

CITY OF MURFREESBORO, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2008**

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

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... creating a better quality of life

January 30, 2009

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

The Comprehensive Annual Financial report of the City of Murfreesboro, Tennessee for the fiscal year June 30, 2008, is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Murfreesboro for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Jobe, Hastings & Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Murfreesboro's financial statements for the year ended June 30, 2008. 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 seven 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 of Murfreesboro, county seat of Rutherford County, is located at the geographic center of the State of Tennessee approximately 35 miles southeast of Nashville, the state capital. The City's corporate boundary encompasses 54.8 square miles. A special census in 2008 certified a population of 100,575.

The City's strong economy attracts a growing population, with in-migration at twice the national average. Rutherford County ranks as the 20th fastest growing county in the United States by the U. S. Census

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

Bureau. *Business Week* magazine named Murfreesboro one of the best places in the country to raise kids. Income levels have also risen steadily over that period with average household income of \$68,000 per year.

With an unemployment rate hovering between two and four percent, well below the national average, Middle Tennessee and Rutherford County consistently outperform the national economic indicators. 2005 retail sales totaled over \$2 billion, with growth of 19 percent over the past three years. Countywide personal income in 2003 was more than \$5.6 billion, up more than \$600 million in 2001.

During FY 08, the department issued 711 (FY07 – 1,399) permits for new single-family dwellings and 98 (FY 07 – 238) new multifamily dwelling units. The total valuation of all construction permitted was \$364 million (FY07 – \$480 million).

The City has a diversified employment base, which includes office, industrial, educational and retail employment. Murfreesboro is home to Middle Tennessee State University with a student enrollment of over 24,000. The City's Gateway Project has created opportunities for Class A office and retail. Construction was completed on two projects: The Avenue - Murfreesboro, an 850,000 square foot open air shopping center with an estimated development cost of \$150 million; and the Stones River Mall's \$45 million upgrade. Both of these projects will have a significant impact on the City's sales tax revenue. The Embassy Suites Hotel and Conference Center neared completion at the end of the fiscal year.

LONG-TERM FINANCIAL PLANNING

The City's continued strong financial position has enabled it to provide services at the level and quality required for our residents. The City has met and expanded service levels in a prolonged period of growth without the need for property tax increases.

The City's general fund, undesignated fund balance is \$30.9 million, which is equal to 35.7 percent of general fund revenue. The City's fund balance has been available to fund some projects without borrowing and provides a healthy reserve for future needs and projects.

The City has also benefited from the use of the Tennessee Municipal Bond Fund. Because it has used the TML Bond Fund rather than conventional fixed-rate general obligation bonds, the City has saved over \$32 million over the last 12 years. Additionally, the City has amortized the TML loans over a shorter period (15 years) than most governments, resulting in interest cost savings.

The Finance Department's accounting systems and city management have provided strong oversight. The City Council has aggressively funded road projects; however, their outstanding stewardship of the City's dollars has enabled the aggressive funding of road projects without needing to increase the property tax rate.

MAJOR INITIATIVES

The City continued its aggressive list of road projects. Among these projects are Medical Center Parkway, Conference Center Boulevard, Middle Tennessee Boulevard, Veterans Parkway, Phase I and South Rutherford Boulevard. It also includes several road projects that are related to the construction of new schools, such as DeJarnette Lane and Pitts Lane.

It also included several projects that included the City's share of a jointly-funded road, including Florence Road, SR-840 and Beasley connector road, Joe B. Jackson Parkway and Rucker Lane.

ACCOMPLISHMENTS

Gateway Trail, Phase I, which includes the northern trail from Manson Pike Trailhead, a new trailhead at the old mulching site, an overflow parking lot on the old land fill site, with lighting and landscaping and irrigation, is currently under construction with a completion date of Spring 2009. Phase II, the pond and island garden area, includes 0.4 miles of 12' wide trail, island garden area, 2 bridges, a visitor's reception

center, a pavilion, all lake improvements, fencing and landscaping, and is expected to be complete in Spring 2009. Stones River Greenway Extension Phase II, 3.0 miles of 13' wide trail, a large trailhead with pavilions and restroom, 2 overlooks, several boardwalk sections, a major bridge crossing over the Stones River, a smaller bridge, fencing, entry signage and landscaping, is under construction and expected to be complete April 2009.

The Murfreesboro Police Department added sixteen (16) new certified Police Officer positions and five (5) new full-time civilian positions to include four (4) Dispatchers and one (1) Administrative Support Specialist in Administration in FY 08. The new police precinct west of I-24 (Blackman area) is in the design and engineering phase. The Police Department is replacing the public safety software with a more powerful system that integrates the Computer Aided Dispatch (C.A.D.), Police Records Management System (R.M.S.) and Mobile Data. The new R.M.S. will include the ability to transmit data to the Tennessee Bureau of Investigation (T.B.I.) fusion center for regional and state-wide intelligence sharing. The Police Department also added access to the Tennessee Crime Portal for Criminal Investigations Division (C.I.D.) enabling the search of multiple state databases with a single interface.

The Fire Department moved from a Class Three to a Class Two Insurance Services Office (ISO) rating on September 1, 2007. Construction was started on Fire Station 10 on Veterans Parkway. Three new fire engines and one rescue truck with equipment were purchased and put in service. One fire engine with equipment was ordered for the new Fire Station 10. The City replaced windows, door and kitchen cabinets at Fire Station 4, paved parking lot at Headquarters Fire Station, and purchased one thermal imaging camera.

The Planning Department reviewed 27 preliminary plats involving 790 lots, 128 final plats involving 1069, and 184 site plans involving a variety of commercial and multiple family dwellings. The Planning Commission conducted public hearings on 45 items involving annexations, re-zonings, and ordinance amendments and provided recommendations for each to the City Council. The Planning Staff prepared annexation feasibility studies for 10 annexations involving 689 acres. During this time there were 30 rezoning applications most of which were applications as Planned Developments.

The Building and Codes Department issued 711 permits for new single-family dwellings and 98 new multifamily dwelling units. The total valuation of all permits issued was \$364 million. The Department also issued 3,697 correction notices for violations of the minimum property maintenance standards.

The City continued its aggressive road building and widening program. Projects completed included the Rutherford Boulevard bridge over the CSX Railroad, Middle Tennessee Boulevard, landscaping of Medical Center Parkway, and Conference Center Boulevard. Projects under construction include Dejarnette Lane, Rutherford Boulevard at Greenland Drive, Greenland Drive, Veteran's Parkway Phase I, Robert Rose Extension, Pitts Lane, Old Lascassas Road, Battleground Drive, Florence Road, Rutherford Boulevard at Broad Street, AgriPark Drive, and River Rock Boulevard. The City is also partnering with Rutherford County in the reconstruction of Halls Hill Pike. In addition, the West Main Convenience Center was expanded.

The City's public transportation service, Rover, provides services city-wide along 7 routes. The total ridership during the 2007-2008 fiscal year was 124,153 passengers. The monthly ridership increased from 8,177 in July 2007 to 14,713 in June 2008.

The St. Clair Street Senior Center provided a variety of programs, services, and activities for 4,609 adults age 60 and over. The Senior Center received three Community Enhancement Grants from the State for a total of \$14,500 to purchase audio-visual equipment including the installation of two PowerPoint projector systems. Middle Tennessee Electric Customers Care grant for \$4,000 was used to purchase kitchen equipment. The J. T. Harris Estate gifted the Adult Day Care program \$23,544.

Old Fort Golf Course hosted the TSSAA State Golf Championships in September and October for both girls and boys in all classifications. The economic impact on the City of Murfreesboro, as reported by the

Rutherford County Chamber of Commerce, has been estimated at \$975,000 for the three weeks the tournaments were held. We have the opportunity to host several local fund raisers along with hosting MTSU golf events and working with the men's and women's golf teams from MTSU.

The Cable Television Department/The City Channel (Comcast Cable Channel 3) received a third place award for a *Parks and Recreation Department* program in the category for Profile of a City Department, and an honorable mention for *Gun Safety* in the category for Public Safety from the National Association of Telecommunications Officers and Advisors (NATOA) during this year's Government Programming Awards competition. Ninety-four city public meetings were cablecasted on The City Channel and the department completed 322 first run/produced programs and videos. Staff assisted 61 city cable television subscribers in resolving disputes with Comcast.

The Solid Waste Department picked up 35,800 tons of waste from the residents of Murfreesboro last year. We diverted 23,500 tons of yard waste from the land fill to the City of Murfreesboro Mulch site located at 4765 Florence Road.

The Murfreesboro Municipal Airport neared the completion of the construction of 43 T-hangars and 4 Box hangars bringing the total number of T-hangar units to 102. The construction of the hangars also included an expansion of the Taxiway "C"/ramp connection and the construction of an aircraft wash area. The Hangar Construction Project will assist the airport in meeting the need for additional hangars and eliminate a very long waiting list for the next few years. The Murfreesboro Municipal Airport was awarded the "Tennessee Airport of the Year for 2007" recognizing its continued efforts to make improvements and service to the community.

Construction continues on the \$40 million expansion and upgrade of the Stones River Water Treatment Plant. Treatment capacity will increase to 20 million gallons per day (mgd) with a peak capacity of 24 mgd. The treatment process will be upgraded to ultra filtration using membrane technology. Final completion is expected in the fall of 2009. A bid of \$4.063 million was approved for the expansion of the biosolids treatment process capacity at the Sinking Creek wastewater treatment plant. Work continues on the systematic rehabilitation of the Murfreesboro sanitary sewer system. The accounting firm of Jackson Thornton completed the first Cost of Service Study for the Murfreesboro Water and Sewer Department. The objective of the Cost of Service Rate Study is to design rates that are sufficient in the recovery of cost needed to operate the system and are equitable and fair to each rate class.

The Urban Environmental Department successfully maintained over 40 properties within the City of Murfreesboro through harsh drought and freeze conditions. The landscape installation for the Public Works Facility and the intersection of Medical Center Parkway and NW Broad Street was also completed during this time period.

The Murfreesboro City School System is known for providing children with small class sizes (average size = 20) taught by extremely talented and dedicated teachers in an environment of beautiful, well-maintained school facilities. The school system has been a leader in preschool education since the early seventies, offers an after-school program for all children, and for twenty years has been a leader in augmenting instruction through state-of-the-art technology. The system is a leader in supplementing public funds through private giving by establishing The City Schools Foundation to enhance education programs for children. In 2008, the City Schools earned system-wide accreditation (as opposed to building-by-building) by the Southern Association of Colleges and Schools making Murfreesboro City Schools one of the few systems in the region to earn such accreditation. On the 2008 State Report Card, Murfreesboro City School students exceeded state averages in all subjects on academic achievement earning A's in math, reading, and writing and B's in social studies and science.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This is the tenth consecutive year the City of Murfreesboro

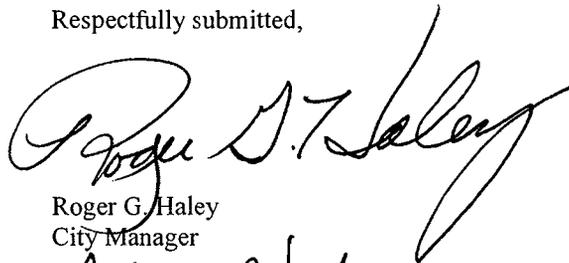
has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 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 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.

