-Cap 400 Value ETF Index Fund | NA | NA | 257,920 |
| Vanguard Small Cap Growth EFT | NA | NA | 3,488,495 |
| Legg Mason Global Opportunities | NA | NA | 6,506,727 |
| Pimco Global Bond Fund US Dollar | NA | NA | 6,557,617 |
| Principal High Yield Class I | NA | NA | 10,274,967 |
| RBC Bluebay Emerging Market Select Bond Fund Cl 1 | NA | NA | 4,856,710 |
| American Funds - Capital World Growth and Income Fund | NA | NA | 4,487,503 |
| Dodge & Cox International Stock Fund | NA | NA | 13,013,200 |
| Janus Global Research Fund Cl 1 | NA | NA | 4,660,378 |
| Oppenheimer Developing Markets Fund Class | NA | NA | 7,115,552 |
| Prudential Global Real Estate Fund | NA | NA | 8,590,700 |
| Van Eck Global Hard Assets Fund | NA | NA | 2,322,298 |
| Ishares North American Natural Resources | NA | NA | 2,033,857 |
| Ridgeworth Fd - Smallcap Value Equity I Shs | NA | NA | 3,483,253 |
| Ridgeworth Fd - Intermediate Bd I Shs | NA | NA | 7,479,266 |
| | | | $ 118,577,704 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Interest Rate | | Maturity Date | | Fair Value |
|---|---|---|---|---|---|
| Electric Department Employee Pension Fund - | | | | | |
| AFLAC Inc. | 3.450 | % | 08/15/2015 | $ | 150,422 |
| AT&T Inc. Senior Bond | 2.625 | | 12/01/2022 | | 93,951 |
| AT&T Inc. | 2.375 | | 11/27/2018 | | 151,312 |
| AT&T Inc. Senior Bond | 3.000 | | 06/30/2022 | | 96,556 |
| Apple Inc. Senior Debt | 2.400 | | 05/03/2023 | | 191,324 |
| Arlington County Virginia Development Taxable | 5.320 | | 08/01/2023 | | 168,954 |
| American Tower Senior Debt | 3.500 | | 01/31/2023 | | 158,492 |
| Avon Products Inc | 4.200 | | 07/15/2018 | | 276,750 |
| BB&T Corp Sr Nt | 3.950 | | 04/29/2016 | | 102,462 |
| BP Capital Markets Senior | 3.561 | | 11/01/2021 | | 155,672 |
| Bank of America Sr Variable Rate | 1.988 | | 07/28/2017 | | 254,900 |
| Bank of America Corp Sr Nt | 4.750 | | 05/15/2016 | | 282,774 |
| Capital One Finl Corp Nt | 6.150 | | 09/01/2016 | | 79,162 |
| Citigroup Inc Nt | 4.450 | | 01/10/2017 | | 104,476 |
| Citigroup Floating Rate Libor Plus | 1.043 | | 04/09/2018 | | 295,143 |
| Clorox Co. | 3.550 | | 11/01/2015 | | 252,400 |
| Comcast Corp New Nt | 4.950 | | 06/15/2016 | | 155,907 |
| Dollar General Senior Debt | 1.875 | | 04/15/2018 | | 64,701 |
| Express Scripts Inc Sr Nt | 3.125 | | 05/15/2016 | | 177,875 |
| Fifth Third Bancorp | 3.625 | | 01/25/2016 | | 50,737 |
| General Elec Cap Corp | 2.250 | | 11/09/2015 | | 150,905 |
| General Elec Cap Corp Mtn Nt | 3.350 | | 10/17/2016 | | 103,157 |
| General Elec Cap Corp Floating Rate Libor Plus 1% | 1.243 | | 04/15/2023 | | 200,890 |
| Goldman Sachs Group Inc Medium Term Tranche #Tr 00582 | 3.700 | | 08/01/2015 | | 120,254 |
| Goldman Sachs Group Inc | 2.000 | | 05/13/2020 | | 248,840 |
| Goldman Sachs Group Inc | 3.625 | | 02/07/2016 | | 152,430 |
| Goldman Sachs Group Inc Sr Nt | 6.250 | | 09/01/2017 | | 158,740 |
| Hewlett Packard Co Glbl Nt | 3.000 | | 09/15/2016 | | 255,077 |
| Kinder Morgan Energy Partners LP | 5.800 | | 03/01/2021 | | 110,733 |
| Kohl's Corporation Sr Debt | 4.000 | | 11/01/2021 | | 157,869 |
| Kraft Foods Group Inc Senior Bond | 3.500 | | 06/06/2022 | | 230,563 |
| Laboratory Corp Amer Hldgs Sr Nt | 3.125 | | 05/15/2016 | | 101,656 |
| Lowes Cos Inc Nt | 2.125 | | 04/15/2016 | | 202,352 |
| McKesson Corp | 5.700 | | 03/01/2017 | | 80,404 |
| Morgan Stanley | 4.000 | | 07/24/2015 | | 200,334 |
| Morgan Stanley Nt | 5.450 | | 01/09/2017 | | 158,955 |
| Morgan Stanley Floating Rate Bond | 4.040 | | 04/28/2023 | | 94,030 |
| Morgan Stanley Sr Nt | 2.500 | | 03/30/2017 | | 75,656 |
| O'Reilly Automotive Inc New Sr Nt | 3.800 | | 09/01/2022 | | 255,003 |
| Oracle Corp Ozark Hldg Inc Nt | 5.250 | | 01/15/2016 | | 76,947 |
| Portland, Oregan Urban Renewal Sr Lien Ser-A | 3.873 | | 06/15/2022 | | 209,490 |
| Republic Services Inc Note | 3.800 | | 05/15/2018 | | 263,000 |
| Ryder System Inc Medium Term Notes | 2.500 | | 03/01/2018 | | 101,558 |
| Scana Corp New Note | 4.125 | | 02/01/2022 | | 100,739 |
| Suntrust Banks Inc. Senior Bond | 2.350 | | 11/01/2018 | | 125,793 |
| Suntrust Banks Inc. Senior Bond | 2.500 | | 05/01/2019 | | 100,563 |
| Symantec Corp Sr Nt | 2.750 | | 06/15/2017 | | 75,927 |
| TEVA Pharmaceutical Senior Bond | 2.950 | | 12/18/2022 | | 96,601 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| | Interest Rate | | Maturity Date | Fair Value |
|---|---|---|---|---|
| Electric Department Employee Pension Fund (continued) - | | | | |
| TEVA Pharmaceutical Senior Bond | 2.250 | % | 03/18/2020 | $ 240,671 |
| Torchmark Corp Sr Nt | 9.250 | | 06/15/2019 | 124,460 |
| Unitedhealth Group | 6.000 | | 11/15/2017 | 27,785 |
| Viacom Inc New Sr Nt | 5.625 | | 09/15/2019 | 166,853 |
| DFA US Vector Equity Portfolio | NA | | NA | 3,062,857 |
| DFA US Core Equity 2 Portfolio | NA | | NA | 1,900,032 |
| DFA Emerging Markets Value Portfolio | NA | | NA | 316,351 |
| DFA Emerging Markets Small Cap | NA | | NA | 452,659 |
| DFA International Small Company | NA | | NA | 582,365 |
| DFA International Small Cap Value | NA | | NA | 598,619 |
| DFA Emerging Markets Portfolio | NA | | NA | 326,684 |
| DFA US Large Cap Value Portfolio | NA | | NA | 2,472,500 |
| DFA Real Estate Securities Portfolio | NA | | NA | 1,221,147 |
| DFA International Value Portfolio | NA | | NA | 1,164,783 |
| | | | | $ 20,130,202 |
| Evergreen Cemetery Commission - | | | | |
| AFLAC Inc | 3.450 | % | 08/15/2015 | $ 25,070 |
| AT&T Inc | 2.375 | | 11/27/2018 | 50,438 |
| Abbott Laboratories Nt | 5.125 | | 04/01/2019 | 16,679 |
| Autozone Inc Sr Nt | 4.000 | | 11/15/2020 | 26,558 |
| Avon Products Inc | 4.200 | | 07/15/2018 | 46,125 |
| BB&T Corp Sr Nt | 3.950 | | 04/29/2016 | 51,231 |
| BP Capital Markets Sr Debt | 2.750 | | 05/10/2023 | 23,911 |
| Bank of America Corp | 5.750 | | 08/15/2016 | 26,179 |
| Bank of Amer Corp Sr Nt | 4.750 | | 05/15/2016 | 51,414 |
| Best Buy Inc Nt | 3.750 | | 03/15/2016 | 50,625 |
| Citigroup Floating Rate Libor Plus | 1.043 | | 04/09/2018 | 49,190 |
| Express Scripts Inc Sr Nt | 3.125 | | 05/15/2016 | 25,411 |
| Fifth Third Bancorp | 3.625 | | 01/25/2016 | 25,369 |
| General Elec Cap Corp | 2.250 | | 11/09/2015 | 25,151 |
| General Elec Cap Corp Floating Rate Libor Plus 1.0% | 1.243 | | 04/15/2023 | 100,445 |
| Goldman Sachs Group Inc Medium Term Tranche #TR 00582 | 3.700 | | 08/01/2015 | 50,106 |
| Goldman Sachs Group Inc Var Rate | 2.500 | | 03/06/2018 | 19,894 |
| Goldman Sachs Group Inc | 2.000 | | 05/13/2020 | 99,536 |
| Hewlett Packard Co Glbl Nt | 3.000 | | 09/15/2016 | 76,523 |
| Hewlett Packard Co Glbl Nt | 3.300 | | 12/09/2016 | 25,662 |
| Kinder Morgan Energy Partners LP | 5.800 | | 03/01/2021 | 22,147 |
| Kohl's Corporation Sr Debt | 4.000 | | 11/01/2021 | 26,312 |
| Morgan Stanley | 4.000 | | 07/24/2015 | 50,083 |
| Morgan Stanley Nt | 5.375 | | 10/15/2015 | 30,393 |
| Morgan Stanley Sr Nt Var Rate | 2.500 | | 03/30/2017 | 25,218 |
| Oracle Corp Ozark Hldg Inc Nt | 5.250 | | 01/15/2016 | 25,648 |
| Republic Services Inc Note | 3.800 | | 05/15/2018 | 105,200 |
| Suntrust Bk Atlanta GA Medium Term Sub Bk Nts Tranche #SB00003 | 5.450 | | 12/01/2017 | 26,972 |
| Teva Pharmaceuticals Senior Bond | 2.250 | | 03/18/2020 | 34,381 |
| Unitedhealth Group | 6.000 | | 11/15/2017 | 44,456 |
| Ishares Tr Msci Emerging Markets | NA | | NA | 11,886 |
| Ishares TR Msci EAFE Index | NA | | NA | 69,839 |
| Vanguard Total Stock Market Index | NA | | NA | 620,716 |
| | | | | $ 1,958,768 |
| Total Investments | | | | $ 140,666,674 |

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| Fiscal Year Ended June 30, | Issue | Interest Rate | Principal | Interest | Total Principal and Interest |
|---|---|---|---|---|---|
| General Long-Term Debt - | | | | | |
| 2016 | 2009 General Obligation Refunding | 5.00 % | $ 3,855,000 | $ 899,250 | $ 4,754,250 |
| 2017 | Bonds | | 4,030,000 | 706,500 | 4,736,500 |
| 2018 | | | 4,215,000 | 505,000 | 4,720,000 |
| 2019 | | | 4,045,000 | 294,250 | 4,339,250 |
| 2020 | | | 1,840,000 | 92,000 | 1,932,000 |
| | | | $ 17,985,000 | $ 2,497,000 | $ 20,482,000 |
| 2016 | 2014 General Obligation Bonds | 1.00-5.00 % | $ 1,605,000 | $ 943,338 | $ 2,548,338 |
| 2017 | | | 1,650,000 | 895,187 | 2,545,187 |
| 2018 | | | 1,700,000 | 845,688 | 2,545,688 |
| 2019 | | | 1,735,000 | 811,687 | 2,546,687 |
| 2020 | | | 1,820,000 | 724,938 | 2,544,938 |
| 2021 | | | 1,855,000 | 688,537 | 2,543,537 |
| 2022 | | | 1,950,000 | 595,788 | 2,545,788 |
| 2023 | | | 1,990,000 | 556,787 | 2,546,787 |
| 2024 | | | 2,070,000 | 477,188 | 2,547,188 |
| 2025 | | | 2,150,000 | 394,387 | 2,544,387 |
| 2026 | | | 2,240,000 | 308,388 | 2,548,388 |
| 2027 | | | 2,325,000 | 218,787 | 2,543,787 |
| 2028 | | | 2,395,000 | 149,038 | 2,544,038 |
| 2029 | | | 2,470,000 | 77,187 | 2,547,187 |
| | | | $ 27,955,000 | $ 7,686,925 | $ 35,641,925 |
| 2016 | Bank Loan | 1.60 % | $ 315,000 | $ 17,480 | $ 332,480 |
| 2017 | | | 315,000 | 12,440 | 327,440 |
| 2018 | | | 320,000 | 7,360 | 327,360 |
| 2019 | | | 155,000 | 3,560 | 158,560 |
| 2020 | | | 145,000 | 1,160 | 146,160 |
| | | | $ 1,250,000 | $ 42,000 | $ 1,292,000 |
| 2016 | Tennessee Municipal Bond Fund | | $ 1,099,925 | $ 6,050 | $ 1,105,975 |
| | Loan (1) | | $ 1,099,925 | $ 6,050 | $ 1,105,975 |
| 2016 | Tennessee Municipal Bond Fund | | $ 5,040,000 | $ 181,686 | $ 5,221,686 |
| 2017 | Loan (2) | | 5,216,000 | 153,380 | 5,369,380 |
| 2018 | | | 5,398,000 | 124,085 | 5,522,085 |
| 2019 | | | 5,587,000 | 93,768 | 5,680,768 |
| 2020 | | | 5,783,000 | 62,390 | 5,845,390 |
| 2021 | | | 5,839,907 | 29,978 | 5,869,885 |
| | | | $ 32,863,907 | $ 645,287 | $ 33,509,194 |
| 2016 | Tennessee Municipal Bond Fund | | $ 347,000 | $ 12,729 | $ 359,729 |
| 2017 | Loan (2) | | 361,000 | 10,780 | 371,780 |
| 2018 | | | 375,000 | 8,751 | 383,751 |
| 2019 | | | 391,000 | 6,644 | 397,644 |
| 2020 | | | 406,000 | 4,447 | 410,447 |
| 2021 | | | 422,000 | 2,166 | 424,166 |
| | | | $ 2,302,000 | $ 45,517 | $ 2,347,517 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| Fiscal Year Ended June 30, | Issue | Interest Rate | Principal | Interest | Total Principal and Interest |
|---|---|---|---|---|---|
| General Long-Term Debt (continued) - | | | | | |
| 2016 | Tennessee Municipal Bond Fund | | $ 3,416,000 | $ 209,319 | $ 3,625,319 |
| 2017 | Loan (2) | | 3,586,000 | 190,110 | 3,776,110 |
| 2018 | | | 3,766,000 | 169,944 | 3,935,944 |
| 2019 | | | 3,954,000 | 148,767 | 4,102,767 |
| 2020 | | | 4,152,000 | 126,532 | 4,278,532 |
| 2021 | | | 4,359,000 | 103,184 | 4,462,184 |
| 2022 | | | 4,577,000 | 78,672 | 4,655,672 |
| 2023 | | | 4,806,000 | 52,934 | 4,858,934 |
| 2024 | | | 5,047,000 | 25,908 | 5,072,908 |
| | | | $ 37,663,000 | $ 1,105,370 | $ 38,768,370 |
| 2016 | Tennessee Municipal Bond Fund | 2.89 % | $ 2,893,000 | $ 1,022,063 | $ 3,915,063 |
| 2017 | Loan | | 2,976,000 | 937,256 | 3,913,256 |
| 2018 | | | 3,062,000 | 850,007 | 3,912,007 |
| 2019 | | | 3,150,000 | 760,243 | 3,910,243 |
| 2020 | | | 3,240,000 | 667,908 | 3,907,908 |
| 2021 | | | 3,333,000 | 572,928 | 3,905,928 |
| 2022 | | | 3,429,000 | 475,217 | 3,904,217 |
| 2023 | | | 3,527,000 | 374,703 | 3,901,703 |
| 2024 | | | 3,629,000 | 271,299 | 3,900,299 |
| 2025 | | | 3,733,000 | 164,918 | 3,897,918 |
| 2026 | | | 3,840,000 | 55,488 | 3,895,488 |
| | | | $ 36,812,000 | $ 6,152,030 | $ 42,964,030 |
| 2016 | Tennessee Municipal Bond Fund | 2.17 % | $ 2,432,000 | $ 756,527 | $ 3,188,527 |
| 2017 | Loan | | 2,485,000 | 703,178 | 3,188,178 |
| 2018 | | | 2,539,000 | 648,667 | 3,187,667 |
| 2019 | | | 2,594,000 | 592,974 | 3,186,974 |
| 2020 | | | 2,650,000 | 536,077 | 3,186,077 |
| 2021 | | | 2,708,000 | 477,943 | 3,185,943 |
| 2022 | | | 2,766,000 | 418,550 | 3,184,550 |
| 2023 | | | 2,826,000 | 357,876 | 3,183,876 |
| 2024 | | | 2,888,000 | 295,880 | 3,183,880 |
| 2025 | | | 2,950,000 | 232,537 | 3,182,537 |
| 2026 | | | 3,014,000 | 167,828 | 3,181,828 |
| 2027 | | | 3,080,000 | 101,707 | 3,181,707 |
| 2028 | | | 3,147,000 | 34,145 | 3,181,145 |
| | | | $ 36,079,000 | $ 5,323,889 | $ 41,402,889 |
| 2016 | Tennessee Municipal Bond Fund | 1.25 % | $ 723,000 | $ 41,831 | $ 764,831 |
| 2017 | Loan | | 732,000 | 32,738 | 764,738 |
| 2018 | | | 742,000 | 23,525 | 765,525 |
| 2019 | | | 751,000 | 14,194 | 765,194 |
| 2020 | | | 760,000 | 4,750 | 764,750 |
| | | | $ 3,708,000 | $ 117,038 | $ 3,825,038 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| Fiscal Year Ended June 30, | Issue | Interest Rate | Principal | Interest | Total Principal and Interest |
|---|---|---|---|---|---|
| General Long-Term Debt (continued) - | | | | | |
| 2016 | Tennessee Municipal Bond Fund | | $ 2,034,000 | $ 49,023 | $ 2,083,023 |
| 2017 | Loan (3) | | 2,085,000 | 31,086 | 2,116,086 |
| 2018 | | | 1,621,313 | 13,079 | 1,634,392 |
| | | | $ 5,740,313 | $ 93,188 | $ 5,833,501 |
| 2016 | Energy Efficient School Loan | 0 % | $ 99,996 | | $ 99,996 |
| 2017 | | | 99,996 | | 99,996 |
| 2018 | | | 99,996 | | 99,996 |
| 2019 | | | 99,996 | | 99,996 |
| 2020 | | | 99,996 | | 99,996 |
| 2021 | | | 99,996 | | 99,996 |
| 2022 | | | 41,705 | | 41,705 |
| | | | $ 641,681 | | $ 641,681 |
| 2016 | Energy Efficient School Loan | 0 % | $ 97,152 | | $ 97,152 |
| 2017 | | | 97,152 | | 97,152 |
| 2018 | | | 97,152 | | 97,152 |
| 2019 | | | 97,152 | | 97,152 |
| 2020 | | | 97,152 | | 97,152 |
| 2021 | | | 97,152 | | 97,152 |
| 2022 | | | 97,152 | | 97,152 |
| 2023 | | | 56,670 | | 56,670 |
| | | | $ 736,734 | | $ 736,734 |
| Total General Long-Term Debt | | | $ 204,836,560 | $ 23,714,294 | $ 228,550,854 |
| Murfreesboro Water and Sewer Department - | | | | | |
| 2016 | Tennessee Municipal Bond Fund (4) | | $ 442,000 | $ 116,453 | $ 558,453 |
| 2017 | | | 456,000 | 103,459 | 559,459 |
| 2018 | | | 471,000 | 90,052 | 561,052 |
| 2019 | | | 486,000 | 76,205 | 562,205 |
| 2020 | | | 502,000 | 61,916 | 563,916 |
| 2021 | | | 518,000 | 47,158 | 565,158 |
| 2022 | | | 534,000 | 31,928 | 565,928 |
| 2023 | | | 552,000 | 16,228 | 568,228 |
| | | | $ 3,961,000 | $ 543,399 | $ 4,504,399 |
| 2016 | Tennessee Municipal Bond Fund (4) | | $ 1,879,000 | $ 1,192,756 | $ 3,071,756 |
| 2017 | | | 1,963,000 | 1,108,201 | 3,071,201 |
| 2018 | | | 2,051,000 | 1,019,866 | 3,070,866 |
| 2019 | | | 2,144,000 | 927,571 | 3,071,571 |
| 2020 | | | 2,240,000 | 831,091 | 3,071,091 |
| 2021 | | | 2,341,000 | 730,291 | 3,071,291 |
| 2022 | | | 2,446,000 | 624,946 | 3,070,946 |
| 2023 | | | 2,556,000 | 514,876 | 3,070,876 |
| 2024 | | | 2,671,000 | 399,857 | 3,070,857 |
| 2025 | | | 2,792,000 | 279,662 | 3,071,662 |
| 2026 | | | 2,917,000 | 154,023 | 3,071,023 |
| 2027 | | | 3,049,000 | 22,758 | 3,071,758 |
| | | | $ 29,049,000 | $ 7,805,898 | $ 36,854,898 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| Fiscal Year Ended June 30, | Issue | Interest Rate | Principal | Interest | Total Principal and Interest |
|---|---|---|---|---|---|
| Murfreesboro Water and Sewer Department (continued) - | | | | | |
| 2016 | 2009 Tax and Revenue Refunding Bonds | 2.00-5.00 % | $ 2,195,000 | $ 1,157,400 | $ 3,352,400 |
| 2017 | | | 2,260,000 | 1,081,800 | 3,341,800 |
| 2018 | | | 2,370,000 | 968,800 | 3,338,800 |
| 2019 | | | 2,475,000 | 850,300 | 3,325,300 |
| 2020 | | | 2,595,000 | 726,550 | 3,321,550 |
| 2021 | | | 2,715,000 | 596,800 | 3,311,800 |
| 2022 | | | 2,815,000 | 488,200 | 3,303,200 |
| 2023 | | | 2,915,000 | 375,600 | 3,290,600 |
| 2024 | | | 3,025,000 | 259,000 | 3,284,000 |
| 2025 | | | 1,690,000 | 138,000 | 1,828,000 |
| 2026 | | | 1,760,000 | 70,400 | 1,830,400 |
| | | | $ 26,815,000 | $ 6,712,850 | $ 33,527,850 |
| 2016 | 2013 Tax and Revenue Refunding Bonds | 1.31 % | $ 3,510,000 | $ 284,991 | $ 3,794,991 |
| 2017 | | | 3,555,000 | 239,010 | 3,794,010 |
| 2018 | | | 3,600,000 | 192,439 | 3,792,439 |
| 2019 | | | 3,650,000 | 145,279 | 3,795,279 |
| 2020 | | | 3,695,000 | 97,464 | 3,792,464 |
| 2021 | | | 3,745,000 | 49,060 | 3,794,060 |
| | | | $ 21,755,000 | $ 1,008,243 | $ 22,763,243 |
| 2016 | State Revolving Loans - SRF 2013-317 | 0.93 % | $ 165,444 | $ 34,632 | $ 200,076 |
| 2017 | | | 166,992 | 32,940 | 199,932 |
| 2018 | | | 168,552 | 31,248 | 199,800 |
| 2019 | | | 170,124 | 29,544 | 199,668 |
| 2020 | | | 171,708 | 27,828 | 199,536 |
| 2021 | | | 173,316 | 26,076 | 199,392 |
| 2022 | | | 174,936 | 24,324 | 199,260 |
| 2023 | | | 176,568 | 22,548 | 199,116 |
| 2024 | | | 178,212 | 20,760 | 198,972 |
| 2025 | | | 179,880 | 18,948 | 198,828 |
| 2026 | | | 181,560 | 17,124 | 198,684 |
| 2027 | | | 183,252 | 15,288 | 198,540 |
| 2028 | | | 184,968 | 13,428 | 198,396 |
| 2029 | | | 186,696 | 11,544 | 198,240 |
| 2030 | | | 188,436 | 9,660 | 198,096 |
| 2031 | | | 190,200 | 7,740 | 197,940 |
| 2032 | | | 191,976 | 5,808 | 197,784 |
| 2033 | | | 193,764 | 3,876 | 197,640 |
| 2034 | | | 195,576 | 1,908 | 197,484 |
| 2035 | | | 82,038 | 2,014 | 84,052 |
| | | | $ 3,504,198 | $ 357,238 | $ 3,861,436 |
| Total Murfreesboro Water and Sewer Department | | | $ 85,084,198 | $ 16,427,628 | $ 101,511,826 |

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**June 30, 2015**

| Fiscal Year Ended June 30, | Issue | Interest Rate | Principal | Interest | Total Principal and Interest |
|---|---|---|---|---|---|
| Murfreesboro Electric Department | | | | | |
| 2016 | 2009 Tax and Revenue Refunding Bonds | 2.00-3.375 % | $ 330,000 | $ 64,900 | $ 394,900 |
| 2017 | | | 335,000 | 56,650 | 391,650 |
| 2018 | | | 350,000 | 46,600 | 396,600 |
| 2019 | | | 360,000 | 36,100 | 396,100 |
| 2020 | | | 370,000 | 24,850 | 394,850 |
| 2021 | | | 380,000 | 12,825 | 392,825 |
| | | | $ 2,125,000 | $ 241,925 | $ 2,366,925 |
| 2016 | Tennessee Municipal Bond Fund (5) | | $ 652,000 | $ 31,140 | $ 683,140 |
| 2017 | | | 685,000 | 27,880 | 712,880 |
| 2018 | | | 719,000 | 24,455 | 743,455 |
| 2019 | | | 755,000 | 20,860 | 775,860 |
| 2020 | | | 793,000 | 17,085 | 810,085 |
| 2021 | | | 832,000 | 13,120 | 845,120 |
| 2022 | | | 874,000 | 8,960 | 882,960 |
| 2023 | | | 918,000 | 4,590 | 922,590 |
| | | | $ 6,228,000 | $ 148,090 | $ 6,376,090 |
| Total Murfreesboro Electric Department | | | $ 8,353,000 | $ 390,015 | $ 8,743,015 |
| Total Indebtedness | | | $ 298,273,758 | $ 40,531,937 | $ 338,805,695 |

(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 .60% was used which was the rate in effect at June 30, 2015.
(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 .56% was used which was the rate in effect at June 30, 2015.
(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 .88% was used which was the rate in effect at June 30, 2015.
(4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.5% was used.
(5) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of .50% was used.

Note: The Water and Sewer Department had additional State Revolving Loans for which the payment has principal has been deferred until the completion of the capital project and is therefore not included in the schedule above. The balance of loan at June 30, 2015 was $16,668,411.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| | | |
|---|---|---|
| Revenues - | | |
| Charges for services | | $ 14,482 |
| State funds | | 16,551 |
| Miscellaneous | | 20,884 |
| | | $ 51,917 |
| Expenditures - | | |
| Labor | | $ 1,483,662 |
| Operations and maintenance | | 1,128,792 |
| Supplies | | 409,015 |
| Insurance | | 206,248 |
| Social Security taxes | | 104,869 |
| Group insurance | | 460,096 |
| Retirement | | 153,657 |
| Utilities | | 55,462 |
| Travel and subsistence | | 8,689 |
| Training personnel | | 480 |
| License fees | | 6,239 |
| Disposal carts | | 105,000 |
| Additions to fixed assets | | 310 |
| Other miscellaneous | | 2,679 |
| | | $ 4,125,198 |
| | Amount funded with general governmental revenues | $ (4,073,281) |

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, 2015**

| | | |
|---|---|---|
| Revenues - | | |
| Interest | | $ 348 |
| County funds | | 162,750 |
| State funds | | 12,600 |
| Federal funds | | 31,173 |
| Revenue from other agencies | | 45,316 |
| Program income | | 131,122 |
| Donations received | | 262 |
| Miscellaneous | | 79 |
| | | $ 383,650 |
| Expenditures - | | |
| Labor | | $ 424,133 |
| Operations and maintenance | | 28,208 |
| Supplies | | 90,838 |
| Senior trip expense | | 24,329 |
| Insurance | | 34,057 |
| Social Security taxes | | 31,465 |
| Group insurance | | 90,265 |
| Retirement | | 29,807 |
| Utilities | | 56,627 |
| Contractual services | | 2,496 |
| Travel and subsistance | | 705 |
| Training and instruction | | 42,270 |
| Designated contributions | | 262 |
| Other miscellaneous | | 3,312 |
| Capital outlay | | 28,002 |
| | | $ 886,776 |
| | Amount funded with general governmental revenues | $ (503,126) |

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 146

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

Revenue Capacity 154

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

Debt Capacity 158

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

Demographic and Economic Information 163

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

Operating Information 165

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs*.