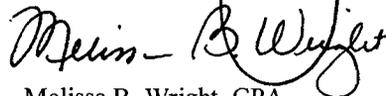
Respectfully submitted,



Roger G. Haley
City Manager



Robert J. Lyons
Deputy City Manager

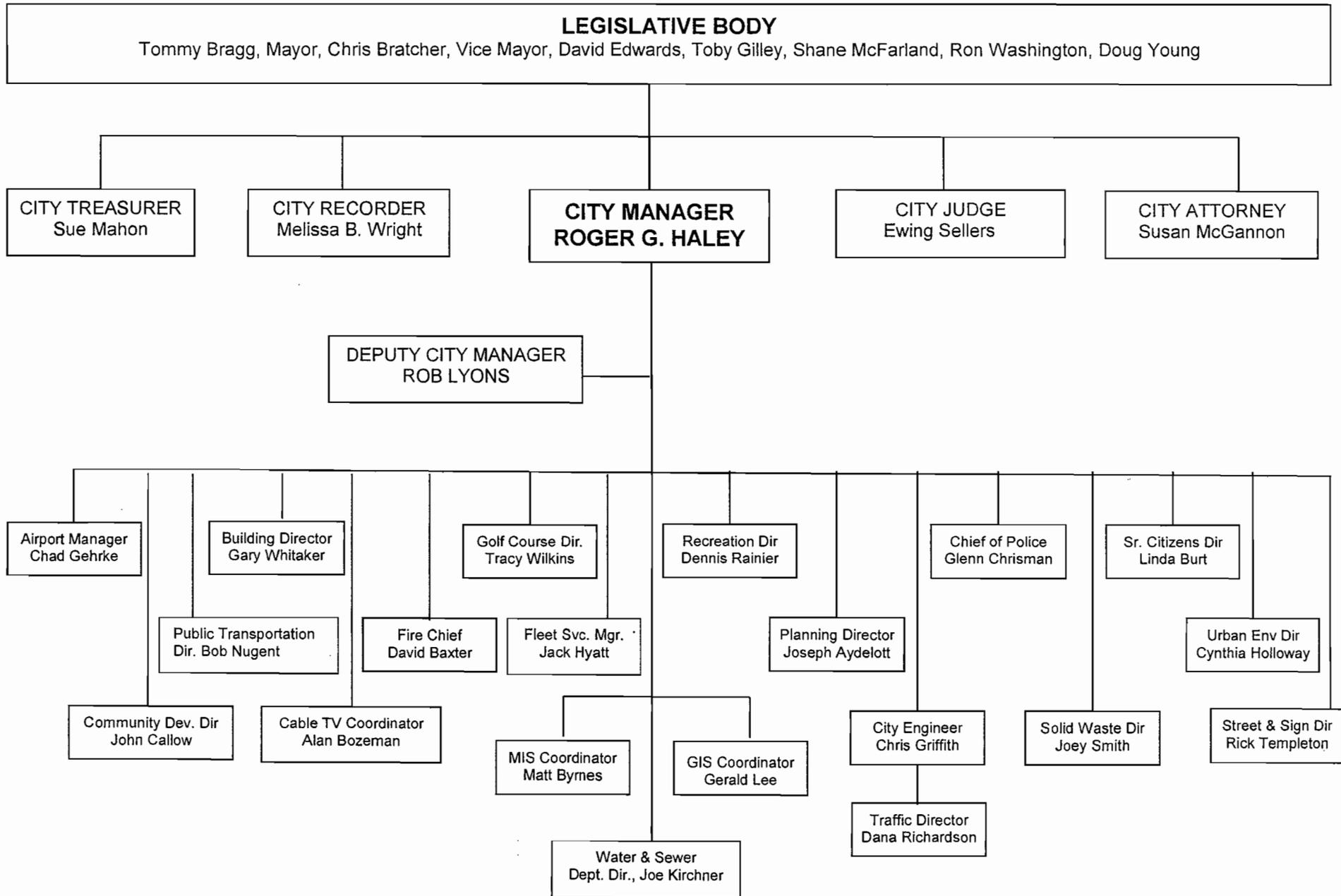


Melissa B. Wright, CPA
City Recorder/Finance Director

**CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
JUNE 30, 2008**

MAYOR	Tommy Bragg
CITY COUNCIL	Chris Bratcher Doug Young David Edwards Tolbert Gilley, III Ronald Washington Shane McFarland
CITY MANAGER	Roger G. Haley
DEPUTY CITY MANAGER	Robert J. Lyons
CITY RECORDER/FINANCE DIRECTOR	Melissa B. Wright
CITY ATTORNEY	Susan McGannon
CITY TREASURER/PERSONNEL DIRECTOR	Sue Mahon
SUPERINTENDENT OF SCHOOLS	Marilyn Mathis
PLANNING DIRECTOR	Joseph Aydelott
DIRECTOR OF BUILDING DEPARTMENT	Gary Whitaker
CHIEF, POLICE DEPARTMENT	Glenn Chrisman
RECREATION DIRECTOR	Dennis Rainier
GOLF COURSE GENERAL MANAGER	Tracy Wilkins
CITY ENGINEER	Chris Griffith
COMMUNITY DEVELOPMENT COORDINATOR	John Callow
CHIEF, FIRE DEPARTMENT	David Baxter
SUPERINTENDENT, SOLID WASTE DEPARTMENT	Joey Smith
WATER AND SEWER DIRECTOR	Joe Kirchner
ELECTRIC DEPARTMENT DIRECTOR	Steve Sax
DIRECTOR, SENIOR CITIZENS CENTER	Linda Burt
CITY HORTICULTURIST/LANDSCAPE DESIGNER	Cynthia Holloway
CITY JUDGE	Ewing Sellers
CABLE TELEVISION COORDINATOR	Alan Bozeman
AIRPORT MANAGER	Chad Gehrke
DIRECTOR OF STREET AND SIGN DEPARTMENT	Rick Templeton
DIRECTOR OF FLEET SERVICES	Jack Hyatt
DIRECTOR OF MASS TRANSIT	Bob Nugent

CITY OF MURFREESBORO - ORGANIZATIONAL CHART



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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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

Donna K. Hastings, CPA, CSEP

James R. Jobe, CPA

Joel H. Jobe (1944 - 2006)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents except for the financial statements of certain departments of the City whose statements were audited by other auditors as listed in this paragraph below. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented as supplementary information in the accompanying combining statements and individual fund statements and schedules as of and for the year ended June 30, 2008 as listed in the table of contents, except for the statements and schedules audited by other auditors as listed below which include the Extended School Program Fund, School Cafeteria Fund, Federal and State Program Funds, School Activity Fund, Evergreen Cemetery, the Stormwater Fund and the Murfreesboro Electric Department Pension Plan. These financial statements are the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets of \$83,292,194, \$119,506,694, \$382,675,082, \$1,506,854, \$11,565,801, and \$1,951,613 respectively, and total revenues of \$55,552,254, \$124,723,858, \$27,290,810, \$1,506,854, \$429,322, and \$446,420 respectively. Those financial statements were audited by other auditors whose reports thereon 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 upon 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our 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 and the respective budgetary comparisons for the General Fund and the Major Special Revenue Fund of the City of Murfreesboro, Tennessee, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in

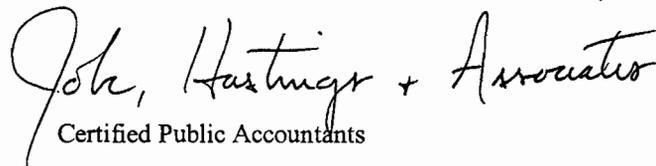
our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund, of the City of Murfreesboro, Tennessee as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons as listed in the supplemental section of the table of contents for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note K, the City of Murfreesboro, Tennessee adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which changed its method of accounting for post-employment benefits effective for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009 on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, pension trend data, and post-employment benefit data, on pages three (3) through eighteen (18) and seventy-eight (78) through eighty (80) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro's basic financial statements. Other information listed in the introductory section, the financial schedules listed in the supplemental section and the statistical section in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are 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 are also not a required part of the basic financial statements of the City of Murfreesboro, Tennessee. The financial schedules as listed in the supplemental section and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Certified Public Accountants

Murfreesboro, Tennessee
January 30, 2009

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2008

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, 2008. 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 – v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2008 by \$807,094,490. Of this amount \$6,829,176 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$46,031,089 (6 percent) during the year. The governmental net assets increased by \$14,685,993 (3.3 percent) and the business-type net assets increased by \$31,345,096 (10.1 percent).
- As of June 30, 2008 the City's governmental funds reported combined fund balances of \$44,680,906, an increase of \$7,394,237 (19.8 percent) in comparison with the prior year. Both the General Fund and the General Purpose School Fund received higher than anticipated revenues and spent less than planned through the budget process. The City continued to fund several large road projects from reserves, which are reimbursed through future loan proceeds. The unreserved, undesignated portion of the governmental fund combined fund balance is \$41,282,478 and is available for spending at the City's discretion.
- At the end of the year the unreserved, undesignated fund balance for the general fund was \$30,946,513, or 63.4 percent of the total general fund expenditures.
- The City of Murfreesboro's total debt increased by \$50,721,953 (16.9 percent) during the year ended June 30, 2008. As in recent years, debt was issued by the general government as well as both utilities to continue infrastructure projects needed to meet the demands of growth in our City.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government, police, fire protection, judicial, legal, personnel, streets, planning and engineering, building inspections, sanitation, urban environmental, public health, education and welfare, community services, recreation, community and economic development, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation, a stormwater fund, an electrical distribution operation, and a cemetery. The government-wide financial statements can be found on pages 19 - 21 of this report.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 thirty (30) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund, debt service fund, 2006 TML fund, and 2008 TML fund which are

considered to be major funds. Data from the other twenty-five (25) 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 22 - 26 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 37 - 40 of this report. The City's other four (4) enterprise funds are combined into a single column for non-major funds.

Internal service funds are used to account for activities that provide supplies and services for the City's other programs and activities. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The City of Murfreesboro uses internal service funds to account for its fleet maintenance of vehicles and for its self-insurance programs. They have been combined into a single column in the proprietary fund financial statements on pages 37 - 40 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 41 - 42 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 43 - 77 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 78 - 79 of this report. In compliance with GASB 45 the City adopted the reporting requirements for post-employment benefits. Required supplementary information can be found on page 80 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 immediately following the required supplementary information on pensions and certain budgetary comparison schedules as supplementary information. Combining statements and individual fund schedules can be found on pages 81 - 127 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$807,094,490 at June 30, 2008. The largest part of the City of Murfreesboro's net assets (92.6 percent) reflects its investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that is 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 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. The largest change in net assets is the portion invested in business-type activities capital assets, net of related debt. The electric department added \$10,441,202 in net capital assets, which included a new substation and additions to poles, lines, transformers and meters, yet the overall debt for the electric department decreased by \$1,319,112. The table below focuses on the net assets of the City's governmental and business-type activities:

NET ASSETS June 30, 2008

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 121,621,107	\$ 107,061,948	\$ 55,979,860	\$ 51,006,370	\$ 177,600,967	\$ 158,068,318
Capital assets	617,438,155	584,326,831	447,026,344	397,778,091	1,064,464,499	982,104,922
Total assets	739,059,262	691,388,779	503,006,204	448,784,461	1,242,065,466	1,140,173,240
Long-term liabilities outstanding	207,085,603	179,379,072	144,720,176	121,704,774	351,805,779	301,083,846
Other liabilities	65,548,565	60,270,606	17,616,632	17,755,387	83,165,197	78,025,993
Total liabilities	272,634,168	239,649,678	162,336,808	139,460,161	434,970,976	379,109,839
Net assets:						
Invested in capital assets,						
net of related debt	441,657,459	426,343,309	305,980,547	278,420,182	747,638,006	704,763,491
Restricted	25,475,193	24,216,623	27,152,115	23,549,545	52,627,308	47,766,168
Unrestricted	(707,558)	1,179,169	7,536,734	7,354,573	6,829,176	8,533,742
Total net assets	\$ 466,425,094	\$ 451,739,101	\$ 340,669,396	\$ 309,324,300	\$ 807,094,490	\$ 761,063,401

6.5 percent of the City's net assets are subject to restrictions on how they may be used. Debt service funds and capital project activity comprise \$37,999,911 or 72.2 percent of the total restricted net assets. Unrestricted net assets of \$6,829,176 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 \$707,558 for governmental activities

unrestricted net assets. This is a result of money spent from reserves for large capital projects that will be reimbursed by loan proceeds and the addition of a new GASB requirement which adds a new liability for the post-retirement benefit for our employees. As in the previous year, all other categories for governmental activities as well as all categories for business-type activities report a positive balance.

Governmental Activities

Governmental activities increased the City of Murfreesboro's net assets by \$14,685,993 thereby accounting for 31.9 percent of the total growth in the net assets. Key elements of this increase are as follows:

CHANGES IN NET ASSETS June 30, 2008

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 15,729,030	\$ 14,990,421	\$ 152,724,366	\$ 135,417,895	\$ 168,453,396	\$ 150,408,316
Operating grants & contributions	57,771,476	49,527,119	69,514	76,203	57,840,990	49,603,322
Capital grants & contributions	17,306,022	30,178,990	19,826,819	18,831,734	37,132,841	49,010,724
General revenues:						
Property taxes	33,141,050	31,059,681			33,141,050	31,059,681
Other taxes	35,533,747	33,461,655			35,533,747	33,461,655
Grants & contributions not restricted to specific programs	8,870,859	8,625,079			8,870,859	8,625,079
Other	2,044,406	2,556,566	1,099,560	1,514,229	3,143,966	4,070,795
Total revenues	\$ 170,396,590	\$ 170,399,511	\$ 173,720,259	\$ 155,840,061	\$ 344,116,849	\$ 326,239,572
Expenses:						
General government	\$ 9,827,713	\$ 11,609,689			\$ 9,827,713	\$ 11,609,689
Police	19,406,692	17,663,308			19,406,692	17,663,308
Fire protection	13,810,394	12,588,799			13,810,394	12,588,799
Judicial	428,682	413,187			428,682	413,187
Legal	760,004	656,445			760,004	656,445
Personnel	699,440	667,665			699,440	667,665
Streets	10,974,387	11,044,955			10,974,387	11,044,955
Planning and engineering	2,838,546	2,719,203			2,838,546	2,719,203
Building inspections	1,698,151	1,720,215			1,698,151	1,720,215
Sanitation	5,551,848	4,321,738			5,551,848	4,321,738
Urban environmental	812,456	653,438			812,456	653,438
Public health, educ. and welfare	1,608,823	1,576,043			1,608,823	1,576,043
Community services	9,926,107	5,216,227			9,926,107	5,216,227
Recreation	11,507,834	11,038,185			11,507,834	11,038,185
Community/economic dev.	1,640,426	443,375			1,640,426	443,375
Education	54,783,363	52,820,118			54,783,363	52,820,118
Food service	3,387,963	2,969,999			3,387,963	2,969,999
Interest on long-term debt	6,100,927	6,503,457			6,100,927	6,503,457
Water and sewer			\$ 28,583,063	\$ 24,550,818	28,583,063	24,550,818
Electric			113,398,349	102,920,871	113,398,349	102,920,871
Cemetery			470,903	409,601	470,903	409,601
Total expenses	\$ 155,763,756	\$ 144,626,046	\$ 142,452,315	\$ 127,881,290	\$ 298,216,071	\$ 272,507,336
Increase in net assets before contributions and transfers	\$ 14,632,834	\$ 25,773,465	\$ 31,267,944	\$ 27,958,771	\$ 45,900,778	\$ 53,732,236
Contributions to permanent funds			50,752	56,698	50,752	56,698
Gain on sale of assets	79,559	4,210,874			79,559	4,210,874
Reduction in estimated landfill post-closure costs						
Transfers	(26,400)	78,953	26,400	(78,953)		
Increase in net assets	\$ 14,685,993	\$ 30,063,292	\$ 31,345,096	\$ 27,936,516	\$ 46,031,089	\$ 57,999,808
Net assets - beginning, as previously reported	\$ 451,739,101	\$ 421,758,721	\$ 309,324,300	\$ 281,387,784	\$ 761,063,401	\$ 703,146,505
Prior period adjustment		(82,912)				(82,912)
Net assets - beginning, as restated	\$ 451,739,101	\$ 421,675,809	\$ 309,324,300	\$ 281,387,784	\$ 761,063,401	\$ 703,063,593
Net assets at end of year	\$ 466,425,094	\$ 451,739,101	\$ 340,669,396	\$ 309,324,300	\$ 807,094,490	\$ 761,063,401