Utility Services Information 168

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


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

**CITY OF MURFREESBORO, TENNESSEE**

**Net Position by Component**

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | $ 380,452,965 | $ 426,343,309 | $ 441,657,459 | $ 447,516,415 | $ 469,146,233 | $ 478,989,381 | $ 491,744,484 | $ 504,527,046 | $ 522,950,590 | $ 544,030,726 |
| Restricted | 27,177,051 | 24,216,623 | 25,620,279 | 28,342,279 | 27,475,344 | 17,316,349 | 10,484,943 | 11,275,897 | 18,408,485 | 15,350,932 |
| Unrestricted | 14,128,705 | 1,179,169 | 1,728,536 | 15,846,721 | 9,598,086 | 14,540,153 | 13,317,330 | 10,032,200 | 1,842,994 | (12,733,999) |
| Total governmental activities net position | $ 421,758,721 | $ 451,739,101 | $ 469,006,274 | $ 491,705,415 | $ 506,219,663 | $ 510,845,883 | $ 515,546,757 | $ 525,835,143 | $ 543,202,069 | $ 546,647,659 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | $ 253,510,019 | $ 278,420,182 | $ 305,980,547 | $ 326,924,482 | $ 342,586,135 | $ 349,921,094 | $ 359,649,468 | $ 374,286,227 | $ 395,306,872 | $ 412,679,998 |
| Restricted | 20,608,993 | 23,549,545 | 27,152,115 | 23,665,932 | 24,480,313 | 25,118,563 | 22,499,278 | 26,599,114 | 24,780,490 | 28,659,579 |
| Unrestricted | 7,268,772 | 7,354,573 | 7,536,734 | 10,989,579 | 13,678,297 | 27,807,561 | 39,327,925 | 50,608,592 | 60,408,668 | 67,145,052 |
| Total business-type activities net position | $ 281,387,784 | $ 309,324,300 | $ 340,669,396 | $ 361,579,993 | $ 380,744,745 | $ 402,847,218 | $ 421,476,671 | $ 451,493,933 | $ 480,496,030 | $ 508,484,629 |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | $ 633,962,984 | $ 704,763,491 | $ 747,638,006 | $ 774,440,897 | $ 811,732,368 | $ 828,910,475 | $ 851,393,952 | $ 878,813,273 | $ 918,257,462 | $ 956,710,724 |
| Restricted | 47,786,044 | 47,766,168 | 52,772,394 | 52,008,211 | 51,955,657 | 42,434,912 | 32,984,221 | 37,875,011 | 43,188,975 | 44,010,511 |
| Unrestricted | 21,397,477 | 8,533,742 | 9,265,270 | 26,836,300 | 23,276,383 | 42,347,714 | 52,645,255 | 60,640,792 | 62,251,662 | 54,411,053 |
| Total primary government net position | $ 703,146,505 | $ 761,063,401 | $ 809,675,670 | $ 853,285,408 | $ 886,964,408 | $ 913,693,101 | $ 937,023,428 | $ 977,329,076 | $ 1,023,698,099 | $ 1,055,132,288 |

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Position**

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 4,160,902 | $ 11,609,689 | $ 9,827,713 | $ 11,649,426 | $ 11,036,656 | $ 11,856,868 | $ 13,068,983 | $ 14,763,088 | $ 16,300,480 | $ 15,481,618 |
| Police | 16,893,470 | 17,663,308 | 19,406,692 | 22,692,847 | 21,357,988 | 22,201,545 | 24,085,661 | 26,249,165 | 26,273,446 | 26,009,131 |
| Fire and rescue | 13,165,975 | 12,588,799 | 13,810,394 | 14,331,112 | 13,879,753 | 14,608,541 | 14,909,082 | 15,603,783 | 16,890,210 | 16,363,443 |
| Judicial | 470,194 | 413,187 | 428,682 | 435,877 | 392,199 | 362,930 | 401,713 | 435,966 | 434,580 | 446,986 |
| Legal (3) | 605,026 | 656,445 | 760,004 | 770,951 | 708,421 | 727,927 | | | | |
| Human resources (3) | 667,777 | 667,665 | 699,440 | 641,827 | 691,601 | 765,914 | | | | |
| Streets and signs (4) | 10,617,678 | 11,044,955 | 10,974,387 | 13,538,620 | 13,146,938 | 13,617,876 | 15,682,905 | 14,124,386 | | |
| State street aid (4) | | | | | | | | | 2,730,069 | 2,131,722 |
| Engineering (4) | | | | | | | | | 15,040,258 | 14,736,910 |
| Planning (4) | 2,577,020 | 2,719,203 | 2,838,546 | 2,626,364 | 1,710,957 | 1,811,333 | 1,748,469 | 1,795,956 | 488,337 | 979,356 |
| Building and codes | 1,516,166 | 1,720,215 | 1,698,151 | 1,725,111 | 1,712,753 | 1,651,344 | 1,697,773 | 1,698,034 | 1,753,710 | 1,775,337 |
| Solid waste | 4,232,561 | 4,321,738 | 5,551,848 | 6,135,988 | 4,657,751 | 4,905,651 | 4,891,907 | 4,833,446 | 4,721,314 | 4,694,845 |
| Transportation (1) | | | | | 3,264,921 | 2,339,168 | 2,235,586 | 2,044,607 | 810,843 | 2,455,031 |
| Urban environmental | 746,291 | 653,438 | 812,456 | 902,288 | 964,579 | 939,172 | 944,736 | 977,490 | 1,012,736 | 948,153 |
| Public health, education and welfare | 1,572,061 | 1,576,043 | 1,608,823 | 2,124,575 | 1,664,492 | 1,782,425 | 1,705,184 | 1,896,109 | 2,265,496 | 2,689,043 |
| Community services | 5,862,872 | 5,216,227 | 9,926,107 | 8,213,989 | 6,288,522 | 6,374,845 | 6,996,360 | 7,195,027 | 7,300,219 | 6,842,679 |
| Recreation | 10,889,653 | 11,038,185 | 11,507,834 | 12,161,486 | 11,255,539 | 12,184,112 | 13,127,693 | 12,774,050 | 13,393,999 | 14,427,109 |
| Community/economic development | 855,376 | 443,375 | 1,640,426 | 1,113,234 | 2,325,940 | 1,541,107 | 7,680,151 | 1,689,443 | 993,443 | 819,087 |
| Education | 50,508,912 | 52,820,118 | 54,783,363 | 56,067,967 | 55,979,544 | 58,805,049 | 61,165,887 | 62,000,474 | 63,386,759 | 63,150,488 |
| Food service | 2,604,851 | 2,969,999 | 3,387,963 | 3,424,389 | 3,263,223 | 3,399,774 | 3,848,294 | 4,124,047 | 4,746,679 | 5,969,987 |
| Interest on long-term debt | 4,518,117 | 6,503,457 | 6,100,927 | 3,620,010 | 2,956,845 | 4,189,688 | 4,064,522 | 4,784,283 | 4,092,965 | 3,829,377 |
| Total governmental activities expenses | $ 132,464,902 | $ 144,626,046 | $ 155,763,756 | $ 162,176,061 | $ 157,258,622 | $ 164,065,269 | $ 178,254,906 | $ 176,989,354 | $ 182,635,543 | $ 183,750,302 |
| Business-type activities: | | | | | | | | | | |
| Water, sewer and stormwater (2) | $ 22,755,496 | $ 24,550,818 | $ 28,583,063 | $ 28,206,394 | $ 28,950,257 | $ 29,964,693 | $ 33,571,683 | $ 33,363,312 | $ 34,237,096 | $ 36,089,912 |
| Electric | 95,002,383 | 102,920,871 | 113,398,349 | 134,543,111 | 123,401,884 | 145,950,961 | 136,911,756 | 139,421,615 | 147,945,163 | 150,074,118 |
| Cemetery | 415,208 | 409,601 | 470,903 | 446,550 | 592,384 | 484,801 | 472,475 | 468,656 | 460,814 | 476,190 |
| Total business-type activities expenses | $ 118,173,087 | $ 127,881,290 | $ 142,452,315 | $ 163,196,055 | $ 152,944,525 | $ 176,400,455 | $ 170,955,914 | $ 173,253,583 | $ 182,643,073 | $ 186,640,220 |
| Total primary government expenses | $ 250,637,989 | $ 272,507,336 | $ 298,216,071 | $ 325,372,116 | $ 310,203,147 | $ 340,465,724 | $ 349,210,820 | $ 350,242,937 | $ 365,278,616 | $ 370,390,522 |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Position (continued)**

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Program Revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 203,514 | $ 187,806 | $ 227,562 | $ 232,252 | $ 238,822 | $ 100,743 | $ 196,940 | $ 89,224 | $ 103,614 | $ 126,691 |
| Police | 201,209 | 206,978 | 268,899 | 336,801 | 217,038 | 177,723 | 209,286 | 282,964 | 445,741 | 409,833 |
| Fire and Rescue | 385,833 | 389,146 | 430,312 | 621,785 | 767,033 | 795,622 | 825,182 | 825,032 | 866,846 | 911,222 |
| Judicial | 1,659,996 | 1,640,284 | 2,793,451 | 4,829,049 | 2,167,575 | 1,615,803 | 3,377,787 | 3,620,237 | 3,137,614 | 3,736,994 |
| Streets and signs (4) | 20,508 | 42,776 | 18,525 | 43,846 | 38,813 | 39,724 | 471,201 | 93,494 | | |
| State street aid (4) | | | | | | | | | | |
| Engineering (4) | | | | | | | | | 20,849 | 84,869 |
| Planning (4) | 59,094 | 72,543 | 43,769 | 31,327 | 29,778 | 29,246 | 22,583 | 36,655 | 47,271 | 39,374 |
| Building and codes | 3,342,738 | 3,513,589 | 2,318,682 | 2,699,656 | 1,817,128 | 1,348,831 | 2,023,253 | 2,346,468 | 2,804,713 | 2,461,898 |
| Solid waste | 28,502 | 45,011 | 31,988 | 70,379 | 35,058 | 11,428 | 39,915 | 48,234 | 34,825 | 34,837 |
| Transportation (1) | | | | | 86,498 | 101,016 | 123,264 | 129,313 | 128,610 | 132,979 |
| Urban environmental | | 4,635 | 733 | 3,939 | 3,335 | | 22,050 | 125 | 30,016 | 9,322 |
| Community services | 1,953,102 | 2,127,197 | 2,591,282 | 2,699,471 | 5,243,992 | 4,076,701 | 4,421,094 | 3,956,866 | 4,452,125 | 4,627,266 |
| Recreation | 2,719,500 | 2,824,577 | 2,984,452 | 2,912,708 | 2,863,486 | 3,187,006 | 3,353,303 | 3,174,272 | 3,144,392 | 3,250,951 |
| Community/economic development | 91,528 | 91,879 | 34,178 | 38,436 | 35,199 | 168,749 | 31,244 | 36,532 | | |
| Education | 2,157,619 | 2,497,306 | 2,740,414 | 2,467,801 | 22,425 | 11,762 | 18,470 | 7,550 | 14,915 | 9,975 |
| Food service | 1,225,607 | 1,342,876 | 1,240,116 | 1,271,818 | 1,209,432 | 1,147,656 | 1,100,168 | 1,063,310 | 966,356 | 460,757 |
| Interest on long-term debt | 23,416 | 3,818 | 4,667 | 3,818 | | | | | | |
| Operating grants and contributions | 46,551,338 | 49,527,119 | 57,771,476 | 67,462,074 | 63,622,478 | 62,827,946 | 70,261,023 | 64,798,615 | 65,691,516 | 72,198,409 |
| Capital grants and contributions | 17,774,729 | 30,178,990 | 17,451,108 | 15,863,275 | 9,795,709 | 4,603,937 | 3,772,569 | 9,958,345 | 19,498,764 | 13,119,857 |
| Total governmental activities program revenues | $ 78,398,233 | $ 94,696,530 | $ 90,951,614 | $ 101,588,435 | $ 88,193,799 | $ 80,243,893 | $ 90,269,332 | $ 90,467,236 | $ 101,388,167 | $ 101,615,234 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water, sewer and stormwater (2) | $ 23,164,912 | $ 24,845,239 | $ 27,857,208 | $ 30,226,096 | $ 31,867,204 | $ 33,940,432 | $ 35,165,160 | $ 45,693,042 | $ 43,378,899 | $ 48,571,739 |
| Electric | 99,549,498 | 110,253,090 | 124,542,827 | 144,887,286 | 133,956,469 | 160,004,748 | 151,523,822 | 156,284,978 | 164,065,088 | 165,924,035 |
| Cemetery | 354,435 | 319,566 | 324,331 | 386,470 | 384,919 | 421,315 | 459,653 | 381,280 | 394,639 | 438,619 |
| Operating grants and contributions | 15,413 | 76,203 | 69,514 | 68,994 | 146,238 | 311,112 | 83,165 | 121,397 | 173,516 | 48,278 |
| Capital grants and contributions | 21,864,924 | 18,831,734 | 19,826,819 | 8,119,244 | 8,042,948 | 5,533,215 | 4,879,811 | 3,539,238 | 7,136,091 | 5,951,974 |
| Total business-type activities program revenues | $ 144,949,182 | $ 154,325,832 | $ 172,620,699 | $ 183,688,090 | $ 174,397,778 | $ 200,210,822 | $ 192,111,611 | $ 206,019,935 | $ 215,148,233 | $ 220,934,645 |
| Total primary government program revenues | $ 223,347,415 | $ 249,022,362 | $ 263,572,313 | $ 285,276,525 | $ 262,591,577 | $ 280,454,715 | $ 282,380,943 | $ 296,487,171 | $ 316,536,400 | $ 322,549,879 |
| Net (expense)/revenue: | | | | | | | | | | |
| Governmental activities | $ (54,066,669) | $ (49,929,516) | $ (64,812,142) | $ (60,587,626) | $ (69,064,823) | $ (83,821,376) | $ (87,985,574) | $ (86,522,118) | $ (81,247,376) | $ (82,135,068) |
| Business-type activities | 26,776,095 | 26,444,542 | 30,168,384 | 20,492,035 | 21,453,253 | 23,810,367 | 21,155,697 | 32,766,352 | 32,505,160 | 34,294,425 |
| Total primary government net expense | $ (27,290,574) | $ (23,484,974) | $ (34,643,758) | $ (40,095,591) | $ (47,611,570) | $ (60,011,009) | $ (66,829,877) | $ (53,755,766) | $ (48,742,216) | $ (47,840,643) |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Position (continued)**

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | $ 30,642,673 | $ 31,059,681 | $ 33,141,050 | $ 35,334,174 | $ 35,205,314 | $ 35,703,069 | $ 36,218,774 | $ 36,523,237 | $ 36,827,383 | $ 37,527,743 |
| Sales taxes | 24,094,087 | 26,265,473 | 30,356,728 | 28,370,349 | 27,903,293 | 29,732,214 | 32,675,500 | 33,623,222 | 35,373,537 | 37,583,362 |
| Other taxes | 6,926,688 | 7,196,182 | 7,613,113 | 7,617,089 | 7,272,347 | 9,204,463 | 9,548,770 | 10,908,596 | 10,801,335 | 11,473,134 |
| Grants and contributions not restricted to specific programs | 8,256,056 | 8,625,079 | 8,870,859 | 9,503,830 | 9,024,361 | 9,981,203 | 10,876,032 | 11,596,117 | 12,192,744 | 12,068,104 |
| Unrestricted investment earnings | 1,826,865 | 2,486,355 | 1,880,203 | 505,331 | 261,512 | 305,592 | 227,584 | 215,830 | 163,775 | 136,810 |
| Miscellaneous | 232,735 | 70,211 | 164,203 | 124,835 | 112,948 | 621,495 | 218,657 | 419,486 | 422,525 | 442,140 |
| Gain on sale of assets | 8,946,150 | 4,210,874 | 79,559 | 1,775,902 | | | | | | 1,907,322 |
| Reduction in estimated landfill post-closure programs | | | | | | | | | | |
| Transfers | 23,747 | 78,953 | (26,400) | 55,257 | 2,725,496 | 2,899,560 | 2,921,131 | 2,980,016 | 3,227,809 | 3,179,376 |
| Total governmental activities | $ 80,949,001 | $ 79,992,808 | $ 82,079,315 | $ 83,286,767 | $ 82,505,271 | $ 88,447,596 | $ 92,686,448 | $ 96,266,504 | $ 99,009,108 | $ 104,317,991 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | $ 792,812 | $ 1,514,229 | $ 1,099,560 | $ 404,669 | $ 371,857 | $ 387,778 | $ 315,436 | $ 172,363 | $ 126,436 | $ 173,959 |
| Contributions to permanent funds | 64,225 | 56,698 | 50,752 | 69,150 | 65,138 | 66,961 | 79,451 | 58,563 | 63,225 | 63,575 |
| Transfers | (23,747) | (78,953) | 26,400 | (55,257) | (2,725,496) | (2,899,560) | (2,921,131) | (2,980,016) | (3,227,809) | (3,179,376) |
| Total business-type activities | $ 833,290 | $ 1,491,974 | $ 1,176,712 | $ 418,562 | $ (2,288,501) | $ (2,444,821) | $ (2,526,244) | $ (2,749,090) | $ (3,038,148) | $ (2,941,842) |
| Total primary government | $ 81,782,291 | $ 81,484,782 | $ 83,256,027 | $ 83,705,329 | $ 80,216,770 | $ 86,002,775 | $ 90,160,204 | $ 93,517,414 | $ 95,970,960 | $ 101,376,149 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | $ 26,882,332 | $ 30,063,292 | $ 17,267,173 | $ 22,699,141 | $ 13,440,448 | $ 4,626,220 | $ 4,700,874 | $ 9,744,386 | $ 17,761,732 | $ 22,182,923 |
| Business-type activities | 27,609,385 | 27,936,516 | 31,345,096 | 20,910,597 | 19,164,752 | 21,365,546 | 18,629,453 | 30,017,262 | 29,467,012 | 31,352,583 |
| Total primary government | $ 54,491,717 | $ 57,999,808 | $ 48,612,269 | $ 43,609,738 | $ 32,605,200 | $ 25,991,766 | $ 23,330,327 | $ 39,761,648 | $ 47,228,744 | $ 53,535,506 |

(1) In 2010, the City established a transportation department to account for its traffic and public transportation services. In previous years, these services have been reflected in community services.

(2) In 2008, the Stormwater Fund was formed to account for the study and management of stormwater runoff in the City of Murfreesboro in accordance with federal mandates.

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

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

**CITY OF MURFREESBORO, TENNESSEE**

**Governmental Activities Tax Revenue By Source**

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

| Fiscal Year Ended June 30, | Property Taxes | Sales Taxes | Other Taxes | Total |
|---|---|---|---|---|
| 2006 | $ 30,642,673 | $ 24,094,087 | $ 6,926,688 | $ 61,663,448 |
| 2007 | 31,059,681 | 26,265,473 | 7,196,182 | 64,521,336 |
| 2008 | 33,141,050 | 30,356,728 | 7,613,113 | 71,110,891 |
| 2009 | 35,334,174 | 28,370,349 | 7,617,089 | 71,321,612 |
| 2010 | 35,205,314 | 27,903,293 | 7,272,347 | 70,380,954 |
| 2011 | 35,703,069 | 29,732,214 | 9,204,463 | 74,639,746 |
| 2012 | 36,218,774 | 32,675,500 | 9,548,770 | 78,443,044 |
| 2013 | 36,523,237 | 33,623,222 | 10,908,596 | 81,055,055 |
| 2014 | 36,827,383 | 35,373,537 | 10,801,335 | 83,002,255 |
| 2015 | 37,527,743 | 37,583,362 | 11,473,134 | 86,584,239 |

**CITY OF MURFREESBORO, TENNESSEE**

**Fund Balances of Governmental Funds**

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| General fund | | | | | | | | | | |
| Reserved | $ 2,866,482 | $ 2,251,222 | $ 1,089,753 | $ 540,669 | $ 486,661 | | | | | |
| Unreserved | 32,596,314 | 28,461,940 | 33,424,938 | 38,052,920 | 39,408,819 | | | | | |
| Nonspendable | | | | | | $ 280,823 | $ 301,259 | $ 403,139 | $ 590,727 | $ 828,550 |
| Restricted | | | | | | 545,005 | 949,243 | 798,333 | 1,971,000 | 2,574,940 |
| Committed | | | | | | | | | 10,939 | 11,415 |
| Assigned | | | | | | 5,395,693 | 5,737,081 | 5,231,317 | 5,755,682 | 4,550,786 |
| Unassigned | | | | | | 42,230,413 | 45,770,905 | 46,190,580 | 47,920,845 | 53,972,416 |
| Total general fund | $ 35,462,796 | $ 30,713,162 | $ 34,514,691 | $ 38,593,589 | $ 39,895,480 | $ 48,451,934 | $ 52,758,488 | $ 52,623,369 | $ 56,249,193 | $ 61,938,107 |
| All other governmental funds | | | | | | | | | | |
| Reserved | $ 1,940,854 | $ 2,355,315 | $ 1,762,700 | $ 1,905,955 | $ 2,213,917 | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 8,696,080 | 7,911,903 | 10,835,989 | 13,122,871 | 16,326,009 | | | | | |
| Debt service fund | 3,604,560 | 3,805,487 | 3,893,462 | 4,245,654 | 4,790,767 | | | | | |
| Capital projects funds | (165,292) | (7,590,144) | (3,758,551) | 6,278,857 | (7,086,468) | | | | | |
| Permanent funds | 68,691 | 90,946 | 13,795 | 18,660 | 102,466 | | | | | |
| Nonspendable | | | | | | $ 1,825,529 | $ 1,864,799 | $ 1,925,734 | $ 1,998,894 | $ 2,063,648 |
| Restricted | | | | | | 29,286,886 | 18,576,032 | 50,626,088 | 40,322,556 | 31,730,340 |
| Committed | | | | | | 9,144,022 | 8,868,342 | 8,689,071 | 13,824,667 | 4,786,658 |
| Assigned | | | | | | 5,028,232 | 4,279,492 | 4,733,279 | 4,285,060 | 4,774,005 |
| Unassigned | | | | | | (2,327,903) | (2,968,766) | (1,105,800) | (1,986,492) | (1,317,050) |
| Total all other governmental funds | $ 14,144,893 | $ 6,573,507 | $ 12,747,395 | $ 25,571,997 | $ 16,346,691 | $ 42,956,766 | $ 30,619,899 | $ 64,868,372 | $ 58,444,685 | $ 42,037,601 |

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)**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues -** | | | | | | | | | | |
| Taxes | $ 60,863,834 | $ 64,556,511 | $ 70,890,458 | $ 71,160,024 | $ 70,292,556 | $ 72,505,644 | $ 76,518,800 | $ 78,302,123 | $ 80,374,346 | $ 83,758,245 |
| Intergovernmental | 58,780,055 | 58,715,084 | 71,729,397 | 82,202,742 | 75,896,666 | 74,954,915 | 78,790,218 | 78,589,527 | 81,477,120 | 90,216,373 |
| Charges for services | 6,966,806 | 7,587,841 | 8,134,453 | 8,081,553 | 8,243,478 | 9,430,596 | 10,135,146 | 9,702,680 | 9,767,616 | 9,608,159 |
| Donations | | | 483,125 | 477,339 | 1,941,617 | 128,331 | 3,676,689 | 743,625 | 213,626 | 2,465,421 |
| Interest and investment earnings | 1,710,245 | 2,380,139 | 1,775,554 | 558,217 | 439,174 | 504,249 | 343,272 | 367,382 | 383,809 | 234,045 |
| Licenses and permits | 5,155,404 | 5,289,916 | 5,280,673 | 5,634,636 | 4,407,336 | 3,430,795 | 5,311,627 | 5,536,778 | 6,060,119 | 5,911,533 |
| Miscellaneous | 6,131,933 | 4,969,123 | 6,346,050 | 5,628,082 | 4,636,379 | 6,027,165 | 5,827,470 | 7,296,129 | 8,160,521 | 7,359,725 |
| | $ 139,608,277 | $ 143,498,614 | $ 164,639,710 | $ 173,742,593 | $ 165,857,206 | $ 166,981,695 | $ 180,603,222 | $ 180,538,244 | $ 186,437,157 | $ 199,553,501 |
| **Expenditures -** | | | | | | | | | | |
| General government | $ 3,332,008 | $ 11,414,689 | $ 4,595,923 | $ 6,847,627 | $ 5,547,009 | $ 5,872,815 | $ 7,753,022 | $ 8,454,711 | $ 8,363,816 | $ 9,143,076 |
| Police | 15,568,305 | 17,755,914 | 18,412,254 | 21,026,722 | 20,553,607 | 22,096,832 | 22,980,994 | 24,819,511 | 25,435,965 | 26,207,156 |
| Fire and rescue | 11,953,554 | 12,604,596 | 13,403,457 | 13,831,170 | 13,316,531 | 14,023,025 | 14,343,682 | 14,872,249 | 15,598,308 | 16,130,072 |
| Judicial | 424,378 | 412,307 | 477,728 | 452,758 | 351,734 | 365,072 | 397,178 | 446,771 | 436,176 | 471,130 |
| Legal (2) | 594,253 | 649,162 | 754,962 | 760,019 | 681,668 | 750,236 | | | | |
| Human resources (2) | 574,204 | 643,941 | 711,621 | 732,321 | 646,870 | 858,324 | | | | |
| Streets and signs (3) | 6,443,037 | 6,168,437 | 6,216,345 | 6,060,873 | 6,838,460 | 7,102,496 | 7,884,552 | 6,624,828 | | |
| State street aid (3) | | | | | | | | | 2,767,337 | 2,196,271 |
| Engineering (3) | | | | | | | | | 6,702,549 | 6,850,831 |
| Planning (3) | 2,575,185 | 2,712,370 | 2,795,308 | 2,657,470 | 1,705,063 | 1,735,966 | 1,695,239 | 1,735,738 | 647,529 | 1,137,183 |
| Building and codes | 1,513,775 | 1,705,737 | 1,740,183 | 1,717,686 | 1,700,106 | 1,666,961 | 1,615,140 | 1,663,480 | 1,747,137 | 1,867,817 |
| Solid waste | 3,743,192 | 3,832,817 | 4,448,056 | 4,474,894 | 4,289,255 | 4,191,427 | 3,998,856 | 4,266,166 | 3,959,760 | 4,125,198 |
| Transportation (1) | | | | | 3,135,125 | 3,271,637 | 2,139,735 | 3,078,509 | 2,455,001 | 2,254,624 |
| Urban environmental | 771,954 | 645,641 | 780,410 | 868,624 | 909,214 | 926,237 | 921,753 | 963,107 | 1,025,071 | 984,480 |
| Public health, education and welfare | 1,469,631 | 1,473,700 | 1,506,480 | 1,532,308 | 1,528,240 | 1,502,385 | 1,602,842 | 1,793,767 | 2,163,154 | 2,586,700 |
| Community services | 5,230,313 | 4,701,071 | 9,346,329 | 7,498,113 | 5,799,104 | 6,088,043 | 6,806,580 | 6,894,926 | 7,018,662 | 6,642,973 |
| Recreation | 8,138,001 | 8,691,484 | 9,152,060 | 9,277,740 | 8,399,731 | 9,442,486 | 10,110,003 | 10,380,908 | 10,705,833 | 12,900,236 |
| Community/economic development | 885,812 | 441,826 | 1,638,989 | 1,128,258 | 2,322,141 | 1,538,719 | 1,345,646 | 795,719 | 991,968 | 827,336 |
| Education | 49,680,734 | 51,587,295 | 51,009,243 | 52,770,358 | 53,552,719 | 57,304,421 | 58,455,372 | 58,008,999 | 59,441,056 | 61,373,035 |
| Food service | 2,604,851 | 2,969,999 | 3,387,963 | 3,424,389 | 3,263,223 | 3,399,774 | 3,848,294 | 4,124,047 | 4,746,679 | 5,969,987 |
| Capital outlay | 38,176,379 | 57,442,265 | 40,274,705 | 32,996,360 | 24,945,791 | 19,660,427 | 20,004,076 | 19,450,004 | 44,702,645 | 28,114,251 |
| Debt service | | | | | | | | | | |
| Principal | 14,316,952 | 15,066,722 | 20,842,164 | 21,118,405 | 21,671,925 | 20,699,775 | 22,561,642 | 24,716,266 | 26,106,008 | 24,670,628 |
| Interest | 4,361,936 | 6,265,007 | 5,847,716 | 3,345,873 | 3,159,943 | 4,243,000 | 4,429,881 | 4,478,696 | 4,279,120 | 4,526,651 |
| Debt issuance cost | 128,064 | 178,981 | 603,242 | 194,668 | 625,583 | 413,689 | 101,642 | 298,062 | 481,810 | 81,090 |
| Total expenditures | $ 172,486,518 | $ 207,363,961 | $ 197,945,138 | $ 192,716,636 | $ 184,943,042 | $ 187,153,747 | $ 192,996,129 | $ 197,866,464 | $ 229,775,584 | $ 219,060,725 |
| Excess of revenues over (under) expenditures | $ (32,878,241) | $ (63,865,347) | $ (33,305,428) | $ (18,974,043) | $ (19,085,836) | $ (20,172,052) | $ (12,392,907) | $ (17,328,220) | $ (43,338,427) | $ (19,507,224) |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Other financing sources (uses) -** | | | | | | | | | | |
| Issuance of debt | $ 39,412,060 | $ 46,803,601 | $ 42,499,715 | $ 33,455,368 | $ 79,501,144 | $ 52,474,806 | $ 1,604,079 | $ 48,641,518 | $ 34,550,167 | $ 2,646,853 |
| Premium on bonds issued | | | | | | | | | 1,918,664 | |
| Payments on refunded debt | | | | | (70,852,843) | | | | | |
| Proceeds from sale of land | 10,643,428 | 4,877,586 | 927,796 | 2,505,060 | | 219,699 | | | | 2,762,510 |
| Transfers in | 34,590,206 | 38,462,043 | 46,098,673 | 41,826,247 | 47,926,468 | 36,236,848 | 36,774,216 | 38,351,514 | 41,016,927 | 41,722,681 |
| Transfers out | (34,646,097) | (38,515,991) | (46,245,339) | (41,909,134) | (45,412,348) | (33,592,772) | (34,015,701) | (35,551,458) | (38,025,859) | (38,655,158) |
| | $ 49,999,597 | $ 51,627,239 | $ 43,280,845 | $ 35,877,541 | $ 11,162,421 | $ 55,338,581 | $ 4,362,594 | $ 51,441,574 | $ 39,459,899 | $ 8,476,886 |
| Net change in fund balances | $ 17,121,356 | $ (12,238,108) | $ 9,975,417 | $ 16,903,498 | $ (7,923,415) | $ 35,166,529 | $ (8,030,313) | $ 34,113,354 | $ (3,878,528) | $ (11,030,338) |
| Debt service as a percentage of noncapital expenditures | 13.81% | 14.36% | 16.79% | 14.97% | 15.66% | 15.25% | 15.34% | 16.47% | 16.62% | 15.39% |