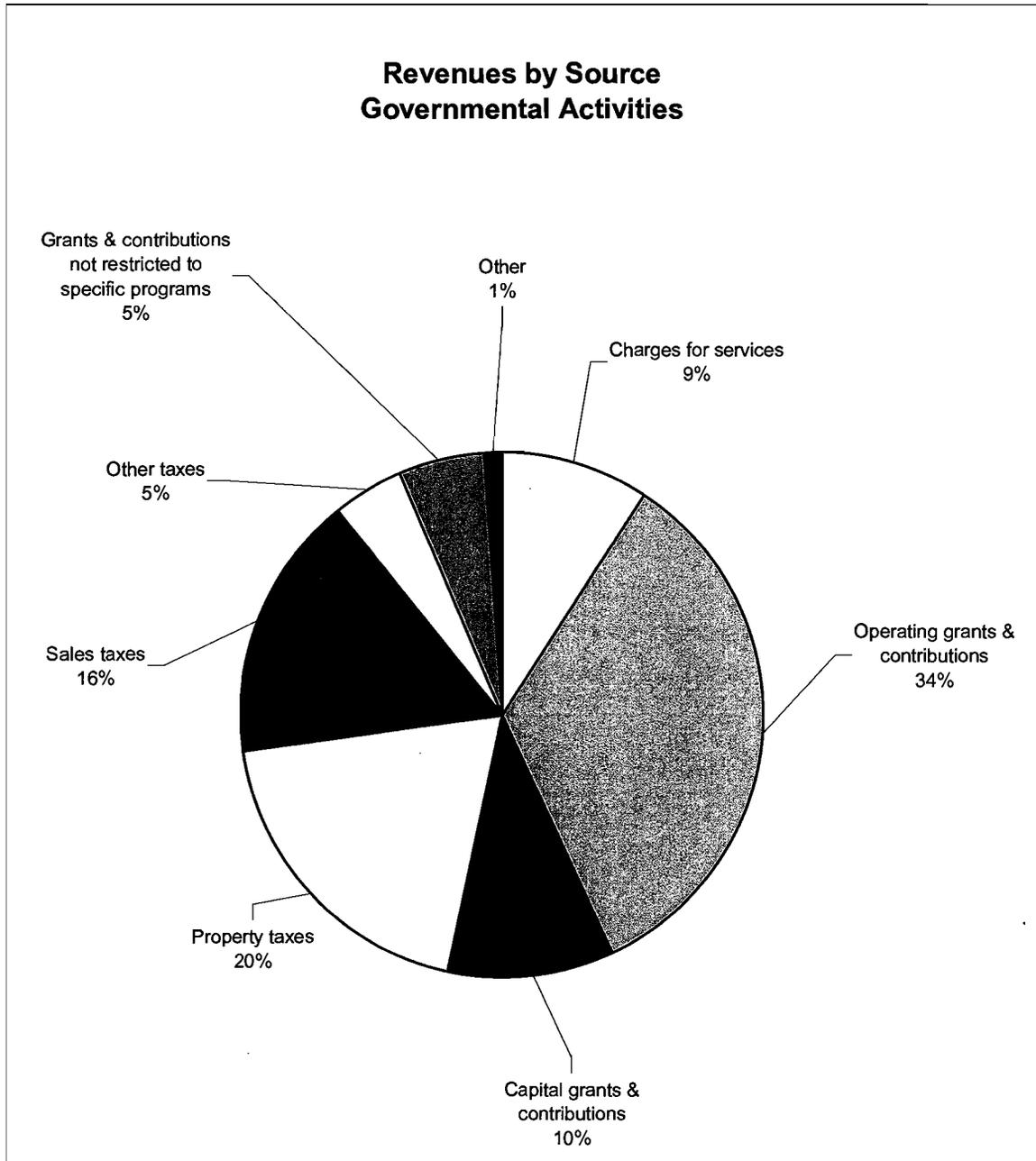
Governmental operating grants and contributions revenue has an increase of \$8,244,357 from the prior year. Increased state and federal funding, increased sales tax collections and a larger county property tax base contributed to a growth of \$5,341,915 for education and community service based education programs. An additional \$934,612 was earned in state and federal funding for operation costs of the new city bus system. The new stormwater fund contributed \$1,330,162 to governmental activities for expenses paid to meet unfunded federal mandates to begin management of stormwater runoff.

Capital grants and contributions for the governmental activities of the City was \$17,306,022 which is a decrease of \$12,872,968 (42.6 percent) from the previous year. Residential building permits for the current year have decreased, as was the case in the previous year. Developer contributions for right-of-way, sidewalks, curb and gutter, storm drains, streets, water and/or sewer systems for new developments that have been completed have decreased by \$21,432,886 from the previous year. It should be noted that while these contributions increase the City's net assets, without a cost of construction to the taxpayers, it will be the City's responsibility to keep these infrastructure systems maintained in the future. Community services increased \$606,641 because of state and federal grants for the purchase of buses for the city bus system. Capital grants and contributions for recreation have grown \$3,327,120 from the previous year largely due to the new construction begun on our existing greenway system. The cost of this construction is funded 80 percent by federal grants with a 20 percent local match coming from our Tennessee Municipal Bond Fund (TMBF) loan program. Community and economic development growth for capital grants and contributions was \$3,205,840 of which \$2,350,000 was for land donated to the City for the construction of a visitor's center and office building which will house the Chamber of Commerce. Funds for the construction of this building will be from state grants and private donations. Additionally, the City has received a state grant for the construction of a new railroad spur for the Huskey Truss plant that recently located in Murfreesboro; the costs not covered by the grant are being paid by the owner of the plant. Capital grants and contributions of \$2,129,596 were received from Rutherford County for education use in the City of Murfreesboro; this was the result of debt issuance for County schools, which must be shared with the City on an average daily attendance formula.

While our City has continued the growth trend we have reported over the last few years, the rate of growth has slowed. Our property tax base increased 6.7 percent from the previous year. The increase in our property tax base was largely due to new commercial properties being added to the tax roll. Our local sales tax collections increased by \$1,655,161, which is a 6.3 percent increase over the previous year, but were less than anticipated.

The most significant increase in expenses is for education and community service based education programs which increased \$6,042,214. This was largely due to the opening of the new John Pittard Elementary school, as well as a 3.5 percent cost-of-living raise and additional costs related to an increased enrollment.

The cost of all governmental activities was \$155,763,756. However, as shown in the Changes in Net Assets table, 58.3 percent (\$90,806,528) 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 the following page.



Net Program Cost to Taxpayers

Governmental activities:	Revenue	Expense	Net (Expense) Revenue
General government	\$ 227,562	\$ 9,827,713	\$ (9,600,151)
Police	426,013	19,406,692	(18,980,679)
Fire protection	757,770	13,810,394	(13,052,624)
Judicial	2,793,451	428,682	2,364,769
Legal		760,004	(760,004)
Personnel		699,440	(699,440)
Streets	10,014,011	10,974,387	(960,376)
Planning and engineering	43,769	2,838,546	(2,794,777)
Building inspections	2,318,682	1,698,151	620,531
Sanitation	31,988	5,551,848	(5,519,860)
Urban environmental	733	812,456	(811,723)
Public health, educ. and welfare	1,330,162	1,608,823	(278,661)
Community services	6,064,675	9,926,107	(3,861,432)
Recreation	6,677,313	11,507,834	(4,830,521)
Community/economic dev.	4,031,720	1,640,426	2,391,294
Education	52,841,043	54,783,363	(1,942,320)
Food service	3,242,969	3,387,963	(144,994)
Interest on long-term debt	4,667	6,100,927	(6,096,260)
Total governmental activities	<u>\$ 90,806,528</u>	<u>\$ 155,763,756</u>	<u>\$ (64,957,228)</u>

Governmental net assets for fiscal year 2008 were increased by \$14,685,993 after payment of governmental activities expenses of \$155,763,756 with program revenues of \$90,806,528, general revenues of \$79,590,062, and a gain on sale of assets of \$79,559. There were also transfers to other funds of \$26,400. Governmental net assets at June 30, 2008 were \$466,425,094.

Program Expenses Governmental Activities

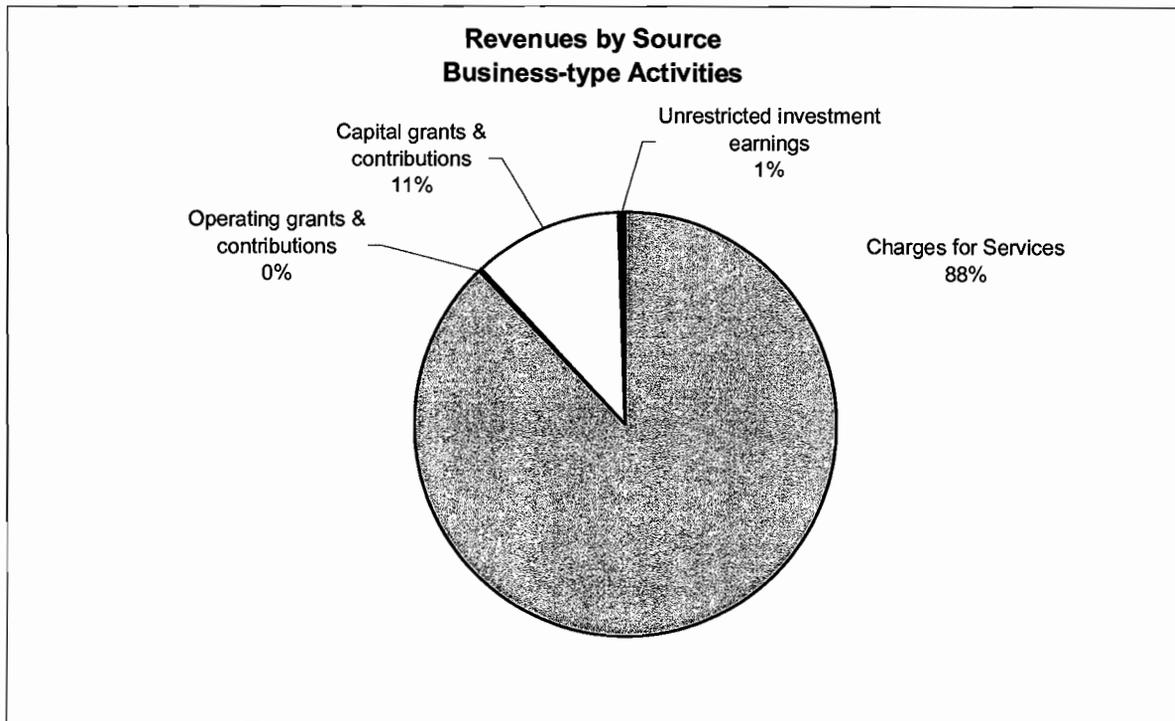
Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	\$ 9,827,713	6%	Sanitation	5,551,848	4%
Police	19,406,692	13%	Urban environmental	812,456	1%
Fire protection	13,810,394	9%	Public health, educ. and welfare	1,608,823	1%
Judicial	428,682	0%	Community services	9,926,107	6%
Legal	760,004	1%	Recreation	11,507,834	7%
Personnel	699,440	0%	Community/economic dev.	1,640,426	1%
Streets	10,974,387	7%	Education	54,783,363	35%
Planning and engineering	2,838,546	2%	Food service	3,387,963	2%
Building inspections	1,698,151	1%	Interest on long-term debt	6,100,927	4%
			Total governmental activities	<u>\$ 155,763,756</u>	<u>100%</u>

Business-type Activities

The business-type activities increased the City of Murfreesboro’s net assets by \$31,345,096, accounting for 68.1 percent of the total growth of the City’s net assets. The business-type activities include a water and sewer operation, a stormwater operation, an electrical distribution operation and a cemetery. The cost of all business-type activities this year was \$142,452,315. As shown in the Statement of Activities, the amounts paid by users of the operations were \$152,724,366. The additional revenue sources included operating grants and contributions of \$69,514, capital grants and contributions of \$19,826,819, unrestricted investment earnings of \$1,099,560, and contributions to permanent funds of \$50,752. There were also transfers from other funds of \$26,400.

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

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Expense as a Percent of Revenue</u>
Water & Sewer	\$ 28,583,063	\$ 47,684,027	60%
Electric	113,398,349	124,542,827	91%
Cemetery	470,903	393,845	120%
	<u>\$ 142,452,315</u>	<u>\$ 172,620,699</u>	83%



The Water and Sewer Department experienced a \$1,505,115 (6.1 percent) growth in operating revenues due to a rate increase for water and sewer and additional growth in the sewer customer base. The capital contributions from developers, which include the tap fees

less the tap fee expense and the contributions in aid of construction, totaled \$19,826,819, which is an increase of 5.3 percent from the previous year. The Stormwater Fund is a new enterprise fund, originating from charges to the Water & Sewer customer base for the study and management of stormwater runoff in the City of Murfreesboro in accordance with federal mandates. The charges collected by the stormwater fund were \$1,506,854 with expenses of \$1,428,960 which included a transfer due to the governmental activities funds of \$1,330,162 to reimburse for consulting costs. The Electric Department experienced a \$14,289,738 (13 percent) increase in operating revenue because of quarterly increases to the TVA wholesale rates throughout the year. The Electric Department also took two guideline rate increases which kept purchased power from increasing as significantly as operating revenue. Additionally there was a 4.4 percent increase in the customer base which increased revenue and purchased power.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2008 the City of Murfreesboro's governmental funds reported combined ending fund balances of \$44,680,906, an increase of \$7,394,237 in comparison with the prior year.

The general fund is the chief operating fund of the City of Murfreesboro. At June 30, 2008, the fund balance was \$32,078,597, an increase of \$1,365,435. The City experienced increases in several revenue accounts, including property taxes, sales taxes, gross receipts taxes and court fines. The most significant increase is in the property tax and related accounts which increased \$1,770,854 (5.7 percent). While most of the increase is due to commercial projects, a portion of which is also from residential development which has slowed significantly over the past year. Local sales tax also increased \$1,655,161 or 6.3 percent, but did not grow at the rate that had been anticipated; this was consistent with the slowed economy experienced by the State of Tennessee. As we are a service based organization, our largest expense is for wages and related benefits. In the general fund this equated to an increase of \$2,084,101 or 6.2 percent, which included 21 new positions in the police department and 9 new positions in the fire department. Last year the City invested in a project being constructed near the Medical Center Parkway interstate interchange to have a conference center constructed in conjunction with an Embassy Suites Hotel. Our investment totaled \$5,882,346 and was included in last year's general government expenses on the schedule of Changes in Net Assets. The hotel opened in the fall of 2008 and it is anticipated this overall project should bring more tourism to Murfreesboro and the City should re-coup it's investment through various tourism based revenues.

The General Purpose School fund balance grew by \$1,527,932 due to more state funding as a result of an increase in enrollment from the previous year and more county property tax revenue due to a larger tax base. Expenses for the school fund increased 6 percent because a new elementary school opened in the fall of 2007.

The Debt Service Fund experienced a small increase in fund balance of \$87,975. The largest variance in this fund was the increase in principal payments of \$1,817,748 (12 percent).