(1) In 2010, the City established a transportation department to account for its traffic and public transportation services. In previous years, these services have been reflected in community services.

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

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

**General Governmental Tax Revenues By Source**

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

| Fiscal Year | Property Tax | Sales Tax | Beer Tax | Liquor Tax | Gross Receipts Tax | Alcohol Privilege Taxes | Hotel/Motel Tax | Total Tax Revenue |
|---|---|---|---|---|---|---|---|---|
| 2006 | $ 30,434,528 | $ 24,094,087 | $ 2,434,181 | $ 585,620 | $ 1,745,143 | $ 56,360 | $ 584,877 | $ 59,934,796 |
| 2007 | 31,302,662 | 26,265,473 | 2,612,015 | 640,231 | 1,917,224 | 66,799 | 652,641 | 63,457,045 |
| 2008 | 33,073,516 | 30,356,728 | 2,708,850 | 712,160 | 2,027,972 | 72,331 | 743,601 | 69,695,158 |
| 2009 | 35,254,735 | 28,370,349 | 2,808,781 | 736,010 | 1,926,166 | 77,252 | 730,976 | 69,904,269 |
| 2010 | 33,305,297 | 27,903,293 | 2,770,148 | 735,816 | 1,734,418 | 87,766 | 747,523 | 67,284,261 |
| 2011 | 35,727,238 | 29,732,214 | 2,912,207 | 793,004 | 2,430,274 | 88,321 | 822,386 | 72,505,644 |
| 2012 | 36,374,163 | 32,675,500 | 3,162,068 | 844,397 | 2,476,097 | 91,694 | 894,881 | 76,518,800 |
| 2013 | 36,533,227 | 33,623,222 | 3,304,894 | 884,589 | 2,751,395 | 92,995 | 1,111,801 | 78,302,123 |
| 2014 | 36,952,185 | 35,373,537 | 3,281,336 | 947,463 | 2,604,069 | 89,638 | 1,126,118 | 80,374,346 |
| 2015 | 37,527,743 | 37,583,362 | 3,299,165 | 1,001,145 | 2,959,129 | 86,426 | 1,301,275 | 83,758,245 |

**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 | | |
| 2006 | $ 1.720 | $ 1,562,310,570 | $ 41,092,628 | $ 1,603,403,198 | $ 5,241,331,422 | 30.6% |
| 2007 | 1.407 | 1,951,335,404 | 46,340,126 | 1,997,675,530 | 6,561,383,347 | 30.4% |
| 2008 | 1.407 | 2,103,646,717 | 51,677,754 | 2,155,324,471 | 7,525,143,602 | 28.6% |
| 2009 | 1.407 | 2,245,292,941 | 51,277,914 | 2,296,570,855 | 8,035,107,314 | 28.6% |
| 2010 | 1.407 | 2,372,884,999 | 52,823,715 | 2,425,708,714 | 8,520,678,432 | 28.5% |
| 2011 | 1.270 | 2,675,851,829 | 56,821,961 | 2,732,673,790 | 9,371,255,513 | 29.2% |
| 2012 | 1.270 | 2,729,003,512 | 61,980,996 | 2,790,984,508 | 9,514,981,962 | 29.3% |
| 2013 | 1.270 | 2,745,448,317 | 66,409,997 | 2,811,858,314 | 9,822,983,455 | 28.6% |
| 2014 | 1.270 | 2,762,134,012 | 65,885,601 | 2,828,019,613 | 9,919,544,100 | 28.5% |
| 2015 | 1.207 | 2,960,160,999 | 72,771,332 | 3,032,932,331 | 10,531,859,044 | 28.8% |

(1) Per $100 of assessed value.
Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

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

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Tax Rate Per $100 Assessed Value | | | | | | | | | | Tax Levies | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Direct Rate City | County | | | | | | | | Total | City | County | Total |
| | | General | Solid Waste | Ambulance | Highway/ Roads | Education | Education Capital projects | General Debt Service | Total County | | | | |
| 2006 | $ 1.720 | $ 0.595 | $ 0.030 | | $ 0.015 | $ 1.440 | | $ 0.720 | $ 2.800 | $ 4.520 | $ 27,579,046 | $ 44,895,290 | $ 72,474,336 |
| 2007 | 1.407 | 0.470 | | | 0.010 | 1.290 | | 0.670 | 2.440 | 3.847 | 28,107,445 | 48,743,283 | 76,850,728 |
| 2008 | 1.407 | 0.500 | | | 0.010 | 1.190 | $ 0.050 | 0.690 | 2.440 | 3.847 | 30,325,680 | 52,589,917 | 82,915,597 |
| 2009 | 1.407 | 0.530 | | | 0.010 | 1.230 | 0.050 | 0.740 | 2.560 | 3.967 | 32,313,095 | 58,792,214 | 91,105,309 |
| 2010 | 1.407 | 0.572 | | $ 0.098 | 0.010 | 1.265 | 0.050 | 0.740 | 2.735 | 4.142 | 34,129,964 | 66,343,133 | 100,473,097 |
| 2011 | 1.270 | 0.554 | | 0.088 | 0.009 | 1.143 | 0.045 | 0.626 | 2.465 | 3.735 | 34,709,599 | 67,365,874 | 102,075,473 |
| 2012 | 1.270 | 0.584 | | 0.083 | 0.014 | 1.143 | 0.045 | 0.596 | 2.465 | 3.735 | 35,454,208 | 68,803,350 | 104,257,558 |
| 2013 | 1.270 | 0.584 | | 0.083 | 0.014 | 1.143 | 0.045 | 0.596 | 2.465 | 3.735 | 35,719,435 | 69,317,931 | 105,037,366 |
| 2014 | 1.270 | 0.670 | | 0.058 | 0.013 | 1.193 | 0.045 | 0.586 | 2.565 | 3.835 | 35,924,769 | 72,544,359 | 108,469,128 |
| 2015 | 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 |

Source: City of Murfreesboro Tax Department

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

**CITY OF MURFREESBORO, TENNESSEE**

**Principal Taxpayers**

**June 30, 2015**

| Taxpayer | 2014 Assessed Valuation | Rank | % of Total Assessed Valuation | 2005 Assessed Valuation | Rank | % of Total Assessed Valuation |
|---|---|---|---|---|---|---|
| General Mills / Pillsbury Company | $ 80,957,715 | 1 | 2.67 % | $ 35,846,875 | 1 | 2.24 % |
| Hines Global Reit | 55,735,704 | 2 | 1.84 | | | |
| Transwestern Stones River | 24,370,120 | 3 | 0.80 | | | |
| Middle TN Electric Membership | 23,105,645 | 4 | 0.76 | 10,123,687 | 5 | 0.63 |
| Mahle Filter Systems/Tennex Industries | 20,072,512 | 5 | 0.66 | | | |
| Wal-Mart | 19,822,190 | 6 | 0.65 | 8,775,240 | 10 | 0.55 |
| Embassy Suites | 18,652,497 | 7 | 0.61 | | | |
| Murfreesboro Medical Property | 17,782,835 | 8 | 0.59 | | | |
| Middle TN Medical Center | 14,822,087 | 9 | 0.49 | | | |
| Westbury Farms, LLC | 14,811,413 | 10 | 0.49 | | | |
| Bellsouth Tellecommunications | | | | 12,858,294 | 2 | 0.80 |
| Stones River LLC | | | | 11,483,200 | 3 | 0.72 |
| Rich Products | | | | 10,985,728 | 4 | 0.69 |
| State Farm Mutual Auto Insurance | | | | 9,880,860 | 6 | 0.62 |
| Wal-Mart Stores | | | | 9,812,614 | 7 | 0.61 |
| Mi-tech Steel International LP | | | | 8,980,880 | 8 | 0.55 |
| Buford C. Throneberry | | | | 8,788,485 | 9 | 0.56 |
| | $ 290,132,718 | | 9.56 % | $ 127,535,863 | | 7.97 % |

Source: City of Murfreesboro tax department.

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Total Tax Levy | Collected within the Fiscal Year of the Levy | Percent of Levy Collected | Collections in Subsequent Years | Total Collections To Date | Total Collections as Percent of Current Levy |
|---|---|---|---|---|---|---|
| 2006 | $ 27,579,046 | $ 26,659,470 | 96.67 % | $ 888,505 | $ 27,547,975 | 99.89 % |
| 2007 | 28,107,445 | 27,444,825 | 97.64 | 619,526 | 28,064,351 | 99.85 |
| 2008 | 30,325,680 | 29,565,591 | 97.49 | 699,587 | 30,265,178 | 99.80 |
| 2009 | 32,313,095 | 31,353,518 | 97.03 | 885,752 | 32,239,270 | 99.77 |
| 2010 | 34,129,964 | 32,987,635 | 96.65 | 1,068,814 | 34,056,449 | 99.78 |
| 2011 | 34,709,599 | 33,574,880 | 96.73 | 1,083,702 | 34,658,582 | 99.85 |
| 2012 | 35,454,208 | 34,433,223 | 97.12 | 968,561 | 35,401,784 | 99.85 |
| 2013 | 35,719,435 | 34,725,579 | 97.22 | 927,770 | 35,653,349 | 99.81 |
| 2014 | 35,924,769 | 35,235,728 | 98.08 | 534,835 | 35,770,563 | 99.57 |
| 2015 | 36,595,836 | 35,967,377 | 98.28 | | 35,967,377 | 98.28 |

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | | | | Total Primary Government | Percentage of Personal Income (4) | Per Capita (4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Obligation Bonds (1) | TML Loans | State and Other Loans (2) | Capital Leases | General Obligation Bonds | Matured Bonds | TML Loans | Revenue Bonds (1) | State and Other Loans (3) | | | |
| 2006 | $ 3,860,170 | $ 133,544,818 | | $ 921,969 | $ 500,000 | $ 36,000 | $ 50,076,719 | $ 4,093,702 | $ 49,072,989 | $ 242,106,367 | 9.39 % | $ 2,789 |
| 2007 | 2,592,586 | 164,641,697 | $ 1,900,000 | 473,400 | 335,000 | 36,000 | 69,035,189 | 3,180,794 | 46,717,955 | 288,912,621 | 10.27 | 3,121 |
| 2008 | 1,305,000 | 186,288,248 | 3,191,000 | | 165,000 | 36,000 | 94,056,075 | 2,606,958 | 44,157,910 | 331,806,191 | 10.54 | 3,299 |
| 2009 | | 200,127,211 | 2,994,000 | | | 36,000 | 96,728,807 | 1,997,584 | 41,845,666 | 343,729,268 | 10.69 | 3,378 |
| 2010 | 61,190,937 | 125,880,105 | 2,578,350 | | 363,125 | 36,000 | 42,903,203 | 54,044,216 | 39,330,084 | 326,326,020 | 9.87 | 3,001 |
| 2011 | 50,888,343 | 167,584,136 | 2,354,350 | 403,894 | | 36,000 | 47,378,691 | 48,830,907 | 36,411,432 | 353,887,753 | 10.25 | 3,217 |
| 2012 | 42,200,749 | 154,011,904 | 3,059,019 | 269,262 | | 36,000 | 44,878,691 | 43,531,892 | 33,383,408 | 321,370,925 | 8.88 | 2,887 |
| 2013 | 33,648,155 | 185,308,464 | 3,642,711 | 134,631 | | 36,000 | 43,716,543 | 67,199,012 | | 333,685,516 | 8.85 | 2,875 |
| 2014 | 56,513,566 | 172,704,771 | 3,135,563 | | | 36,000 | 42,085,000 | 58,699,011 | 4,799,592 | 337,973,503 | 8.74 | 2,888 |
| 2015 | 50,708,062 | 156,268,144 | 2,628,415 | | | 36,000 | 39,238,000 | 52,614,010 | 20,172,609 | 321,665,240 | 7.57 | 2,659 |

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

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

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

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

(4) See the Schedule of Demographic and Economic Statistics on page 163 for personal income and population data.

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Estimated Population (1) | Total Estimated Actual Value of Property | General Bonded Debt | Percentage of Estimated Actual Value of Property | Net Bonded Debt Per Capita |
|---|---|---|---|---|---|
| 2006 | 86,793 | $ 5,241,331,422 | $ 137,404,988 | 2.62 % | 1,583 |
| 2007 | 92,559 | 6,561,383,347 | 167,234,283 | 2.55 | 1,807 |
| 2008 | 100,575 | 7,525,143,602 | 187,593,248 | 2.49 | 1,865 |
| 2009 | 101,753 | 8,035,107,314 | 200,127,211 | 2.49 | 1,967 |
| 2010 | 108,755 | 8,520,678,432 | 187,071,042 | 2.20 | 1,720 |
| 2011 | 110,000 | 9,371,255,513 | 218,472,479 | 2.33 | 1,986 |
| 2012 | 111,327 | 9,514,981,962 | 196,212,653 | 2.06 | 1,762 |
| 2013 | 116,043 | 9,822,983,455 | 218,956,619 | 2.23 | 1,887 |
| 2014 | 117,044 | 9,919,544,100 | 229,218,337 | 2.31 | 1,958 |
| 2015 | 120,924 | 10,531,859,044 | 206,976,206 | 1.97 | 1,712 |

Note:

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

**CITY OF MURFREESBORO, TENNESSEE**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2015**

| Taxing Jurisdiction | Debt Outstanding (1) | Estimated Percentage Applicable (5) | Direct and Overlapping Debt |
|---|---|---|---|
| City of Murfreesboro direct debt | | | $ 209,604,621 |
| Rutherford County (2) | $ 361,267,344 | 41.87% | 151,262,637 |
| Total direct and overlapping debt | | | $ 360,867,258 |
| Ratio of direct and estimated overlapping debt to 2014 assessed value (3) | | | 11.90% |
| Per capita direct and estimated overlapping debt (4) | | | $ 2,984 |

(1) As of June 30, 2015
(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2015 Table 12.
(3) Based upon 2014 Taxable Assessed Valuation of $3,032,932,331.
(4) Based upon estimated population of 120,954.
(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**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt Limit | $ 240,510,480 | $ 292,700,311 | $ 323,298,671 | $ 344,485,628 | $ 363,856,307 | $ 409,901,069 | $ 418,647,676 | $ 421,778,747 | $ 424,202,942 | $ 454,939,850 |
| Total net debt applicable to limit | 134,707,227 | 165,794,609 | 186,890,786 | 198,875,557 | 178,882,688 | 211,053,091 | 190,730,336 | 214,123,754 | 222,998,834 | 202,060,557 |
| Legal debt margin | $ 105,803,253 | $ 126,905,702 | $ 136,407,885 | $ 145,610,071 | $ 184,973,619 | $ 198,847,978 | $ 227,917,340 | $ 207,654,993 | $ 201,204,108 | $ 252,879,293 |
| Total net debt applicable to the limit as a percentage of the debt limit | 56.01% | 56.64% | 57.81% | 57.73% | 49.16% | 51.49% | 45.56% | 50.77% | 52.57% | 44.41% |

**Legal Debt Margin Calculation for Fiscal Year 2015**

| | |
|---|---|
| Assessed Value | $ 3,032,932,331 |
| Debt limit (15% of assessed value) | $ 454,939,850 |
| Debt applicable to limit: | |
| General Obligation Bonds | $ 45,940,000 |
| Bank Not | 1,250,000 |
| Energy Efficient School Loan | 1,378,415 |
| Tennessee Municipal Bond Fund Loans | 156,268,144 |
| Less: debt service fund | (2,776,002) |
| Total debt applicable to limit | $ 202,060,557 |
| Legal debt margin | $ 252,879,293 |

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

**CITY OF MURFREESBORO, TENNESSEE**

**Revenue Bond Coverage**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Gross Revenues (1) | Net Operating Expenses (2) | Net Revenues Available for Debt Service | Debt Service (3) Principal | Debt Service (3) Interest | Times Coverage |
|---|---|---|---|---|---|---|
| Water and Sewer - | | | | | | |
| 2006 | $ 23,969,200 | $ 13,430,712 | $ 10,538,488 | $ 305,000 | $ 17,816 | 32.65 |
| 2007 | 26,101,023 | 14,550,503 | 11,550,520 | 165,000 | 9,600 | 66.15 |
| 2008 | 27,290,810 | 16,045,581 | 11,245,229 | 170,000 | 6,038 | 63.88 |
| 2009 | 27,999,011 | 16,901,018 | 11,097,993 | | | |
| 2010 | 29,554,367 | 16,311,214 | 13,243,153 | 2,365,000 | 1,027,156 | 3.90 |
| 2011 | 31,790,418 | 17,342,539 | 14,447,879 | 2,240,000 | 1,655,050 | 3.71 |
| 2012 | 32,876,328 | 18,768,465 | 14,107,863 | 2,350,000 | 1,543,000 | 3.62 |
| 2013 | 43,126,948 | 18,471,309 | 24,655,639 | 2,460,000 | 1,425,550 | 6.35 |
| 2014 | 42,075,884 | 19,775,421 | 22,300,463 | 5,905,000 | 1,742,541 | 2.92 |
| 2015 | 46,735,420 | 20,605,427 | 26,129,993 | 5,580,000 | 1,572,382 | 3.65 |
| The Water and Sewer Department did not have any revenue bonds outstanding at June 30, 2009. | | | | | | |
| Electric Department - | | | | | | |
| 2006 | $ 99,782,994 | $ 90,957,776 | $ 8,825,218 | $ 885,000 | $ 249,636 | 7.78 |
| 2007 | 110,516,205 | 98,281,799 | 12,234,406 | 925,000 | 208,443 | 10.79 |
| 2008 | 124,723,858 | 108,589,583 | 16,134,275 | 580,000 | 164,368 | 21.68 |
| 2009 | 144,953,670 | 129,407,626 | 15,546,044 | 615,000 | 135,033 | 20.73 |
| 2010 | 133,987,859 | 117,922,597 | 16,065,262 | 4,730,000 | 277,050 | 3.21 |
| 2011 | 160,158,760 | 140,272,996 | 19,885,764 | 2,740,000 | 290,788 | 6.56 |
| 2012 | 151,555,276 | 130,899,258 | 20,656,018 | 2,790,000 | 235,988 | 6.83 |
| 2013 | 156,303,678 | 133,272,879 | 23,030,799 | 2,380,000 | 180,188 | 9.00 |
| 2014 | 164,065,956 | 141,709,019 | 22,356,937 | 2,415,000 | 132,588 | 8.78 |
| 2015 | 166,009,764 | 143,507,326 | 22,502,438 | 325,000 | 72,212 | 56.65 |

Source: Current year and prior years combined financial statements.

Notes:

(1) Includes operating and nonoperating revenues.

(2) Includes operating expenses minus depreciation and amortization.

(3) Includes principal and interest of revenue bonds only.

**CITY OF MURFREESBORO, TENNESSEE**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Population (1) | Personal Income | Per Capita Income (2) | Median Age (3) | City School Enrollment | Unemployment Rate (2) |
|---|---|---|---|---|---|---|
| 2006 | 86,793 | $ 2,577,752,100 | $ 29,700 | 31.2 | 6,600 | 4.20 % |
| 2007 | 92,559 | 2,813,793,600 | 30,400 | 31.2 | 6,720 | 3.70 |
| 2008 | 100,575 | 3,147,997,500 | 31,300 | 31.2 | 6,842 | 4.40 |
| 2009 | 101,753 | 3,215,394,800 | 31,600 | 31.2 | 6,900 | 7.90 |
| 2010 | 108,755 | 3,306,152,000 | 30,400 | 31.2 | 6,900 | 8.90 |
| 2011 | 110,000 | 3,454,000,000 | 31,400 | 32.1 | 6,881 | 8.40 |
| 2012 | 111,327 | 3,618,127,500 | 32,500 | 32.1 | 7,034 | 7.20 |
| 2013 | 116,043 | 3,835,221,150 | 33,050 | 32.1 | 7,140 | 6.30 |
| 2014 | 117,044 | 3,868,304,200 | 33,050 | 32.1 | 7,204 | 5.80 |
| 2015 | 120,954 | 4,247,057,802 | 35,113 | 32.1 | 7,707 | 5.10 |

Notes:

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

(2) Source: University of Tennessee, Center for Business & Economic Research, Tennessee Department of Education, Bureau of Economic Analysis and Business and Economic Research Center. These figures represent the entire County of which Murfreesboro is a part.

(3) The Census Bureau determines the median age for local areas each decade. The last determination was during the 2010 census and will be determined again after the 2020 census. These figures represent the entire County of which Murfreesboro is a part.

**CITY OF MURFREESBORO, TENNESSEE**

**Principal Employers**

**June 30, 2015**

| Employer | 2015 Employees | 2015 Rank | 2015 % of Total County Employment | 2006 Employees | 2006 Rank | 2006 % of Total County Employment |
|---|---|---|---|---|---|---|
| Nissan Motor Manufacturing Corp. USA | 8,000 | 1 | 5.15 % | 8,100 | 1 | 7.00 % |
| Rutherford County Government and Board of Education | 6,073 | 2 | 3.91 | 4,136 | 2 | 3.58 |
| Middle Tennessee State University | 2,205 | 3 | 1.42 | 1,936 | 3 | 1.67 |
| National Health Corporation | 2,071 | 4 | 1.33 | | | |
| Ingram Book Company | 2,000 | 5 | 1.29 | 1,913 | 4 | 1.65 |
| City of Murfreesboro and Board of Education | 1,912 | 6 | 1.23 | | | |
| State Farm Insurance | 1,650 | 7 | 1.06 | 1,506 | 6 | 1.30 |
| Amazon | 1,550 | 8 | 1.00 | | | |
| St. Thomas Rutherford | 1,400 | 9 | 0.90 | | | |
| Alvin C. York Veterans Administration Medical Center | 1,300 | 10 | 0.84 | 1,411 | 7 | 1.22 |
| Bridgestone/Firestone, Inc. | | | | 1,873 | 5 | 1.62 |
| Middle Tennessee Medical Center | | | | 1,300 | 8 | 1.12 |
| Assurion | | | | 1,200 | 9 | 1.04 |
| Cinram | | | | 1,125 | 10 | 0.97 |
| | | | 18.13 % | | | 21.17 % |

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, 2015, Table 14

**CITY OF MURFREESBORO, TENNESSEE**

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

**Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government - | | | | | | | | | | |
| Administrative and General | 20 | 21 | 23 | 24 | 28 | 28 | 20 | 20 | 20 | 22 |
| Civic Plaza | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police - | | | | | | | | | | |
| Officers | 182 | 187 | 203 | 239 | 240 | 220 | 229 | 229 | 229 | 232 |
| Civilians | 48 | 48 | 53 | 58 | 57 | 53 | 53 | 53 | 53 | 53 |
| Fire and Rescue - | | | | | | | | | | |
| Firefighters and Officers | 176 | 188 | 187 | 202 | 202 | 184 | 184 | 184 | 184 | 185 |
| Civilians | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Information Technologies | Prior to FYE 2012 Information Technologies was part of Administrative and General | | | | | | 10 | 10 | 11 | 11 |
| Judicial | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Legal and Risk Management | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Human Resources | 8 | 9 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Planning | 27 | 29 | 31 | 30 | 23 | 20 | 18 | 18 | 7 | 8 |
| Engineering - | | | | | | | | | | |
| Engineering Division | Prior to FYE 2014 Planning and Engineering was one department | | | | | | | | 12 | 15 |
| Street Division (1) | 28 | 28 | 29 | 29 | 29 | 28 | 28 | 28 | 27 | 29 |
| Building and Codes | 23 | 26 | 26 | 25 | 27 | 25 | 21 | 21 | 22 | 22 |
| Solid Waste | 58 | 58 | 57 | 57 | 57 | 55 | 42 | 42 | 41 | 41 |
| Urban Environmental | 13 | 13 | 16 | 16 | 16 | 15 | 15 | 15 | 15 | 15 |
| Community Services - | | | | | | | | | | |
| Fleet Services | 11 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Senior Citizens | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cable Television | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 |
| Mass Transit | 1 | 12 | 12 | 12 | 18 | 16 | 16 | 16 | 18 | 18 |
| Recreation and Golf | 81 | 84 | 84 | 88 | 88 | 87 | 84 | 84 | 84 | 89 |
| Community Development | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Education | 775 | 801 | 859 | 881 | 864 | 920 | 861 | 861 | 870 | 1,026 |
| Food Service | 25 | 25 | 27 | 28 | 25 | 24 | 24 | 26 | 30 | 29 |
| Water and Sewer | 135 | 143 | 149 | 151 | 147 | 147 | 156 | 156 | 154 | 155 |
| Stormwater | Prior to FYE 2014 Stormwater employees were included with Water and Sewer | | | | | | | | 7 | 7 |
| Electric | 73 | 73 | 76 | 79 | 87 | 83 | 83 | 80 | 78 | 83 |
| Cemetery | 7 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Total | 1,727 | 1,802 | 1,899 | 1,986 | 1,975 | 1,972 | 1,913 | 1,912 | 1,931 | 2,109 |