Additionally, financed debt has increased \$21,657,551. However the interest expense has decreased \$1,435,905 (22.9 percent) from 2007. The majority of this debt is financed with variable rate interest which has declined during the past year. The city schools had a reporting change for fiscal year 2008 which required debt service and capital outlay paid for by the City of Murfreesboro to be recorded on the schools department-wide report. This change was requested by the State of Tennessee municipal audit section along with GASB guidance. On page 25 under Other Governmental Funds \$4,976,308 is shown for debt principal and interest, which is for funds paid out by the City of Murfreesboro on debt that was issued by the City of Murfreesboro and used on school buildings and equipment in addition to other city projects. The school report also includes the buildings (which are titled to the City of Murfreesboro) and equipment with their own asset and capital outlay information and the city has deleted these same numbers from their asset and capital outlay information. This information was booked through the use of transfers as seen in the Other Financing Sources (Uses) section of page 25.

At the end of the fiscal year, the 2006 TML Fund fund balance is \$21,197 which is an increase of \$10,787,415 from last year. This fund is a capital project fund that expends loan proceeds from the Tennessee Municipal Bond Fund (TMBF). The deficit balance of 2007 was the result of spending money through the General Fund and repaying once a month through loan proceeds from TMBF. The loan was fully drawn down in the current year. 2006 TML Loan project expenses for the current year were almost entirely devoted to street projects with some smaller expenditures for police and sanitation equipment, along with two fire department vehicles. In the year ended June 30, 2008 the City donated \$2,000,976 to the local university for improvements to their baseball, and track/soccer stadiums. These improvements were instrumental to win the bid to have the state high school spring sports played in Murfreesboro. The City considers this an investment in additional tourism to our area.

The 2008 TML Fund has a deficit balance at year-end of \$(10,264,736) and results from funds spent through the General Fund to be repaid through loan proceeds once the debt is issued. As with the 2006 TML Fund, street projects dominate the expenditures from the 2008 TML Fund. Additionally, we had expenditures for our greenway construction (20 percent match towards federal grant) and purchased two fire trucks. We also spent money towards technology upgrades in the police department which will be paid back in a five-year timeframe. Collectively, all TML Funds (1998-2009) had a deficit fund balance of \$(7,356,937). Inactive TML Funds have a positive fund balance as a result of repayments received for assessments on improvements; these payments will be paid toward debt balance on the next scheduled principal repayment.

The Recreation Fund had an increase in federal funding and capital outlay expense of \$2,590,977 due to greenway construction grants.

The Public Transportation Fund completed its first full year of providing bus service to the citizens of Murfreesboro. Ridership increased from 8,177 in July 2007 to 14,713 in June 2008. The grants with the Federal Transit Administration were approved after June 30, 2008 and federal and state dollars are receivable for both capital and operating costs from the fiscal

years 2006, 2007 and 2008. Federal and state funding total \$1,541,253 for fiscal year 2008 versus \$25,310 for fiscal year 2007.

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.

Net assets of the Water and Sewer Department at June 30, 2008 were \$256,999,316, which is an increase of \$19,568,775. The Electric Department had net assets of \$81,250,242 at June 30, 2008, which is an increase of \$11,249,664. Net assets for the other proprietary funds at June 30, 2008 were \$554,287, which is an increase of \$79,810. The new Stormwater Fund is responsible for \$77,893 of this increase.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

No budget amendments were necessary for the General Fund during the fiscal year ended June 30, 2008.

Overall, general fund revenues exceeded budget by \$702,221 and expenditures were less than budget by \$1,755,623. Additionally, transfers from the general fund to other funds were less than anticipated by \$1,657,591. The budget anticipated a \$2,750,000 shortfall to be funded from available fund balance, but instead the actual amount was an increase to fund balance of \$1,365,435.

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, 2008 amounted to \$1,064,499 (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 8.4 percent (a 5.7 percent increase for governmental activities and a 12.4 percent increase for business-type activities).

Land increased by \$9,879,313, net of sales. The largest increases in land were for right-of-way for road construction which totaled \$4,120,244 and land donated by contractors for neighborhood streets which totaled \$2,778,771. The City was also the recipient of a land donation valued at \$2,350,000 for the new chamber of commerce and visitor's center site.

Construction in progress is composed largely of road projects, the recreation greenway extension and a water plant process expansion. Major decreases to construction in progress for governmental funds are the capitalization of the John Pittard Elementary school along with

its equipment and improvements other than buildings, the completion of the new solid waste and fleet maintenance facility and the completion of the airport hangar expansion project.

As a result of maintained population growth, the utility operations continued additions and improvements of the transmission and distribution mains and the electric plant for a net increase in utility assets of \$40,430,065. The transmission and distribution mains, net of depreciation, have increased \$22,503,233 (13.4 percent). The electric plant has increased \$12,228,938 (17.2 percent).

In addition to equipment purchased to stock the new elementary school, governmental fund equipment increased because the City invested in four new vehicles for the fire department at a cost of \$1,264,796. Additionally, the City added 46 new vehicles to the police fleet at a cost of \$931,195.

Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Non-Depreciable Assets:						
Land	\$ 230,786,481	\$ 220,908,163	\$ 20,669,397	\$ 20,668,402	\$ 251,455,878	\$ 241,576,565
Construction in progress	46,328,899	76,424,806	78,293,579	61,930,932	124,622,478	138,355,738
Other Capital Assets:						
Buildings	96,400,395	73,754,212	56,690,282	57,550,646	153,090,677	131,304,858
Improvements other than buildings	33,894,664	31,374,452			33,894,664	31,374,452
Transmission & distribution mains			190,105,561	167,602,328	190,105,561	167,602,328
Electric plants			83,749,949	71,723,730	83,749,949	71,723,730
Equipment	22,931,073	19,650,729	17,517,576	18,302,053	40,448,649	37,952,782
Infrastructure	187,096,643	162,214,469			187,096,643	162,214,469
Total	<u>\$ 617,438,155</u>	<u>\$ 584,326,831</u>	<u>\$ 447,026,344</u>	<u>\$ 397,778,091</u>	<u>\$ 1,064,464,499</u>	<u>\$ 982,104,922</u>

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 55 - 56 of this report.

Long-term Debt

Total long-term debt for the City of Murfreesboro increased \$50,721,933 during the year ended June 30, 2008. Debt from governmental activities increased \$27,706,531 (15.5 percent) and business-type activities debt has increased \$23,015,402 (18.9 percent).

The City has 79.9 percent of its long-term debt in the form of variable rate loans from the Tennessee Municipal Bond Fund (TMBF); the variable interest rate varies by loan and the rates as of June 30, 2008 ranged from 1.2% to 4.5%. These loans are drawn down periodically as the money is needed for a variety of projects.

Street improvements, along with right-of-way, sidewalks, and curbs and gutters continue to dominate the use of governmental fund new loan activity. Additional uses of new loan funds will be for the recreation greenway extension, police technology upgrades, construction of a new fire station and the construction of a new police precinct.

The Water and Sewer Department had \$30,117,718 drawn down from TMBF loans during the fiscal year ended June 30, 2008 for funding of several capital improvement projects including water treatment plant design, construction of water plant process expansion and upgrade (Phase II), planning for the expansion of the wastewater treatment plant and water and sewer system expansion and improvements and sewer rehabilitation to reduce I/I. The majority of the funds drawn down were for water plant construction. The Electric Department drew down \$1,351,888 from TMBF loans for various projects including new substations and additional transformers.

Additional information on the City of Murfreesboro's long-term debt can be found in note G on pages 56 - 60 of this report.

Long-term Debt Outstanding June 30, 2008

	Governmental Activites		Business-type Activites		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 1,305,000	\$ 2,585,000	\$ 165,000	\$ 335,000	\$ 1,470,000	\$ 2,920,000
Tennessee Municipal Bond Fund loans	186,288,248	164,641,697	94,056,075	69,035,189	280,344,323	233,676,886
Revenue bonds			2,675,000	3,255,000	2,675,000	3,255,000
Matured bonds payable			36,000	36,000	36,000	36,000
Less: Deferred amounts		7,586	(68,042)	(74,206)	(68,042)	(66,620)
Obligations under capital lease		473,400				473,400
Capital outlay note	3,191,000	1,900,000			3,191,000	1,900,000
State revolving loan			43,596,458	46,050,506	43,596,458	46,050,506
Estimated landfill closure costs	830,000	370,000			830,000	370,000
Compensated absences	5,820,543	5,297,889	2,570,845	2,399,836	8,391,388	7,697,725
Post-employment benefit obligation	4,877,812		1,127,388		6,005,200	
Loans payable - Utility plant acquisition			561,452	667,449	561,452	667,449
Claims and judgements	4,773,000	4,103,500			4,773,000	4,103,500
	<u>\$ 207,085,603</u>	<u>\$ 179,379,072</u>	<u>\$ 144,720,176</u>	<u>\$ 121,704,774</u>	<u>\$ 351,805,779</u>	<u>\$ 301,083,846</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the State of Tennessee. The special census conducted in the spring of 2008 indicated the City has grown by 46 percent since the federal census done in 2000. The population per the special census is now 100,575. Murfreesboro is also the home of Middle Tennessee State University which is the largest undergraduate school in the state of Tennessee. The City continues to make street improvements leading to and around the university campus. The City is fortunate to have a good working relationship with the leaders of the university and partners with them in many community projects to benefit the welfare of its students and our citizens. Athletic facility improvements at the university, using funds contributed by the City, were completed during 2008. These facilities will be used to draw tourism dollars to Murfreesboro when the City hosts high school tournaments through a contract with TSSAA and the Chamber of Commerce. These events have an estimated \$10 million impact on the local economy. A new

interchange at Highway 99 off of I-24 opened during 2008 connecting the interstate to Middle Tennessee Blvd. which leads directly to the university.

The Gateway Project near the Medical Center Parkway/I-24 interchange continues to develop and occupancy continues to grow. Middle Tennessee Medical Center has begun construction for the new \$278 million hospital which is to be relocated to the Gateway area and a new 120,000 square foot facility for the medical clinic opened in 2008. Sales and interest of land in this development continue to be strong and an additional \$2.5 million was closed in land sales during the Fall of 2008. The committee in charge of the Gateway land development is carefully considering each offer in order to make this project successful for the City. Near the Gateway are three shopping venues: Stones River Mall, the Oaks and The Avenue. Each venue has national retailers and restaurants and are in close proximity to the new hotel/conference center and new medical facilities which we believe will generate a large positive economic impact.

As Tennessee and the nation begin to realize the effect of the downturn in the economy, Murfreesboro and Rutherford County have experienced a slow-down in the housing market and the loss of some jobs. For the budget year 2008-2009 our City Manager planned for a decline in building permits and sales tax dollars. The national financial institution crisis has been felt locally. During the first half of the 2008-2009 fiscal year our sales tax dollars have increased over the previous year, but not at the rate anticipated. Our position in middle Tennessee has helped insulate our community from many of the problems that those counties that border our state have experienced as a result of residents going across the state-line to buy their goods. However, in this uncertain economy, many residents will be more careful with spending their discretionary dollars.

Our city manager has recommended to our council a budget freeze for hiring and purchases of capital outlay items for the governmental funds (except for TML Fund) until further notice. Needed personnel and purchases will be discussed with him on an as needed basis. Additionally the 2009-2010 budget process has started early, but the city will have to wait and see how the State of Tennessee plans to balance its own budget, which is realizing heavy reductions in sales tax collections, before it will be known if state shared taxes will be affected.

The City Council continues to strive to improve the services our departments deliver and accommodate the growth of our City. The police and fire departments account for 38.5 percent of the 2008-2009 budgeted General Fund expenditures. It was anticipated to hire 41 new police personnel and 15 new fire personnel in the 2008-2009 budget. Almost half of the police positions were filled before the budget freeze went into effect and the remainder will be considered by the City Manager and council before the end of the fiscal year. The City may delay opening of the new fire hall and adding of new employees. The General Fund has budgeted 7.6 percent of its budget for the daily operations of the recreation department to enhance the quality of life of our citizens. All departments of the City are making evaluations to determine where cuts can be made if revenue projections fall short.

The new city bus system operated for its first full year in 2007-2008. Many citizens who did not have transportation in order to work or shop have been taking advantage of this new system and are giving it rave reviews. The sharp rise in fuel costs during 2008 made the bus system more economical for many of its riders. The budget for the bus system for 2008-2009 is \$1,027,134 of which 77 percent is expected to come from fares and federal and state grants. The transit director is looking for ways to continue the increase in ridership and make the routes as economical as possible for the City.

The City's pension fund had mark-to-market investment losses of \$4.8 million during the quarter ended September 2008. The pension committee and staff are working with the City's consultant and trustees to evaluate what investment strategies the City needs to put into place in order to weather the poor market conditions.

The Water and Sewer Department began construction on the water plant process expansion in the fiscal year 2006-2007. The completion is scheduled for 2009. Water and sewer connection fee revenues were well below budgeted amounts and this trend is expected to continue with the decline in development activity. The Water and Sewer Department funded a cost of service study to develop fair and equitable rates and ensure revenue stability and sufficiency. Based on the study the allowance for the minimum bill for water and sewer was reduced from 300 cubic feet per month to 200 cubic feet per month. Also one dollar was added to the minimum sewer bill. The Water and Sewer Board approved the development of a financial model called Trail Blaze to track historical trends for the past ten years and project future scenarios for fiscal decision making.

The Electric Department borrowed \$10 million in December of 2007 from a variable rate loan to fund new substations at Medical Center Parkway and Manchester Highway and to fund additional substation transformers at Industrial and Primary substations. As of June 30, 2008 there was \$8,648,112 left to draw from that loan. Management expects customer and electric sales growth to be about 2% to 3% next year. Effective October 1, 2008, TVA announced an increase in Fuel Cost Adjustment that would increase average wholesale electric rates by 20%.

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 Assets

June 30, 2008

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 55,372,208	\$ 13,124,718	\$ 68,496,926
Certificates of deposit	346,864		346,864
Receivables, net of allowance for uncollectibles	60,762,605	9,894,661	70,657,266
Internal balances	(435,948)	435,948	
Due from fiduciary fund	28,511		28,511
Inventories	320,403	3,657,367	3,977,770
Prepaid pension costs	1,053,899		1,053,899
Prepaid items and other assets	5,167	191,452	196,619
Deferred charges	1,058,475	1,523,599	2,582,074
Restricted assets -			
Cash and cash equivalents	1,212,266	27,152,115	28,364,381
Certificate of deposit	500,000		500,000
Investments, at fair value	1,396,657		1,396,657
Capital assets -			
Land and construction in progress	277,115,380	98,962,976	376,078,356
Other capital assets, net of depreciation	340,322,775	348,063,368	688,386,143
Total Assets	\$ <u>739,059,262</u>	\$ <u>503,006,204</u>	\$ <u>1,242,065,466</u>
<u>LIABILITIES</u>			
Cash overdraft	\$ 77,405		\$ 77,405
Accounts payable and accrued expenses	15,804,023	\$ 11,491,676	27,295,699
Contracts payable		361,370	361,370
Unearned revenue	46,558,205		46,558,205
Deposits held	3,014,677	4,875,058	7,889,735
Other deposits	45,932		45,932
Matured bond interest payable	806		806
Other liabilities	47,517	888,528	936,045
Long-term liabilities -			
Due within one year	23,216,562	12,667,034	35,883,596
Due in more than one year	183,869,041	132,053,142	315,922,183
Total Liabilities	\$ <u>272,634,168</u>	\$ <u>162,336,808</u>	\$ <u>434,970,976</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 441,657,459	\$ 305,980,547	\$ 747,638,006
Restricted for -			
Education	4,760,053		4,760,053
Capital activity and debt service	13,634,837	27,152,115	40,786,952
Highways and streets	636,978		636,978
Community services	3,452,775		3,452,775
Other purposes	1,502,725		1,502,725
Perpetual care -			
Expendable	13,795		13,795
Nonexpendable	1,474,030		1,474,030
Unrestricted	(707,558)	7,536,734	6,829,176
Total Net Assets	\$ <u>466,425,094</u>	\$ <u>340,669,396</u>	\$ <u>807,094,490</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities -				
General government	\$ 9,827,713	\$ 227,562		
Police	19,406,692	268,899	\$ 101,891	\$ 55,223
Fire protection	13,810,394	430,312		327,458
Judicial	428,682	2,793,451		
Legal	760,004			
Personnel	699,440			
Streets	10,974,387	18,525	2,586,819	7,408,667
Planning and engineering	2,838,546	43,769		
Building inspections	1,698,151	2,318,682		
Sanitation	5,551,848	31,988		
Urban environmental	812,456	733		
Public health, education and welfare	1,608,823		1,330,162	
Community services	9,926,107	2,591,282	2,796,053	677,340
Recreation	11,507,834	2,984,452	190,963	3,501,898
Community/economic development	1,640,426	34,178	791,702	3,205,840
Education	54,783,363	2,740,414	47,971,033	2,129,596
Food service	3,387,963	1,240,116	2,002,853	
Interest on long-term debt	6,100,927	4,667		
Total governmental activities	\$ 155,763,756	\$ 15,729,030	\$ 57,771,476	\$ 17,306,022
Business-type activities -				
Water and sewer	\$ 28,583,063	\$ 27,857,208		\$ 19,826,819
Electric	113,398,349	124,542,827		
Cemetery	470,903	324,331	\$ 69,514	
Total business-type activities	\$ 142,452,315	\$ 152,724,366	\$ 69,514	\$ 19,826,819
Total primary government	\$ 298,216,071	\$ 168,453,396	\$ 57,840,990	\$ 37,132,841
General Revenues -				
Taxes -				
Property taxes				
Sales taxes				
Beer and liquor taxes				
Gross receipts tax				
Hotel/motel tax				
Gas franchise tax				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Contributions to permanent funds				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business- type Activities	Total

\$ (9,600,151)		\$ (9,600,151)
(18,980,679)		(18,980,679)
(13,052,624)		(13,052,624)
2,364,769		2,364,769
(760,004)		(760,004)
(699,440)		(699,440)
(960,376)		(960,376)
(2,794,777)		(2,794,777)
620,531		620,531
(5,519,860)		(5,519,860)
(811,723)		(811,723)
(278,661)		(278,661)
(3,861,432)		(3,861,432)
(4,830,521)		(4,830,521)
2,391,294		2,391,294
(1,942,320)		(1,942,320)
(144,994)		(144,994)
(6,096,260)		(6,096,260)
\$ <u>(64,957,228)</u>		\$ <u>(64,957,228)</u>

\$ 19,100,964	\$ 19,100,964
11,144,478	11,144,478
(77,058)	(77,058)
\$ <u>30,168,384</u>	\$ <u>30,168,384</u>
\$ <u>30,168,384</u>	\$ <u>(34,788,844)</u>

\$ 33,141,050		\$ 33,141,050
27,920,634		27,920,634
3,493,341		3,493,341
2,082,206		2,082,206
743,601		743,601
1,293,965		1,293,965
8,870,859		8,870,859
1,880,203	\$ 1,099,560	2,979,763
164,203		164,203
	50,752	50,752
79,559		79,559
(26,400)	26,400	
\$ <u>79,643,221</u>	\$ <u>1,176,712</u>	\$ <u>80,819,933</u>
\$ 14,685,993	\$ 31,345,096	\$ 46,031,089
<u>451,739,101</u>	<u>309,324,300</u>	<u>761,063,401</u>
\$ <u>466,425,094</u>	\$ <u>340,669,396</u>	\$ <u>807,094,490</u>

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2008

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>2006 TML Fund</u>	<u>2008 TML Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 23,226,100	\$ 2,993,317	\$ 3,894,268		\$ 12,702	\$ 17,166,624	\$ 47,293,011
Certificates of deposit						346,864	346,864
Receivables, net of allowance for uncollectibles -							
Taxes	31,854,155						31,854,155
Accounts		28,940				162,832	191,772
Other	3,191,074					19,641	3,210,715
Due from others						338,039	338,039
Due from other funds	12,419,684	898,620				1,468,525	14,786,829
Due from other governments	6,135,108	11,171,178		\$ 21,197	464,013	7,284,598	25,076,094
Prepaid items and deposits						5,167	5,167
Inventories						199,624	199,624
Restricted assets -							
Cash and cash equivalents	1,166,069					46,197	1,212,266
Investments, at fair value						1,396,657	1,396,657
Total Assets	<u>\$ 77,992,190</u>	<u>\$ 15,092,055</u>	<u>\$ 3,894,268</u>	<u>\$ 21,197</u>	<u>\$ 476,715</u>	<u>\$ 28,434,768</u>	<u>\$ 125,911,193</u>
<u>LIABILITIES</u>							
Bank overdraft						\$ 77,405	\$ 77,405
Accounts payable	\$ 7,400,882	\$ 263,598			\$ 3,515,528	1,487,280	12,667,288
Accrued liabilities	509,898	326,430				366,356	1,202,684
Deposits held	3,014,677						3,014,677
Matured bond interest payable			\$ 806				806
Due to other funds	136,682	30,923			7,225,923	7,982,597	15,376,125
Due to other governments	483,368					630,358	1,113,726
Due to others						150,115	150,115
Deferred revenue	34,320,569	9,538,514				3,674,929	47,534,012
Other deposits						45,932	45,932
Other liabilities	47,517						47,517
Total Liabilities	<u>\$ 45,913,593</u>	<u>\$ 10,159,465</u>	<u>\$ 806</u>		<u>\$ 10,741,451</u>	<u>\$ 14,414,972</u>	<u>\$ 81,230,287</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

**Balance Sheet (continued)
Governmental Funds**

June 30, 2008

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>2006 TML Fund</u>	<u>2008 TML Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES							
Reserved for -							
Inventories						\$ 108,072	\$ 108,072
Encumbrances		\$ 148,336					148,336
Perpetual care						1,474,030	1,474,030
Capital outlay	\$ 754,858						754,858
Indigent children		32,262					32,262
Equitable sharing	334,895						334,895
Unreserved, reported in -							
General Fund							
Designated -							
Unemployment reserve	42,331						42,331
Undesignated	30,946,513						30,946,513
Special Revenue Funds							
Designated							
Repairs and replacement						352,561	352,561
Contingencies						151,083	151,083
Undesignated		4,751,992				5,580,353	10,332,345
Debt Service			\$ 3,893,462				3,893,462
Capital projects				\$ 21,197	\$ (10,264,736)	6,339,902	(3,903,637)
Permanent fund						13,795	13,795
Total Fund Balances	<u>\$ 32,078,597</u>	<u>\$ 4,932,590</u>	<u>\$ 3,893,462</u>	<u>\$ 21,197</u>	<u>\$ (10,264,736)</u>	<u>\$ 14,019,796</u>	<u>\$ 44,680,906</u>
Total Liabilities and Fund Balances	<u>\$ 77,992,190</u>	<u>\$ 15,092,055</u>	<u>\$ 3,894,268</u>	<u>\$ 21,197</u>	<u>\$ 476,715</u>	<u>\$ 28,434,768</u>	<u>\$ 125,911,193</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2008

Total Governmental Fund Balances	\$ 44,680,906
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	617,438,155
Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	5,213,109
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.	(1,682,645)
Prepaid pension costs are not available for current-period expenditures and, therefore, are not reported in the funds.	1,053,899
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	2,034,273
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.	(202,312,603)
Net Assets of Governmental Activities	<u>\$ 466,425,094</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	General Fund	General Purpose School	Debt Service Fund	2006 TML Fund	2008 TML Fund	Other Governmental Funds	Total Governmental Funds
Revenues-							
Taxes	\$ 67,259,064					\$ 1,195,300	\$ 68,454,364
Intergovernmental	9,431,211	\$ 44,423,683		\$ 21,197	\$ 464,013	17,244,207	71,584,311
Charges for services	627,307	25,451				7,481,695	8,134,453
Donations						483,125	483,125
Interest and investment earnings	944,033		\$ 137,202	1,499	12,766	680,054	1,775,554
Licenses and permits	5,280,673						5,280,673
Miscellaneous	3,112,355	389,682	4,667			2,839,346	6,346,050
	<u>\$ 86,654,643</u>	<u>\$ 44,838,816</u>	<u>\$ 141,869</u>	<u>\$ 22,696</u>	<u>\$ 476,779</u>	<u>\$ 29,923,727</u>	<u>\$ 162,058,530</u>
Expenditures-							
Current -							
General government	\$ 4,595,923						\$ 4,595,923
Police	18,152,273					\$ 259,981	18,412,254
Fire protection	13,403,457						13,403,457
Judicial	477,728						477,728
Legal	754,962						754,962
Personnel	711,621						711,621
Streets	3,882,123					2,334,222	6,216,345
Planning and engineering	2,795,308						2,795,308
Building inspections	1,740,183						1,740,183
Sanitation						4,448,056	4,448,056
Urban Environmental	780,410						780,410
Public health, education and welfare	1,506,480						1,506,480
Community services				\$ 2,000,976		7,345,353	9,346,329
Recreation						9,152,060	9,152,060
Community development						817,301	817,301
Economic development						821,688	821,688
Education		\$ 47,945,170				3,064,073	51,009,243
Food Service						3,387,963	3,387,963
Capital outlay		205,817		14,334,087	\$ 20,173,231	5,561,570	40,274,705
Debt service -							
Principal			\$ 16,884,470			3,957,694	20,842,164
Interest			4,829,102			1,018,614	5,847,716
Debt issuance costs			183,242		420,000		603,242
	<u>\$ 48,800,468</u>	<u>\$ 48,150,987</u>	<u>\$ 21,896,814</u>	<u>\$ 16,335,063</u>	<u>\$ 20,593,231</u>	<u>\$ 42,168,575</u>	<u>\$ 197,945,138</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 37,854,175</u>	<u>\$ (3,312,171)</u>	<u>\$ (21,754,945)</u>	<u>\$ (16,312,367)</u>	<u>\$ (20,116,452)</u>	<u>\$ (12,244,848)</u>	<u>\$ (35,886,608)</u>
Other Financing Sources (Uses)-							
Issuance of debt				\$ 25,437,092	\$ 12,913,598	\$ 4,149,025	\$ 42,499,715
Proceeds from sale of land						927,796	927,796
Transfers in	\$ 766,292	\$ 4,840,103	\$ 21,842,920	1,751,919		16,897,439	46,098,673
Transfers out	(37,255,032)			(89,229)		(8,901,078)	(46,245,339)
	<u>\$ (36,488,740)</u>	<u>\$ 4,840,103</u>	<u>\$ 21,842,920</u>	<u>\$ 27,099,782</u>	<u>\$ 12,913,598</u>	<u>\$ 13,073,182</u>	<u>\$ 43,280,845</u>
Net change in fund balances	\$ 1,365,435	\$ 1,527,932	\$ 87,975	\$ 10,787,415	\$ (7,202,854)	\$ 828,334	\$ 7,394,237
Fund Balance at beginning of year	30,713,162	3,404,658	3,805,487	(10,766,218)	(3,061,882)	13,191,462	37,286,669
Fund Balance at end of year	<u>\$ 32,078,597</u>	<u>\$ 4,932,590</u>	<u>\$ 3,893,462</u>	<u>\$ 21,197</u>	<u>\$ (10,264,736)</u>	<u>\$ 14,019,796</u>	<u>\$ 44,680,906</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

For the Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 7,394,237
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.	25,108,686
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.	8,002,635
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	228,406
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 assets. 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.	(26,521,963)
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.	(399,806)
Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	1,137,738
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.	(263,940)
Change in Net Assets of Governmental Activities	<u>\$ 14,685,993</u>