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

Sources: Various city departments

**CITY OF MURFREESBORO, TENNESSEE**

**Operating Indicators by Function**

**Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police - | | | | | | | | | | |
| Arrests | 7,741 | 11,613 | 8,641 | 9,111 | 8,530 | 7,944 | 8,804 | 8,866 | 9,993 | 8,921 |
| 911 calls | 25,922 | 35,785 | 37,185 | 38,664 | 37,824 | 39,195 | 41,797 | 39,465 | 40,717 | 47,660 |
| Traffic violations | 13,424 | 23,360 | 25,120 | 26,095 | 13,059 | 13,930 | 19,370 | 16,131 | 17,010 | 19,746 |
| Fire and Rescue - | | | | | | | | | | |
| Emergency responses (c) | 6,104 | 8,035 | 8,241 | 8,983 | 10,417 | 11,192 | 11,971 | 8,456 | 9,743 | 11,060 |
| Fire safety inspections (a) | 4,555 | 5,486 | 5,229 | 5,391 | 4,759 | 4,239 | 4,010 | 3,740 | 3,731 | 3,071 |
| Fire training hours (a) | 63,627 | 64,107 | 69,771 | 73,059 | 64,785 | 60,366 | 70,855 | 75,714 | 72,776 | 76,310 |
| Human Resources - | | | | | | | | | | |
| Full time positions/applications | 80 /3,277 | 83/3,879 | 68/3,460 | 44/2,564 | 27/2,096 | 48/2,633 | 75/3,583 | 41/4505 | 55/6960 | 108/7620 |
| Part time positions/applications | 102 / 1,590 | 113/1,604 | 117/2,489 | 64/1,594 | 147/1,954 | 146/1,674 | 153/2,908 | 82/3043 | 94/3193 | 176/4418 |
| Engineering - Street Division (a) - | | | | | | | | | | |
| Street repaving (lane miles) | 54 | 58 | 20 | 31 | 42 | 61 | 24 | 40 | 25 | 27 |
| Planning (b) - | | | | | | | | | | |
| Preliminary plats reviewed | 57 | 55 | 27 | 13 | 8 | 11 | 16 | 38 | 67 | 41 |
| Final plats reviewed | 128 | 144 | 128 | 75 | 60 | 56 | 56 | 75 | 103 | 103 |
| Site plans reviewed | 131 | 161 | 184 | 157 | 97 | 105 | 131 | 122 | 158 | 157 |
| Annexations studied | 20 | 19 | 10 | 9 | 2 | 1 | 3 | 9 | 12 | 10 |
| Building and Codes - | | | | | | | | | | |
| Single family home permits issued | 1,922 | 1,391 | 711 | 430 | 425 | 329 | 486 | 643 | 833 | 704 |
| Total building permits issued | 2,511 | 2,707 | 1,824 | 1,433 | 1,357 | 1,277 | 1,396 | 1,704 | 1,950 | 2,086 |
| Substandard and property maintenance complaint notices (d) | 2,102 | 3,458 | 3,697 | 8,425 | 8,334 | 10,360 | 8,444 | 2,147 | 2,219 | 3,742 |
| Solid Waste (a) - | | | | | | | | | | |
| Refuse collected (tons per year) | 34,321 | 36,892 | 35,227 | 33,900 | 33,220 | 33,673 | 33,254 | 34,176 | 33,994 | 34,902 |
| Community services - | | | | | | | | | | |
| Airport | | | | | | | | | | |
| Gallons of fuel sold (Avgas and Jet A) | 195,244 | 182,641 | 184,423 | 191,668 | 187,749 | 191,986 | 200,559 | 201,038 | 215,048 | 224,903 |
| Education - | | | | | | | | | | |
| K-6 Enrollment | 6,600 | 6,720 | 6,842 | 6,902 | 6,876 | 6,881 | 7,060 | 7,140 | 7,204 | 7,707 |
| Water and Sewer - | | | | | | | | | | |
| Water sold annually in 100 cubic feet | 3,690,312 | 4,338,296 | 4,427,024 | 3,702,460 | 3,538,776 | 3,424,017 | 3,530,353 | 3,662,128 | 3,660,835 | 3,751,798 |
| Sewer sold annually in 100 cubic feet | 3,685,630 | 4,771,612 | 4,177,764 | 3,809,040 | 3,733,376 | 3,722,554 | 3,794,902 | 4,009,855 | 4,306,039 | 4,403,339 |
| Electric - | | | | | | | | | | |
| Number of customers | 46,985 | 47,858 | 49,960 | 50,556 | 52,001 | 52,148 | 53,311 | 54,379 | 55,513 | 57,610 |
| Kilowatt hours sold (in thousands) | 1,455,524 | 1,485,484 | 1,576,120 | 1,541,000 | 1,559,000 | 1,646,877 | 1,525,730 | 1,596,336 | 1,700,341 | 1,705,379 |

Sources: Various city departments

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

(a) Calendar year information

(b) Calendar year information through 2006/ Fiscal Information 2007 through 2015

(c) Fiscal information through 2006/Calendar Information 2007 through 2015

(d) Information is for notices through 2008/Inspections information 2009 through 2015

**CITY OF MURFREESBORO, TENNESSEE**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police - | | | | | | | | | | |
| Patrol Units | 124 | 125 | 141 | 137 | 135 | 139 | 137 | 150 | 141 | 148 |
| Fire and Rescue - | | | | | | | | | | |
| Fire engines | 15 | 15 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 |
| Rescue vehicles | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 6 |
| Rescue boat | NA | NA | NA | NA | NA | NA | 1 | 1 | 1 | 1 |
| Fire stations | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Engineering - Street Division | | | | | | | | | | |
| Streets (miles) | 485 | 503 | 513 | 522 | 528 | 531 | 534 | 537 | 538 | 541 |
| Traffic signals | 106 | 110 | 119 | 123 | 127 | 131 | 134 | 138 | 140 | 145 |
| Solid Waste - | | | | | | | | | | |
| Collection trucks | 36 | 36 | 36 | 36 | 34 | 33 | 30 | 30 | 33 | 32 |
| Community Services - | | | | | | | | | | |
| Airport | | | | | | | | | | |
| Tie-downs | 85 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 |
| Hangers | 59 | 59 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 |
| Public Transportation - | | | | | | | | | | |
| Buses | 0 | 9 | 9 | 9 | 9 | 9 | 9 | 11 | 11 | 11 |
| Recreation - | | | | | | | | | | |
| Park acreage | 1,202.31 | 1,202.31 | 1,202.31 | 1,225.90 | 1,225.90 | 1,225.90 | 1,225.96 | 1,225.96 | 1,235.96 | 1,235.96 |
| Greenway trails (miles) | 5.1 | 5.1 | 5.1 | 7.1 | 10.1 | 11.6 | 11.6 | 11.6 | 11.6 | 11.6 |
| Education - | | | | | | | | | | |
| Elementary schools | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| Water and Sewer - | | | | | | | | | | |
| Water pipe (miles) | 414 | 422 | 426 | 428 | 430 | 432 | 433 | 435 | 437 | 439 |
| Water storage capacity (millions of gallons) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Water treatment capacity (millions of gallons per day) | 15.7 | 15.7 | 15.7 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Sewer pipe (miles) | 494 | 524 | 550 | 565 | 569 | 573 | 575 | 580 | 586 | 624 |
| Wastewater treatment capacity (millions of gallons per day) | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Sewage pumping stations | 38 | 42 | 45 | 43 | 44 | 44 | 45 | 45 | 45 | 46 |
| Public fire hydrants | 3,037 | 3,122 | 3,205 | 3,246 | 3,286 | 3,264 | 3,262 | 3,301 | 3,334 | 3,369 |
| CUD public fire hydrants in City | NA | NA | NA | NA | NA | 2,033 | 2,068 | 2,093 | 2,132 | 2,199 |
| Electric - | | | | | | | | | | |
| Overhead and underground primary and secondary cable (miles) | 572.92 | 611.67 | 626.95 | 649.88 | 655.27 | 662.23 | 671.91 | 677.41 | 686.04 | 705.19 |
| Poles | 13,054 | 13,693 | 14,221 | 14,857 | 15,179 | 15,289 | 15,448 | 15,541 | 15,789 | 15,789 |
| Transformers | 11,954 | 12,594 | 13,226 | 13,330 | 13,627 | 13,726 | 13,828 | 13,988 | 14,229 | 14,229 |
| Substations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 13 |

Sources: Various City departments

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

NA Information is not available

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Customers and Rate Structure**

**Year Ended June 30, 2015**

Murfreesboro Water and Sewer Department

As of June 30, 2015, Murfreesboro Water and Sewer Department serves approximately 25,550 water customers and 40,372 sewer customers of which 14,500 are in the Consolidated Utility District ("CUD") water service area. The following rate structure was in place during the 2014/2015 fiscal year:

**Water:**

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

| Meter Size | Charge | Allowance |
|---|---|---|
| 5/8" | $ 8.22 | - cubic feet |
| 1" | 19.18 | 180 cubic feet |
| 1.5" | 41.10 | 660 cubic feet |
| 2" | 65.76 | 1,200 cubic feet |
| 3" | 164.40 | 3,360 cubic feet |
| 4" | 328.80 | 6,960 cubic feet |
| 6" | 685.00 | 14,760 cubic feet |

**Sewer:**

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

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

| Meter Size | Charge* | Allowance |
|---|---|---|
| 5/8" | $ 9.72 | - cubic feet |
| 1" | 27.98 | 180 cubic feet |
| 1.5" | 61.90 | 660 cubic feet |
| 2" | 100.06 | 1,200 cubic feet |
| 3" | 252.70 | 3,360 cubic feet |
| 4" | 507.10 | 6,960 cubic feet |
| 6" | 1,058.30 | 14,760 cubic feet |

One cubic foot equals seven and one-half gallons.

* Not including O&M charge

Murfreesboro Water and Sewer Department (continued)

Rates for service outside the City limits are 50% higher than the above inside City limit rates. Effective on bills printed July 1, 2014.

Murfreesboro Electric Department

As of June 30, 2015, Murfreesboro Electric Department serves approximately 57,000 customers and had the following rate structure in place:

Residential:

Customer Charge - $11.76 per month (also minimum bill)
Energy Charge - $.07268 per KWH
Fuel Cost Adjustment (FCA) - $.02194 per KWH

Commercial:

General Power (GSA)

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

| | |
|---|---|
| Customer Charge | $24.86 |
| Energy Charge | $.08277 per KWH |
| Fuel Cost Adjustment | $.02175 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 | $.08386 per KWH | FCA is $.02175 per KWH |
| over 15,000 | $.04154 per KWH | FCA is $.02154 per KWH |
| Demand Charge | | |
| 1st 50 | No Charge | |
| over 50 | $12.54 per KWH | |

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

| | |
|---|---|
| Customer Charge | $122.00 |
| Energy Charge | $.04452 per KWH |
| FCA Charge | $.02154 per KWH |
| Demand Charge | |
| 1st 1,000 KWD | $11.61 per KW |
| over 1,000 KWH | $11.57 per KW |

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

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 | $.02680 per KWH |
| FCA Charge | $.02175 per KWH |
| Demand Charge | $ 22.70 per KWH |

General Power (MSC)

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

| | |
|---|---|
| Customer Charge | $1,500.00 |
| Admin Charge | $ 350.00 |
| Demand Charge | $ 19.65 |
| Energy Charge | $.01872 per KWH |
| FCA Charge | $.02175 per KWH |

General Power (MSB)

| | |
|---|---|
| Customer Charge | $1,500.00 |
| Admin Charge | $ 350.00 |
| Demand Charge | $ 19.14 |
| Energy Charge | $.01840 per KWH |
| FCA per KWH | $.02175 per KWH |

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

# AWWA Free Water Audit Software:
## Reporting Worksheet

WAS v5.0

American Water Works Association.
Copyright © 2014, All Rights Reserved.

? Click to access definition
+ Click to add a comment

**Water Audit Report for:** Murfreesboro Water & Sewer Dept
**Reporting Year:** 2015 (7/2014 - 6/2015)

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.

Master Meter and Supply Error Adjustments

### WATER SUPPLIED

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

| | | | | | Pcnt: | Value: | |
|---|---|---|---|---|---|---|---|
| Volume from own sources: | 9 | 4,240.081 | MG/Yr | 9 | 0.00% | | MG/Yr |
| Water imported: | 9 | 28.429 | MG/Yr | 9 | 0.00% | | MG/Yr |
| Water exported: | 9 | 190.990 | MG/Yr | 9 | 0.00% | | MG/Yr |

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

**WATER SUPPLIED:** 4,077.520 MG/Yr

### AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

| | | | Pcnt: | Value: | |
|---|---|---|---|---|---|
| Billed metered: | 8 | 2,885.268 MG/Yr | | | |
| Billed unmetered: | 8 | MG/Yr | | | |
| Unbilled metered: | 8 | 37.178 MG/Yr | | | |
| Unbilled unmetered: | 8 | 110.850 MG/Yr | | 110.850 | MG/Yr |

Unbilled Unmetered volume entered is greater than the recommended default value

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

**AUTHORIZED CONSUMPTION:** 3,033.296 MG/Yr

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

1,044.224 MG/Yr

#### Apparent Losses

| | | | Pcnt: | Value: | |
|---|---|---|---|---|---|
| Unauthorized consumption: | | 10.194 MG/Yr | 0.25% | | MG/Yr |

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

| | | | | | |
|---|---|---|---|---|---|
| Customer metering inaccuracies: | 6 | 186.539 MG/Yr | 6.00% | | MG/Yr |
| Systematic data handling errors: | | 7.213 MG/Yr | 0.25% | | MG/Yr |

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

**Apparent Losses:** 203.946 MG/Yr

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

**Real Losses = Water Losses - Apparent Losses:** 840.278 MG/Yr

**WATER LOSSES:** 1,044.224 MG/Yr

### NON-REVENUE WATER

**NON-REVENUE WATER:** 1,192.252 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

### SYSTEM DATA

| | | | |
|---|---|---|---|
| Length of mains: | 9 | 437.0 | miles |
| Number of active AND inactive service connections: | 9 | 26,477 | |
| Service connection density: | | 61 | conn./mile main |
| Are customer meters typically located at the curbstop or property line? | | No | |
| Average length of customer service line: | 7 | 3.0 | ft |
| Average operating pressure: | 10 | 68.0 | psi |

(length of service line, beyond the property boundary, that is the responsibility of the utility)

### COST DATA

| | | | | |
|---|---|---|---|---|
| Total annual cost of operating water system: | 8 | $17,238,000 | $/Year | |
| Customer retail unit cost (applied to Apparent Losses): | 10 | $2.74 | $/100 cubic feet (ccf) | |
| Variable production cost (applied to Real Losses): | 8 | $985.00 | $/Million gallons | ☐ Use Customer Retail Unit Cost to value real losses |

### WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 81 out of 100 ***

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

### PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources
2: Customer metering inaccuracies
3: Unauthorized consumption

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

WAS v5.0
American Water Works Association.
Copyright © 2014, All Rights Reserved.