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Taxes -				
Property	\$ 28,526,000	\$ 28,526,000	\$ 28,880,036	\$ 354,036
Property in lieu of taxes -				
Public utilities	652,005	652,005	727,107	75,102
Murfreesboro Electric Department	2,100,000	2,100,000	2,117,687	17,687
Murfreesboro Housing Authority	50,000	50,000	72,883	22,883
Other tax equivalents	400,000	400,000	508,793	108,793
Recovery of taxes deemed uncollectible	400,000	400,000	561,329	161,329
Penalty and interest on taxes	200,000	200,000	205,681	5,681
Other local taxes -				
Sales tax	29,000,000	29,000,000	27,920,634	(1,079,366)
Beer tax	2,600,000	2,600,000	2,708,850	108,850
Liquor tax	620,000	620,000	712,160	92,160
Gross receipts tax	2,005,000	2,005,000	2,027,972	22,972
Beer privilege tax	20,000	20,000	22,385	2,385
Liquor privilege tax	40,000	40,000	49,946	9,946
Hotel/motel tax	630,000	630,000	743,601	113,601
	<u>\$ 67,243,005</u>	<u>\$ 67,243,005</u>	<u>\$ 67,259,064</u>	<u>\$ 16,059</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 67,500	\$ 67,500	\$ 77,180	\$ 9,680
Gas and mechanical licenses	7,500	7,500	7,690	190
Building permits	2,350,000	2,350,000	1,586,814	(763,186)
Plumbing permits	223,500	223,500	123,165	(100,335)
Electrical permits	16,500	16,500	16,359	(141)
Mechanical permits	155,000	155,000	194,274	39,274
Gas permits	25,000	25,000	20,870	(4,130)
Land disturbance permits	92,000	92,000	67,750	(24,250)
Fireworks permits	1,500	1,500	8,500	7,000
Beer application fees	10,000	10,000	16,000	6,000
Burglar alarm permits	40,000	40,000	44,275	4,275
Plat review fee	275,000	275,000	166,514	(108,486)
Other fees	6,000	6,000	6,803	803
Attorney tax fees	15,000	15,000	16,970	1,970
Court fines	1,750,000	1,750,000	2,776,481	1,026,481
Burglar false alarm fees	7,000	7,000	18,350	11,350
Other fines and fees	110,000	110,000	132,678	22,678
	<u>\$ 5,151,500</u>	<u>\$ 5,151,500</u>	<u>\$ 5,280,673</u>	<u>\$ 129,173</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues -				
Rutherford County	\$ 66,756	\$ 66,756	\$ 64,435	\$ (2,321)
State sales tax allocation	6,043,000	6,043,000	5,959,524	(83,476)
State beer tax allocation	42,500	42,500	44,520	2,020
State gasoline tax allocation	179,476	179,476	180,789	1,313
State mixed drink tax	500,000	500,000	566,404	66,404
State gross receipts tax	675,000	675,000	756,545	81,545
State income tax allocation	700,000	700,000	1,063,085	363,085
State excise tax	200,000	200,000	125,071	(74,929)
State maintenance of streets	260,766	260,766	260,766	
State grant funds	116,283	116,283		(116,283)
Federal funds	309,760	309,760	410,072	100,312
	<u>\$ 9,093,541</u>	<u>\$ 9,093,541</u>	<u>\$ 9,431,211</u>	<u>\$ 337,670</u>
Charges for services				
Office	\$ 100	\$ 100	\$ 956	\$ 856
Planning department	38,000	38,000	43,769	5,769
Police department	55,000	55,000	62,617	7,617
Fire department	288,318	288,318	430,312	141,994
Street department	18,000	18,000	18,525	525
Building department	47,000	47,000	58,066	11,066
Urban Environmental department			733	733
Sex offender fee			729	729
Maintenance department	14,000	14,000	11,600	(2,400)
	<u>\$ 460,418</u>	<u>\$ 460,418</u>	<u>\$ 627,307</u>	<u>\$ 166,889</u>
Miscellaneous Revenue -				
Interest	\$ 450,000	\$ 450,000	\$ 944,033	\$ 494,033
Gas franchise revenue	1,350,000	1,350,000	1,293,965	(56,035)
Contribution - active funds	1,914,027	1,914,027	1,223,653	(690,374)
Miscellaneous revenue	289,931	289,931	590,889	300,958
Donations received			3,848	3,848
	<u>\$ 4,003,958</u>	<u>\$ 4,003,958</u>	<u>\$ 4,056,388</u>	<u>\$ 52,430</u>
TOTAL REVENUES	<u>\$ 85,952,422</u>	<u>\$ 85,952,422</u>	<u>\$ 86,654,643</u>	<u>\$ 702,221</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures -				
General Government -				
General and Administrative -				
Labor	\$ 1,372,991	\$ 1,372,991	\$ 1,314,994	\$ 57,997
Operation and maintenance	144,141	144,141	104,512	39,629
Supplies	138,500	138,500	149,711	(11,211)
Insurance	207,311	207,311	210,974	(3,663)
Social Security taxes	105,034	105,034	97,177	7,857
Group insurance	733,445	733,445	714,839	18,606
Retirement	502,343	502,343	456,382	45,961
Unemployment insurance	30,000	30,000	27,498	2,502
Utilities	166,200	166,200	168,647	(2,447)
Travel and subsistence	54,200	54,200	48,409	5,791
Association dues	42,500	42,500	36,155	6,345
Professional fees	143,500	143,500	150,000	(6,500)
Elections-referendums	35,000	35,000	64,087	(29,087)
Training personnel	30,000	30,000	24,944	5,056
Additions to fixed assets	59,300	59,300	63,665	(4,365)
Mixed drink tax allocation	315,000	315,000	281,385	33,615
Other miscellaneous	219,700	219,700	167,648	52,052
	<u>\$ 4,299,165</u>	<u>\$ 4,299,165</u>	<u>\$ 4,081,027</u>	<u>\$ 218,138</u>
Other General Government -				
Civic plaza	\$ 59,225	\$ 59,225	\$ 42,449	\$ 16,776
Parking garage	108,500	108,500	123,235	(14,735)
Unforeseen miscellaneous and contingencies	1,251,676	1,251,676	273,070	978,606
Property tax adjustments	100,000	100,000	76,142	23,858
	<u>\$ 1,519,401</u>	<u>\$ 1,519,401</u>	<u>\$ 514,896</u>	<u>\$ 1,004,505</u>
	<u>\$ 5,818,566</u>	<u>\$ 5,818,566</u>	<u>\$ 4,595,923</u>	<u>\$ 1,222,643</u>
Police Department -				
Labor	\$ 11,093,552	\$ 11,093,552	\$ 10,736,407	\$ 357,145
Operation and maintenance	713,292	713,292	671,062	42,230
Supplies	518,500	518,500	587,951	(69,451)
Uniforms and cleaning	274,993	274,993	287,593	(12,600)
Insurance	1,057,563	1,057,563	1,085,934	(28,371)
Social Security taxes	819,892	819,892	801,169	18,723
Group insurance	1,781,211	1,781,211	1,674,180	107,031
Retirement	1,084,992	1,084,992	1,024,305	60,687
Utilities	259,500	259,500	304,188	(44,688)
Training personnel	160,000	160,000	135,226	24,774
Jail fees and state cost	180,000	180,000	300,692	(120,692)
Drug programs	3,000	3,000	3,723	(723)
D.A.R.E. program	20,000	20,000	22,279	(2,279)
Additions to fixed assets	196,393	196,393	274,820	(78,427)
Other miscellaneous	121,500	121,500	242,744	(121,244)
	<u>\$ 18,284,388</u>	<u>\$ 18,284,388</u>	<u>\$ 18,152,273</u>	<u>\$ 132,115</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire Department -				
Labor	\$ 8,589,791	\$ 8,589,791	\$ 8,556,536	\$ 33,255
Operation and maintenance	246,011	246,011	251,175	(5,164)
Supplies	170,550	170,550	207,178	(36,628)
Uniforms and cleaning	158,000	158,000	164,394	(6,394)
Insurance	518,951	518,951	523,169	(4,218)
Social Security taxes	629,580	629,580	633,596	(4,016)
Group insurance	1,453,782	1,453,782	1,428,791	24,991
Retirement	909,075	909,075	895,676	13,399
Utilities	187,800	187,800	172,446	15,354
Association dues	1,000	1,000	1,135	(135)
Training personnel	62,000	62,000	60,847	1,153
Internship programs	15,000	15,000	14,109	891
Additions to fixed assets	465,500	465,500	484,344	(18,844)
Other miscellaneous	87,500	87,500	10,061	77,439
	<u>\$ 13,494,540</u>	<u>\$ 13,494,540</u>	<u>\$ 13,403,457</u>	<u>\$ 91,083</u>
Judicial Department -				
Labor	\$ 298,815	\$ 298,815	\$ 295,549	\$ 3,266
Operation and maintenance	2,000	2,000	4,093	(2,093)
Supplies	12,700	12,700	15,620	(2,920)
Insurance	565	565	568	(3)
Social Security taxes	22,859	22,859	21,793	1,066
Group insurance	41,905	41,905	38,216	3,689
Retirement	33,157	33,157	30,638	2,519
Utilities	1,300	1,300	1,473	(173)
Association dues	350	350	335	15
Training personnel	2,500	2,500	1,710	790
Outside services	45,000	45,000	58,548	(13,548)
Additions to fixed assets	4,500	4,500	4,475	25
Other miscellaneous	9,000	9,000	4,710	4,290
	<u>\$ 474,651</u>	<u>\$ 474,651</u>	<u>\$ 477,728</u>	<u>\$ (3,077)</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Legal Department -				
Labor	\$ 487,491	\$ 487,491	\$ 480,970	\$ 6,521
Operation and maintenance	2,750	2,750	2,063	687
Supplies	32,000	32,000	29,781	2,219
Insurance	1,347	1,347	1,356	(9)
Social Security taxes	37,293	37,293	35,696	1,597
Group insurance	48,129	48,129	46,589	1,540
Retirement	55,121	55,121	53,428	1,693
Utilities	2,425	2,425	1,853	572
Travel and subsistence	19,200	19,200	19,200	
Association dues	5,250	5,250	5,697	(447)
Training personnel	8,500	8,500	4,907	3,593
Legal expense	20,000	20,000	67,722	(47,722)
Additions to fixed assets	2,500	2,500	2,488	12
Other miscellaneous	10,000	10,000	3,212	6,788
	<u>\$ 732,006</u>	<u>\$ 732,006</u>	<u>\$ 754,962</u>	<u>\$ (22,956)</u>
Personnel Department -				
Labor	\$ 460,296	\$ 460,296	\$ 426,361	\$ 33,935
Operation and maintenance	12,880	12,880	6,829	6,051
Supplies	60,835	60,835	65,523	(4,688)
Insurance	1,767	1,767	877	890
Social Security taxes	34,945	34,945	30,987	3,958
Group insurance	77,529	77,529	74,517	3,012
Retirement	51,344	51,344	46,091	5,253
Utilities	1,850	1,850	1,807	43
Travel and subsistence	2,400	2,400	2,422	(22)
Association dues	530	530	340	190
Drug programs	35,515	35,515	36,040	(525)
Additions to fixed assets	2,160	2,160	1,345	815
Other miscellaneous	25,294	25,294	18,482	6,812
	<u>\$ 767,345</u>	<u>\$ 767,345</u>	<u>\$ 711,621</u>	<u>\$ 55,724</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget (GAAP Basis) and Actual

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Streets -				
Labor	\$ 1,133,505	\$ 1,133,505	\$ 1,134,914	\$ (1,409)
Operation and maintenance	212,672	212,672	231,376	(18,704)
Curb, storm sewer, and right-of-way maintenance	208,000	208,000	10,440	197,560
Materials and supplies	207,700	207,700	227,343	(19,643)
Traffic control devices	70,000	70,000	64,323	5,677
Insurance	86,873	86,873	86,667	206
Social Security taxes	83,653	83,653	84,205	(552)
Group insurance	216,805	216,805	217,999	(1,194)
Retirement	112,803	112,803	108,311	4,492
Utilities	30,000	30,000	47,416	(17,416)
Utility service - street lighting	1,200,000	1,200,000	1,355,993	(155,993)
Street improvements and maintenance	77,000	77,000	150,634	(73,634)
Travel and subsistence	23,800	23,800	24,922	(1,122)
Training personnel	5,000	5,000	7,210	(2,210)
Additions to fixed assets	17,000	17,000	112,762	(95,762)
Other miscellaneous	21,000	21,000	17,608	3,392
	<u>\$ 3,705,811</u>	<u>\$ 3,705,811</u>	<u>\$ 3,882,123</u>	<u>\$ (176,312)</u>
Planning and Engineering -				
Labor	\$ 1,623,656	\$ 1,623,656	\$ 1,576,954	\$ 46,702
Operation and maintenance	272,289	272,289	213,710	58,579
Supplies	91,150	91,150	67,913	23,237
Insurance	82,932	82,932	83,927	(995)
Social Security taxes	124,210	124,210	123,928	282
Group insurance	216,881	216,881	193,878	23,003
Retirement	172,535	172,535	165,551	6,984
Utilities	21,175	21,175	24,435	(3,260)
Sampling and testing	20,000	20,000	25,914	(5,914)
Storm drainage	30,000	30,000	15,171	14,829
Travel and subsistence	110,000	110,000	104,524	5,476
Association dues	7,500	7,500	9,410	(1,910)
Surveys	150,000	150,000	98,557	51,443
Training personnel	20,000	20,000	16,645	3,355
Additions to fixed assets	50,500	50,500	45,948	4,552
Other miscellaneous	31,500	31,500	28,843	2,657
	<u>\$ 3,024,328</u>	<u>\$ 3,024,328</u>	<u>\$ 2,795,308</u>	<u>\$ 229,020</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget (GAAP Basis) and Actual

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building Inspections -				
Labor	\$ 1,205,950	\$ 1,205,950	\$ 1,149,160	\$ 56,790
Operation and maintenance	4,500	4,500	10,374	(5,874)
Supplies	25,450	25,450	28,319	(2,869)
Insurance	28,644	28,644	28,549	95
Social Security taxes	92,255	92,255	91,582	673
Group insurance	164,941	164,941	170,741	(5,800)
Retirement	133,603	133,603	126,962	6,641
Utilities	21,200	21,200	16,434	4,766
Travel and subsistence	97,000	97,000	93,765	3,235
Association dues	1,150	1,150	1,125	25
Training personnel	10,000	10,000	10,984	(984)
Additions to fixed assets	3,500	3,500	5,081	(1,581)
Other miscellaneous	1,100	1,100	7,107	(6,007)
	<u>\$ 1,789,293</u>	<u>\$ 1,789,293</u>	<u>\$ 1,740,183</u>	<u>\$ 49,110</u>
Urban Environmental -				
Labor	\$ 459,357	\$ 459,357	\$ 407,726	\$ 51,631
Operation and maintenance	62,682	62,682	53,856	8,826
Agricultural materials	35,000	35,000	42,437	(7,437)
Supplies	28,900	28,900	33,638	(4,738)
Insurance	41,036	41,036	41,153	(117)
Social Security taxes	35,141	35,141	30,080	5,061
Group insurance	94,743	94,743	76,935	17,808
Retirement	51,765	51,765	42,684	9,081
Utilities	21,300	21,300	26,006	(4,706)
Travel and subsistence	4,800	4,800	4,800	
Training personnel	5,150	5,150	1,633	3,517
Additions to fixed assets	5,780	5,780	8,934	(3,154)
Other miscellaneous	146,354	146,354	10,528	135,826
	<u>\$ 992,008</u>	<u>\$ 992,008</u>	<u>\$ 780,410</u>	<u>\$ 211,598</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health, Education and Welfare				
Cash budget payments -				
Rutherford County Health Department	\$ 11,000	\$ 11,000	\$ 11,000	
Job Vocation Training Center	41,500	41,500	41,500	
Rutherford County Rescue Squad	15,000	15,000	15,000	
Crime Stoppers	5,000	5,000	5,000	
Linebaugh Public Library	663,097	663,097	663,097	
Rutherford County Chamber of Commerce	456,250	456,250	488,989	\$ (32,739)
Murfreesboro Youth Orchestra	7,500	7,500	7,500	
Uncle Dave Macon Days	5,000	5,000	5,000	
CASA of Rutherford County	5,000	5,000	5,000	
Oaklands Association	15,000	15,000	15,000	
Exchange Club Center	6,000	6,000	6,000	
Discovery House	20,000	20,000	20,000	
Main Street Program	37,500	37,500	37,500	
Primary Care Clinic	10,000	10,000	10,000	
Middle Tennessee Symphony	10,000	10,000	10,000	
Domestic Violence Program	12,500	12,500	12,500	
Pregnancy Support	3,500	3,500	3,500	
Meals on Wheels	5,000	5,000	5,000	
Rutherford County Paws	65,000	65,000	65,000	
Center for the Arts	25,000	25,000	25,000	
Leadership Rutherford	1,500	1,500	1,500	
Boys and Girls Club	2,500	2,500	2,500	
Child Advocacy Center	13,458	13,458	14,044	(586)
League of Women Voters	3,350	3,350	3,350	
Martin Luther King Scholarship	2,000	2,000	2,000	
Bradley Academy	7,500	7,500	7,500	
Special Kids Incorporated	10,000	10,000	10,000	
Nashville's Table Incorporated	2,000	2,000	2,000	
Folkfest	2,500	2,500	2,500	
Adult Activity Center	2,500	2,500	2,500	
Generation for Creation	2,500	2,500	2,500	
Special Olympics	2,000	2,000	2,000	
Read to Succeed	2,500	2,500	2,500	
	<u>\$ 1,473,155</u>	<u>\$ 1,473,155</u>	<u>\$ 1,506,480</u>	<u>\$ (33,325)</u>
TOTAL EXPENDITURES	<u>\$ 50,556,091</u>	<u>\$ 50,556,091</u>	<u>\$ 48,800,468</u>	<u>\$ 1,755,623</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 35,396,331</u>	<u>\$ 35,396,331</u>	<u>\$ 37,854,175</u>	<u>\$ 2,457,844</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses) -				
Transfers in (out) -				
Debt service fund	\$ (20,885,942)	\$ (20,885,942)	\$ (15,553,490)	\$ 5,332,452
School debt service fund			(4,976,308)	(4,976,308)
Murfreesboro City School System	(4,810,103)	(4,810,103)	(4,810,103)	
Solid waste fund	(5,087,143)	(5,087,143)	(5,250,866)	(163,723)
City recreation fund	(6,562,409)	(6,562,409)	(6,141,237)	421,172
Senior citizens fund	(421,715)	(421,715)	(420,315)	1,400
Drug fund	(92,000)	(92,000)	(101,620)	(9,620)
Public transportation fund	(283,419)	(283,419)	766,292	1,049,711
Airport improvement fund	(3,600)	(3,600)	(1,093)	2,507
	<u>\$ (38,146,331)</u>	<u>\$ (38,146,331)</u>	<u>\$ (36,488,740)</u>	<u>\$ 1,657,591</u>
Net change in fund balance	<u>\$ (2,750,000)</u>	<u>\$ (2,750,000)</u>	\$ 1,365,435	<u>\$ 4,115,435</u>
Fund Balance at beginning of year			<u>30,713,162</u>	
Fund Balances at end of year			<u>\$ 32,078,597</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

General Purpose School Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgeting Basis Variance with GAAP)

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Local intergovernmental revenues	\$ 17,685,414	\$ 17,685,414	\$ 17,537,792	\$ (147,622)
State program revenues	25,166,468	25,972,728	26,801,485	828,757
Federal program revenues	251,625	102,625	84,406	(18,219)
Charges for services	28,000	28,000	25,451	(2,549)
Indigent children revenues			26,666	26,666
Other local revenues	396,100	396,100	363,016	(33,084)
	<u>\$ 43,527,607</u>	<u>\$ 44,184,867</u>	<u>\$ 44,838,816</u>	<u>\$ 653,949</u>
Expenditures -				
Regular instruction program	\$ 29,305,747	\$ 29,909,918	\$ 28,987,691	\$ 922,227
Special education program	3,058,921	3,140,350	3,106,163	34,187
Other student support	984,626	1,023,683	910,912	112,771
Board of education	892,842	918,073	929,939	(11,866)
Office of the superintendent	269,177	280,243	278,310	1,933
Office of the principal	2,645,350	2,723,158	2,712,318	10,840
Fiscal services	490,183	510,220	486,779	23,441
Operation of plant	4,662,995	4,601,914	4,430,762	171,152
Regular instruction program - support	1,810,924	1,833,529	1,824,218	9,311
Special education program - support	353,968	366,232	294,441	71,791
Maintenance of plant	1,186,379	1,200,898	1,208,740	(7,842)
Transportation	1,564,919	1,433,820	1,412,486	21,334
Central and other	278,155	285,117	478,293	(193,176)
Community services	241,326	221,534	535,853	(314,319)
Attendance	57,144	58,764	53,418	5,346
Health services	249,753	299,802	308,547	(8,745)
Early childhood education	540,969	552,138	28,041	524,097
Capital outlay	100,000	100,000	56,639	43,361
	<u>\$ 48,693,378</u>	<u>\$ 49,459,393</u>	<u>\$ 48,043,550</u>	<u>\$ 1,415,843</u>
Excess of Revenues Over (Under) Expenditures	\$ (5,165,771)	\$ (5,274,526)	\$ (3,204,734)	\$ 2,069,792
Other Financing Sources and (Uses) -				
Transfers in	4,840,103	4,840,103	4,840,103	-0-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ (325,668)</u>	<u>\$ (434,423)</u>	\$ 1,635,369	<u>\$ 2,069,792</u>
Adjustment for encumbrances			(107,437)	
Net change in fund balance (GAAP basis)			\$ 1,527,932	
Fund Balance at beginning of year			3,404,658	
Fund Balance at end of year			<u>\$ 4,932,590</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

**Balance Sheet
Proprietary Funds**

June 30, 2008

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
ASSETS					
Current Assets -					
Cash and cash equivalents	\$ 10,404,038	\$ 2,637,268	\$ 83,412	\$ 13,124,718	\$ 8,079,197
Receivables -					
Accounts	1,649,952	7,446,883	77,138	9,173,973	
Other					91,830
Due from other funds	98,799		1,539,266	1,638,065	2,073,980
Inventories	551,051	3,047,814	58,502	3,657,367	120,779
Prepaid items and other assets	113,902	71,137	6,414	191,453	
Total Current Assets	<u>\$ 12,817,742</u>	<u>\$ 13,203,102</u>	<u>\$ 1,764,732</u>	<u>\$ 27,785,576</u>	<u>\$ 10,365,786</u>
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 26,226,294	\$ 925,821		\$ 27,152,115	
Certificates of deposit					\$ 500,000
Conservation loans receivable		720,688		720,688	
Deferred charges	463,541	1,060,058		1,523,599	
Capital assets -					
Land and construction in progress	81,774,408	17,164,141	\$ 24,427	98,962,976	
Other capital assets, net of depreciation	261,393,097	86,432,884	237,387	348,063,368	
Total Noncurrent Assets	<u>\$ 369,857,340</u>	<u>\$ 106,303,592</u>	<u>\$ 261,814</u>	<u>\$ 476,422,746</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 382,675,082</u>	<u>\$ 119,506,694</u>	<u>\$ 2,026,546</u>	<u>\$ 504,208,322</u>	<u>\$ 10,865,786</u>
LIABILITIES AND NET ASSETS					
Current Liabilities -					
Accounts payable	\$ 648,961	\$ 9,712,977		\$ 10,361,938	\$ 668,120
Contracts payable	361,370			361,370	
Accrued and withheld liabilities	89,559	996,881	\$ 43,298	1,129,738	2,080
Due to other funds	1,573,344	65,364	1,428,961	3,067,669	26,569
Deposits held	219,505	4,655,553		4,875,058	
Compensated absences	726,950			726,950	
Claims and judgments payable					2,213,640
Bonds and loans payable	8,587,720	3,352,364		11,940,084	
Total Current Liabilities	<u>\$ 12,207,409</u>	<u>\$ 18,783,139</u>	<u>\$ 1,472,259</u>	<u>\$ 32,462,807</u>	<u>\$ 2,910,409</u>
Noncurrent Liabilities -					
Compensated absences	\$ 683,155	\$ 1,160,740		\$ 1,843,895	
Claims and judgments payable					\$ 2,559,360
Post-employment benefit obligation	762,277	365,111		1,127,388	
Bonds and loans payable	112,022,925	17,058,934		129,081,859	
Advances on conservation loans		731,751		731,751	
Other liabilities		156,777		156,777	
Total Noncurrent Liabilities	<u>\$ 113,468,357</u>	<u>\$ 19,473,313</u>		<u>\$ 132,941,670</u>	<u>\$ 2,559,360</u>
Total Liabilities	<u>\$ 125,675,766</u>	<u>\$ 38,256,452</u>	<u>\$ 1,472,259</u>	<u>\$ 165,404,477</u>	<u>\$ 5,469,769</u>
Net Assets -					
Invested in capital assets, net of related debt	\$ 222,556,860	\$ 83,161,873	\$ 261,814	\$ 305,980,547	
Restricted for capital activity and debt service	26,226,294	925,821		27,152,115	
Unrestricted	8,216,162	(2,837,452)	292,473	5,671,183	\$ 5,396,017
Total Net Assets	<u>\$ 256,999,316</u>	<u>\$ 81,250,242</u>	<u>\$ 554,287</u>	<u>\$ 338,803,845</u>	<u>\$ 5,396,017</u>
Total Liabilities and Net Assets	<u>\$ 382,675,082</u>	<u>\$ 119,506,694</u>	<u>\$ 2,026,546</u>	<u>\$ 504,208,322</u>	<u>\$ 10,865,786</u>
Total Net Assets				\$ 338,803,845	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				446,847	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,418,704	
Net Assets of Business-Type Activities				<u>\$ 340,669,396</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues -					
Charges for services	\$ 26,350,354	\$ 124,542,827	\$ 1,831,185	\$ 152,724,366	\$ 14,186,647
Other revenues					58,185
	<u>\$ 26,350,354</u>	<u>\$ 124,542,827</u>	<u>\$ 1,831,185</u>	<u>\$ 152,724,366</u>	<u>\$ 14,244,832</u>
Operating Expenses -					
Power purchases		\$ 97,960,289		\$ 97,960,289	
Other operating expenses	\$ 14,977,581	5,680,702	\$ 1,872,196	22,530,479	\$ 2,509,767
Claims and administrative					10,639,335
Depreciation and amortization	7,563,129	4,083,208	27,668	11,674,005	
Maintenance and repairs	1,068,000	1,964,195		3,032,195	
Taxes and tax equivalents		2,984,397		2,984,397	
	<u>\$ 23,608,710</u>	<u>\$ 112,672,791</u>	<u>\$ 1,899,864</u>	<u>\$ 138,181,365</u>	<u>\$ 13,149,102</u>
Operating Income (Loss)	<u>\$ 2,741,644</u>	<u>\$ 11,870,036</u>	<u>\$ (68,679)</u>	<u>\$ 14,543,001</u>	<u>\$ 1,095,730</u>
Nonoperating Revenues -					
Interest	\$ 919,020	\$ 178,717	\$ 1,823	\$ 1,099,560	\$ 224,915
Gain on disposal of assets	21,436	2,314		23,750	
	<u>\$ 940,456</u>	<u>\$ 181,031</u>	<u>\$ 1,823</u>	<u>\$ 1,123,310</u>	<u>\$ 224,915</u>
Nonoperating Expenses -					
Interest	<u>\$ 3,940,144</u>	<u>\$ 801,403</u>		<u>\$ 4,741,547</u>	
Income (Loss) Before Capital					
Contributions and Transfers	\$ (258,044)	\$ 11,249,664	\$ (66,856)	\$ 10,924,764	\$ 1,320,645
Capital contributions	19,826,819			19,826,819	
Transfers in			146,666	146,666	
Change in Net Assets	\$ 19,568,775	\$ 11,249,664	\$ 79,810	\$ 30,898,249	\$ 1,320,645
Net Assets at beginning of year	<u>237,430,541</u>	<u>70,000,578</u>	<u>474,477</u>	<u>307,905,596</u>	<u>4,075,372</u>
Net Assets at end of year	<u>\$ 256,999,316</u>	<u>\$ 81,250,242</u>	<u>\$ 554,287</u>	<u>\$ 338,803,845</u>	<u>\$ 5,396,017</u>
Change in Net Assets				\$ 30,898,249	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				263,940	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				182,907	
Change in Net Assets of Business-Type Activities				<u>\$ 31,345,096</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

**Statement of Cash Flows
Proprietary Funds**

Year Ended June 30, 2008

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities -					
Cash received from customers	\$ 26,121,721	\$ 123,710,417	\$ 342,465	\$ 150,174,603	
Cash payments to suppliers	(9,124,085)	(3,170,201)	(170,843)	(12,465,129)	\$ (1,145,448)
Cash payments to employees	(6,489,729)	(4,855,262)	(270,138)	(11,615,129)	(757,496)
Cash payments to TVA for power		(96,690,756)		(96,690,756)	
Cash payments of property taxes		(2,732,559)		(2,732,559)	
Cash received from interfund services provided					14,190,268
Cash payments of claims and administrative expenses					(9,770,823)
Other receipts (payments)					(550,411)
Net Cash Provided (Used) by Operating Activities	\$ 10,507,907	\$ 16,261,639	\$ (98,516)	\$ 26,671,030	\$ 1,966,090
Cash Flows from Noncapital Financing Activities -					
Advances on TVA conservation loans		\$ 119,110		\$ 119,110	
Repayment on due from other funds					\$ 437,984
Transfers in			\$ 146,666	146,666	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ 119,110	\$ 146,666	\$ 265,776	\$ 437,984
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of capital assets	\$ (26,964,552)	\$ (13,940,869)	\$ (84,129)	\$ (40,989,550)	
Net removal costs of capital assets		(432,117)		(432,117)	
Proceeds from sale of assets	21,436			21,436	
Proceeds from bonds and loans	29,618,694	1,351,888		30,970,582	
Principal payment on bonds and loans	(6,482,744)	(2,776,997)		(9,259,741)	
Bond and debt issuance costs (payments)		(70,281)		(70,281)	
Interest paid on bonds and loans	(3,811,623)	(803,847)		(4,615,470)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (7,618,789)	\$ (16,672,223)	\$ (84,129)	\$ (24,375,141)	
Cash Flows From Investing Activities -					
Interest received	\$ 919,020	\$ 179,648	\$ 1,823	\$ 1,100,491	\$ 226,711
Maturities of investments		387,527		387,527	
Net Cash Provided (Used) by Investing Activities	\$ 919,020	\$ 567,175	\$ 1,823	\$ 1,488,018	\$ 226,711
Net Increase (Decrease) in cash and cash equivalents	\$ 3,808,138	\$ 275,701	\$ (34,156)	\$ 4,049,683	\$ 2,630,785
Cash and Cash Equivalents at beginning of year	32,822,194	3,287,388	117,568	36,227,150	5,448,412
Cash and Cash Equivalents at end of year	\$ 36,630,332	\$ 3,563,089	\$ 83,412	\$ 40,276,833	\$ 8,079,197