Water Audit Report for: Murfreesboro Water & Sewer Dept
Reporting Year: 2015 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 ***

### System Attributes:

| | | | |
|---|---|---|---|
| | Apparent Losses: | 203.946 | MG/Yr |
| + | Real Losses: | 840.278 | MG/Yr |
| = | Water Losses: | 1,044.224 | MG/Yr |
| ? | Unavoidable Annual Real Losses (UARL): | 160.05 | MG/Yr |
| | Annual cost of Apparent Losses: | $747,023 | |
| | Annual cost of Real Losses: | $827,674 | Valued at Variable Production Cost |

Return to Reporting Worksheet to change this assumpiton

### Performance Indicators:

| | | | |
|---|---|---|---|
| Financial: | Non-revenue water as percent by volume of Water Supplied: | 29.2% | |
| | Non-revenue water as percent by cost of operating system: | 10.0% | Real Losses valued at Variable Production Cost |
| Operational Efficiency: | Apparent Losses per service connection per day: | 21.10 | gallons/connection/day |
| | Real Losses per service connection per day: | 86.95 | gallons/connection/day |
| | Real Losses per length of main per day*: | N/A | |
| | Real Losses per service connection per day per psi pressure: | 1.28 | gallons/connection/day/psi |
| | From Above, Real Losses = Current Annual Real Losses (CARL): | 840.28 | million gallons/year |
| ? | Infrastructure Leakage Index (ILI) [CARL/UARL]: | 5.25 | |

* 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, 2015**

| Program Name | CFDA Number | Contract/Grant Number | Balance June 30, 2014 (Receivable) Unearned | Receipts | Expenditures | Adjustments | Balance June 30, 2015 (Receivable) Unearned |
|---|---|---|---|---|---|---|---|
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | | | | | |
| Community Development Block Grant | 14.218 | B-13-MC-47-0009 | $ (252,889) | $ 453,458 | $ 200,569 | | |
| Community Development Block Grant | 14.218 | B-14-MC-47-0009 | | 263,055 | 404,957 | | $ (141,902) |
| *Total CFDA #14.218* | | | $ (252,889) | $ 716,513 | $ 605,526 | | $ (141,902) |
| Passed through the Tennessee Housing Development Agency - | | | | | | | |
| Emergency Solutions Grant | 14.231 | ESG-13-27 | | $ 127,649 | $ 165,007 | | $ (37,358) |
| ***Total Department of Housing and Urban Development*** | | | $ (252,889) | $ 844,162 | $ 770,533 | | $ (179,260) |
| **DEPARTMENT OF JUSTICE** | | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2012-DJ-BX-0074 | $ 3 | | $ 3 | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2014-DJ-BX-0226 | | $ 67,090 | 42,835 | | $ 24,255 |
| *Total CFDA #16.738* | | | $ 3 | $ 67,090 | $ 42,838 | | $ 24,255 |
| ***Total Department of Justice*** | | | $ 3 | $ 67,090 | $ 42,838 | | $ 24,255 |
| **DEPARTMENT OF TRANSPORTATION** | | | | | | | |
| Passed through the Tennessee Department of Transportation - | | | | | | | |
| Airport Improvement Program | 20.106 | 3-47-SBGP-27 | $ (6,817) | $ 6,817 | | | |
| Highway Planning and Construction | 20.205 | HPP-9311 (9) | $ (162,561) | $ 163,823 | $ 85,729 | | $ (84,467) |
| Highway Planning and Construction | 20.205 | HPP-9311 (19) | (1,285,791) | 1,269,681 | 45,968 | | (62,078) |
| Highway Planning and Construction | 20.205 | STP-M-99 (35) | (48,173) | 100,722 | 102,047 | | (49,498) |
| Highway Planning and Construction | 20.205 | STP-M-9311(21) | (47,563) | 149,068 | 120,526 | | (19,021) |
| *Total CFDA #20.205* | | | $ (1,544,088) | $ 1,683,294 | $ 354,270 | | $ (215,064) |
| Section 5303 Metro Planning | 20.505 | TN-80-0004-00 | $ (4,548) | | | $ 4,548 (1) | |
| Section 5307 Urbanized Area Formula - FY07 | 20.507 | TN-90-X291-00 | $ (81,156) | $ 141,233 | $ 74,390 | $ (1) (2) | $ (14,314) |
| Section 5307 Urbanized Area Formula - FY10 | 20.507 | TN-90-X344-00 | (51,735) | 51,735 | | | |
| Section 5307 Urbanized Area Formula - FY11 | 20.507 | TN-90-X364-00 | (68,921) | 89,320 | 20,398 | (1) (2) | |
| Section 5307 Urbanized Area Formula - FY11 | 20.507 | TN-90-X374-00 | (230,128) | 472,738 | 525,806 | (2,842) (1) | (286,038) |
| Section 5307 Urbanized Area Formula - FY12 | 20.507 | TN-90-X387-00 | | | 107,053 | | (107,053) |
| *Total CFDA #20.507* | | | $ (431,940) | $ 755,026 | $ 727,647 | $ (2,844) | $ (407,405) |
| State and Community Highway Safety | 20.600 | Z15GHS258 | | $ 20,107 | $ 134,683 | | $ (114,576) |
| Alcohol Open Container Requirements | 20.607 | Z14GHS255 | $ (25,796) | $ 67,246 | $ 41,450 | | |
| ***Total Department of Transportation*** | | | $ (2,013,189) | $ 2,532,490 | $ 1,258,050 | $ 1,704 | $ (737,045) |

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

| Program Name | CFDA Number | Contract/Grant Number | Balance June 30, 2014 (Receivable) Unearned | Receipts | Expenditures | Adjustments | Balance June 30, 2015 (Receivable) Unearned |
|---|---|---|---|---|---|---|---|
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | | | | | |
| Passed through the Greater Nashville Regional Council - | | | | | | | |
| Aging Services - Title IIID | 93.043 | 2014-23 | $ (834) | $ 625 | | $ 209 (3) | |
| Aging Services - Title IIID | 93.043 | 2015-23 | | 1,458 | $ 2,083 | | $ (625) |
| *Total CFDA #93.043* | | | $ (834) | $ 2,083 | $ 2,083 | $ 209 | $ (625) |
| Aging Services - Title IIIB | 93.044 | 2014-23 | $ (5,500) | $ 5,500 | | | |
| Aging Services - Title IIIB | 93.044 | 2015-23 | | 14,450 | $ 22,300 | | $ (7,850) |
| *Total CFDA #93.044* | | | $ (5,500) | $ 19,950 | $ 22,300 | | $ (7,850) |
| ***Total Department of Health and Human Services*** | | | $ (6,334) | $ 22,033 | $ 24,383 | | $ (8,475) |
| **DEPARTMENT OF HOMELAND SECURITY** | | | | | | | |
| Fire Prevention and Safety Grant | 97.044 | EMW-2012-FP-01009 | | $ 28,000 | $ 28,000 | | |
| ***Total Department of Homeland Security*** | | | | $ 28,000 | $ 28,000 | | |
| **TOTAL FEDERAL AWARDS** | | | $ (2,272,409) | $ 3,493,775 | $ 2,123,804 | $ 1,913 | $ (900,525) |

(1) To transfer expenditures from (to) the applicable grant.
(2) To adjust for rounding difference.
(3) To adjust for amount recorded as a receivable in the prior year that will not 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, 2015**

| Program Name | Contract/Grant Number | Balance June 30, 2014 (Receivable) Unearned | Receipts | Expenditures | Adjustments | Balance June 30, 2015 (Receivable) Unearned |
|---|---|---|---|---|---|---|
| **TENNESSEE COMMISSION ON AGING** | | | | | | |
| Passed through the Greater Nashville Regional Council - | | | | | | |
| Aging Services | 2014-23 | $ (3,750) | $ 3,750 | | | |
| Aging Services | 2015-23 | | $ 8,475 | $ 12,600 | | $ (4,125) |
| | | $ (3,750) | $ 12,225 | $ 12,600 | | $ (4,125) |
| **TENNESSEE DEPARTMENT OF TRANSPORTATION** | | | | | | |
| Airport Maintenance | 75-555-1545-04 | | $ 14,300 | $ 14,300 | | |
| Airport Taxi and Ramp Overlay | 75-555-1707-4 | | 622,566 | 560,309 | $ (62,257) (1) | |
| Airport Trim and Remove Trees | 75-555-1706-04 | $ (16,379) | 27,980 | 11,665 | | $ (64) |
| Airport - Resurface Hangar Roof | 75-555-1104-04 | (20,228) | 20,228 | | | |
| Airport - Runway Extension | 75-555-0420-04 | | 338,368 | 1,367,213 | (71,959) (1) | (1,100,804) |
| LIC - Joe B. Jackson Parkway | 040232A2 | | | | | |
| State Match - Section 5303 Metro Planning | GG-11-36243-00 | (569) | | | 569 (2) | |
| State Match - Section 5307 Urbanized Area Formula - FY07 | GG-14-40159-00 | (10,145) | 12,428 | 9,299 | | (7,016) |
| State Match - Section 5307 Urbanized Area Formula - FY10 | GG-14-38299-00 | (27,275) | 27,275 | | | |
| State Match - Section 5307 Urbanized Area Formula - FY11 | GG-14-40148-00 | (8,615) | 6,279 | 2,550 | | (4,886) |
| State Match - Section 5307 Urbanized Area Formula - FY11 | GG-15-42720-00 | (115,027) | 236,300 | 338,322 | (1,421) (2) | (218,470) |
| State Match - Section 5307 Urbanized Area Formula - FY11 | GG-15-42794-00 | | | 359 | | (359) |
| State Match - Section 5307 Urbanized Area Formula - FY12 | not available | | | 13,382 | | (13,382) |
| | | $ (198,238) | $ 1,305,724 | $ 2,317,399 | $ (135,068) | $ (1,344,981) |
| **TOTAL STATE AWARDS** | | $ (201,988) | $ 1,317,949 | $ 2,329,999 | $ (135,068) | $ (1,349,106) |

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

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, 2015**

## Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the grant activity of the City of Murfreesboro under programs of the federal and state governments for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents 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, 2014, 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, 2014, represents grant funds received during the prior period, but not earned prior to the end of that period.

Cash receipts represents the actual cash received from the grantor agency during the current period.

Federal expenditures represent current period expenses charged to the grant as well as current period revenues recognized from the grant, recorded on the accrual basis of accounting.

The receivable balance accrued at June 30, 2015, represents grant revenue earned which was not received from the grantor agency during the current period. The unearned revenue balance at June 30, 2015, 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:

| CFDA Number | Program Name | Amount Provided to Subrecipients |
|---|---|---|
| 14.218 | Community Development Block Grant | $ 109,605 |
| 14.231 | Emergency Solutions Grant | 156,956 |
| 16.738 | Edward Byrne Memorial Justice Grant | 33,545 |

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

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

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Murfreesboro, Tennessee's basic financial statements and have issued our report thereon dated January 27, 2016. Our report includes a reference to other auditors who audited the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission as described in our report on the City of Murfreesboro, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2015-001, 2015-002, 2015-003 and 2015-004).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Murfreesboro, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

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

**Purpose of this Report**

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

*Jobe, Hastings & Associates*

Certified Public Accountants

Murfreesboro, Tennessee
January 27, 2016

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

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

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Murfreesboro, Tennessee's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Murfreesboro, Tennessee's major federal programs for the year ended June 30, 2015. The City of Murfreesboro, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Murfreesboro, Tennessee's basic financial statements include the operations of the Murfreesboro City Schools and the Murfreesboro Water and Sewer Department, which received $9,125,983 and $4,055,589 respectively in federal awards which are not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Murfreesboro City Schools and the Murfreesboro Water and Sewer Department because these departments engaged other auditors to perform an audit in accordance with OMB Circular A-133.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Murfreesboro, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Murfreesboro, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the City of Murfreesboro, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Murfreesboro, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Jobe, Hastings & Associates*

Certified Public Accountants

Murfreesboro, Tennessee
January 27, 2016

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

## A. SUMMARY OF AUDITOR'S RESULTS

1. An unmodified opinion was issued on the financial statements of the City of Murfreesboro, Tennessee.

2. The audit disclosed four significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.

3. The audit disclosed no instances of noncompliance that were material to the financial statements of the City of Murfreesboro, Tennessee.

4. The audit disclosed no significant deficiencies in internal control over major federal award programs.

5. An unmodified opinion was issued on compliance for major programs.

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

7. The programs tested as major programs include:

| Federal Program Name | CFDA Numbers |
|---|---|
| Community Development Block Grant | 14.218 |
| Emergency Solutions Grant | 14.231 |
| Highway Planning and Construction | 20.205 |
| State and Community Highway Safety | 20.600 |

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

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

## B. FINDINGS – FINANCIAL STATEMENTS AUDIT

**2015-001**. **Evergreen Cemetery Commission – Financial Statement Preparation**

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

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

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

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

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

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

### 2015-002. Evergreen Cemetery Commission – Separation of Duties

*Condition:* One employee is currently responsible for executing, recording and controlling all cash transactions. Accordingly, an unauthorized cash transaction could be executed and not promptly discovered by the Commission's internal control. Management believes the cost of maintaining this control would exceed its benefits. This condition was considered in determining the nature, timing and extent of procedures to be performed in the audit of the financial statements of Evergreen Cemetery Commission for the year ended June 30, 2015.

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

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

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

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

### 2015-003. Evergreen Cemetery Commission – Notes Receivable Transactions

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

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

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

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

*Views of Responsible Officials and Planned Corrective Actions*: Management implemented detailed reconciliation procedures to ensure that the accounting system agrees to the notes receivable system.

### 2015-004. Murfreesboro Water and Sewer Department – Consumption Related Data

*Condition:* Consumption data has not been agreed to the recorded billings and revenue on a routine basis.

*Criteria:* Consumption related data should be reconciled to billing and revenue amounts on a routine basis.

*Effect*: Errors or irregularities could occur and not be discovered in a timely manner.

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

### 2015-004. Murfreesboro Water and Sewer Department – Consumption Related Data (continued)

*Recommendation:* Management should consider implementing policies to ensure all reported consumption agrees to recorded amounts.

*Views of Responsible Officials and Planned Corrective Actions:* We have reviewed and determined the cause of the discrepancies and have corrected various aspects of our consumption reports to ensure they agree to reported amounts of revenue. In addition, we are implementing procedures to examine customer billings and consumption on a routine basis.

## C. FINDINGS – FEDERAL AWARDS AUDIT

There were no findings and questioned costs for federal awards.

**CITY OF MURFREESBORO, TENNESSEE**

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

**Year Ended June 30, 2015**

---

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2014-001. Evergreen Cemetery Commission – Financial Statement Preparation**

*Status:* Repeat Finding

**2014-002. Evergreen Cemetery Commission – Separation of Duties**

*Status:* Repeat Finding

**2014-003. Evergreen Cemetery Commission – Detailed Inventory**

*Status:* Corrected

**2014-004. Evergreen Cemetery Commission – Notes Receivable Transactions**

*Status:* Repeat Finding

**2014-005. Internal Controls over Purchasing**

*Status:* Corrected

**2014-006. Murfreesboro Electric Department – Work Orders**

*Status:* Corrected