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2008

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,741,644	\$ 11,870,036	\$ (68,679)	\$ 14,543,001	\$ 1,095,730
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	7,876,411	4,165,198	27,668	12,069,277	
Gain on disposal of assets	(21,436)			(21,436)	
Changes in assets and liabilities -					
Accounts receivable	(129,834)	(1,234,826)	18,134	(1,346,526)	
Due from other funds	(98,799)		(1,506,854)	(1,605,653)	5,636
Inventory	(18,472)	(582,546)	(315)	(601,333)	(19,941)
Prepaid items	7,054	17,905	37	24,996	70,794
Other current assets		(8,377)		(8,377)	99,477
Conservation loans receivable		(125,904)		(125,904)	
Deferred charges		(91,008)		(91,008)	
Accounts payable	75,937	1,250,748	2,031	1,328,716	698,317
Contracts and retainage payable	(2,272,373)			(2,272,373)	
Due to other funds	1,367,294	11,993	1,428,961	2,808,248	13,997
Accrued and withheld liabilities	40,886	170,112	501	211,499	2,080
Post-employment benefit obligation	762,277	365,111		1,127,388	
Other liabilities		(75,123)		(75,123)	
Deposits	71,205	528,320		599,525	
Accrued compensated absences	106,113			106,113	
Net Cash Provided (Used) by Operating Activities	\$ <u>10,507,907</u>	\$ <u>16,261,639</u>	\$ <u>(98,516)</u>	\$ <u>26,671,030</u>	\$ <u>1,966,090</u>
Non-Cash Capital and Related Financing Activities -					
Capital assets purchased on account			\$ 37,090	\$ 37,090	
Contributions in aid of construction	\$ <u>19,826,819</u>			<u>19,826,819</u>	
	\$ <u>19,826,819</u>		\$ <u>37,090</u>	\$ <u>19,863,909</u>	
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Assets -					
Cash and cash equivalents	\$ 10,404,038	\$ 2,637,268	\$ 83,412	\$ 13,124,718	\$ 8,079,197
Cash and cash equivalents - restricted	26,226,294	925,821		27,152,115	
Cash and cash equivalents at end of year	\$ <u>36,630,332</u>	\$ <u>3,563,089</u>	\$ <u>83,412</u>	\$ <u>40,276,833</u>	\$ <u>8,079,197</u>
Reconciliation of Depreciation and Amortization Expense per Statement of Revenue, Expenses, and Changes in Net Assets to Depreciation and Amortization Expense per Statement of Cash Flows -					
Depreciation and amortization expense per Statement of Revenue, Expenses, and Changes in Net Assets	\$ 7,563,129	\$ 4,083,208	\$ 27,668	\$ 11,674,005	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenue, Expenses, and Changes in Net Assets	<u>313,282</u>	<u>81,990</u>		<u>395,272</u>	
Depreciation and amortization expense per Statement of Cash Flows	\$ <u>7,876,411</u>	\$ <u>4,165,198</u>	\$ <u>27,668</u>	\$ <u>12,069,277</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Assets
Fiduciary Funds

June 30, 2008

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>	<u>School Activity Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,872,531	\$ 168,170	\$ 543,437
Certificates of deposit			53,456
Investments, at fair value			
Mutual funds	36,456,223		
U.S. Government notes and bonds	18,250,518		
Municipal notes and bonds	498,461		
Corporate notes and bonds	10,419,261		
Common stock	16,108,394		
Accrued interest receivable	70,456		
Contributions receivable	909,652		
Other receivables			2,967
Inventory			28,033
	<u>\$ 84,585,496</u>	<u>\$ 168,170</u>	<u>\$ 627,893</u>
<u>LIABILITIES</u>			
Due to other funds		\$ 28,511	
Due to others			\$ 627,893
		<u>\$ 28,511</u>	<u>\$ 627,893</u>
<u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits and other purposes	<u>\$ 84,585,496</u>	<u>\$ 139,659</u>	<u>\$ - 0 -</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Net Assets
Fiduciary Funds

Year Ended June 30, 2008

	Pension Trust Funds	Extended School Program Private Purpose Trust Fund
Additions -		
Contributions -		
Employer	\$ 4,636,786	
Investment income-		
Net depreciation in fair value of investments	\$ (4,750,150)	
Interest	1,962,850	\$ 8,788
Dividends	1,111,535	
Total investment income	\$ (1,675,765)	\$ 8,788
Less investment fees	(40,167)	
Net investment income	\$ (1,715,932)	\$ 8,788
Total additions	\$ 2,920,854	\$ 8,788
Deductions -		
Benefits to participants	\$ 2,830,810	
Insurance premiums	495,759	
Total deductions	\$ 3,326,569	
Net Increase (Decrease)	\$ (405,715)	\$ 8,788
Net Assets Held in Trust for Pension Benefits -		
Beginning of year	84,991,211	130,871
End of year	\$ 84,585,496	\$ 139,659

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements

June 30, 2008

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.

The accounting and reporting policies of the City relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply to its business-type activities and enterprise funds Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The GASB periodically updates its codification of the existing Governmental Accounting and Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the City are described below.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, state and federal grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes and accounts receivable are reduced by an allowance for uncollectible accounts.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 proceeds of specific revenue sources that are legally restricted to expenditures for education.

2006 TML Fund - The 2006 TML Fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2008 TML Fund - The 2008 TML Fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

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 worker's 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.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first when budgeted, and then restricted resources as they are needed.

Assets, Liabilities, and Net Assets or Equity

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. Inventories reported in governmental funds are offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though it is a component of net current assets. Although a reservation of fund balance is not required under the consumption method, this reservation is shown for management purposes only.

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

Restricted Assets - The City's restricted assets consist of the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Other</u>	<u>Murfreesboro</u>	<u>Murfreesboro</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Water and</u>	<u>Electric</u>	
		<u>Funds</u>	<u>Sewer</u>	<u>Department</u>	<u>Total</u>
Restricted assets -					
Cash and cash equivalents	\$ 1,166,069	\$ 46,197	\$ 26,226,294	\$ 925,821	\$ 28,364,381
Investments		1,396,657			1,396,657
Total restricted assets	<u>\$ 1,166,069</u>	<u>\$ 1,442,854</u>	<u>\$ 26,226,294</u>	<u>\$ 925,821</u>	<u>\$ 29,761,038</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2008 is \$1,166,069.

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 \$46,197 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2008. 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, 2008, \$146,666 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, 2008 is \$1,396,657.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2008, Water and Sewer connection fees in the amount of \$22,609,944 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 \$123,420. The interest income reserve was set up by the Water and Sewer Board to reserve interest earned on non operational 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, 2008, \$1,879,212 was restricted for this purpose. Certain other amounts have been restricted for future year debt payments. The debt service reserve fund 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, 2008 is \$1,613,718.

The Electric Department has restricted funds in accordance with revenue bond ordinances which require the Department to establish a sinking fund to pay annual obligations for interest and principal on maturing bonds. At June 30, 2008, \$895,821 was restricted for this purpose. When the fund is equal to the aggregate principal of the maturing bonds outstanding plus interest accruing to the next interest payment date, no further payment needs be made to the sinking and interest fund. The bond ordinances also require that there shall be deposited into a reserve fund money sufficient to pay the highest total amount of principal and interest to become due in any twelve month period on all bonds outstanding. The bond issues require monthly deposits of 20% of sinking fund deposits until they are fully funded. In addition to the sinking and interest fund and the reserve fund, the bond ordinances require the Department to maintain reserves for renewal and replacement of utility plant financed by the bond issuances. The amount restricted for this purpose at June 30, 2008 is \$30,000.

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, 2008, the City of Murfreesboro's Risk Management Fund has \$500,000 in a certificate of deposit which is restricted in this manner.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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
Other improvements	20 – 50 years
Equipment	3 – 25 years
Infrastructure	10 – 50 years

Total depreciation and amortization expense for proprietary funds amounted to \$12,069,277 for the year ended June 30, 2008. 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 assets. A reconciliation of this difference is provided below:

	<u>Total Proprietary Funds</u>
Depreciation and amortization on statement of cash flows	\$ 12,069,277
Depreciation and amortization on statement of revenues, expenses, and changes in net assets	<u>11,674,005</u>
Difference (depreciation charged to other operating expense accounts)	\$ <u><u>395,272</u></u>

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

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 assets. 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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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 and retirements.

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

Allowance for Uncollectible Accounts - The City's allowance for estimated uncollectible receivables at June 30, 2008 is as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Allowance for -		
Taxes Receivable	\$ 1,765,951	
Other	500,000	
Accounts Receivable		\$ 39,737

An allowance for uncollectible accounts was not considered necessary for the Murfreesboro Electric Department and the Murfreesboro Water and Sewer Department at June 30, 2008.

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.

Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Included in general fund designated fund balance are amounts set aside to pay unemployment benefits. At June 30, 2008, the City had amounts designated for this purpose in the amount of \$42,331. Also at June 30, 2008, \$352,561 and \$151,083 were set aside in the special revenue funds for repairs and replacements and contingencies, respectively.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

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 assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$202,312,603 difference are as follows:

General Government -		
Bonds Payable	\$	1,305,000
TML Notes Payable		186,288,248
Capital Outlay Note		3,191,000
Compensated absences		5,648,006
Post-employment benefit obligation		4,877,812
Landfill post-closure costs		830,000
Murfreesboro City Schools		
Compensated absences		172,537
	\$	<u>202,312,603</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets 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 \$25,108,686 difference are as follows:

Capital outlay	\$	38,961,899
Depreciation		(13,853,213)
Net adjustment	\$	<u>25,108,686</u>

Another element of that reconciliation states that “The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.” The details of this \$8,002,635 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 assets differs from the change in fund balance by the cost of the capital assets sold.

\$ (1,390,569)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Net adjustment

\$ 9,393,204
8,002,635

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

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 assets. 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 \$(26,521,963) difference are as follows:

Debt issued or incurred	\$ (47,837,527)
Principal repayments	21,315,564
Net adjustment	<u>\$ (26,521,963)</u>

Note C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 Fund

Special Revenue Funds - State Street Aid Fund, City Recreation Fund, Senior Citizens Fund, Old Fort Golf Course Fund, Television Fund, Solid Waste Fund, Airport Fund, Drug Enforcement Fund, Public Transportation Fund, Extended School Program Fund, School Cafeteria Fund and Federal and State Program Funds.

Capital Projects Funds - Capital Improvement and Contingency Fund, Community Development Fund, Gateway Project Fund, Battlefield River Trail Fund, 1998 TML Fund, 1999 TML Fund, 2001 TML Fund, 2002 TML Fund, 2004 TML Fund, 2005 TML Fund, 2006 TML Fund, 2008 TML Fund, and 2009 TML Fund.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds with the exception of those funds of the Murfreesboro Board of Education. The budgets of the General Purpose School Fund, School Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund are prepared on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase. Budgetary comparisons presented in this report for these funds are on this budgetary basis. No budgets were adopted for the school capital projects fund and the school debt service fund for the year ended June 30, 2008.

Governmental funds without annual budgets are as follows:

Internal Service Funds

School Capital Projects Fund

Pension Trust Funds

School Debt Service Fund

Extended School Private Purpose Trust Fund

School Activity Agency Fund

Permanent Fund

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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.

Excess of Expenditures over Appropriations – For the year ended June 30, 2008, expenditures exceeded appropriations in two special revenue funds as follows:

	Final Budget	Budgetary Basis	Variance
Federal and State Program Funds	\$ 4,566,293	\$ 4,653,123	\$ (86,830)
School capital projects fund	-0-	738,836	(738,836)
School debt service fund	-0-	4,976,308	(4,976,308)

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 reserve 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 reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

However, encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to the budgets on the budget basis for the General Purpose School Fund, the School Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund.

Budgetary – GAAP Reporting Reconciliation - The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Purpose School Fund presents comparisons of the legally adopted budget (described above) with actual data on a budgetary basis. The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund are presented in accordance with generally accepted accounting principles (GAAP). Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in accordance with GAAP, a reconciliation of resultant basis and timing differences in the excess of revenues and other sources over expenditures and other uses for the year ended June 30, 2008 is presented below:

	<u>General Purpose School Fund</u>
Excess of revenues and other sources over (under) expenditures and other uses (Budgetary Basis)	\$ 1,635,369
Adjustments:	
To adjust for net increase in encumbrances	<u>(107,437)</u>
Net change in fund balance (GAAP Basis)	<u>\$ 1,527,932</u>

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, the Rutherford County Library System, and the City/County Cultural Arts Commission.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note E - CASH AND INVESTMENTS

Investments – As of June 30, 2008, the City had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		<1	1-5	6-10	>10
Employee Pension Plan					
U.S. Treasury Notes	\$ 3,366,106		\$ 3,148,688	\$ 214,194	\$ 3,224
Federal Home Loan Bank	3,019,628	\$ 250,157	883,533	1,785,791	100,147
Federal Home Loan Mortgage Corp.	2,588,266			947,374	1,640,892
Federal National Mortgage Assoc.	3,968,557			397,759	3,570,798
Federal Farm Credit Bank	1,527,386		246,007	1,281,379	
Government National Mortgage Assoc.	150,898		14,874		136,024
FNMA Gold TBA	670,908				670,908
Municipal Bonds & Notes	498,461			123,979	374,482
Corporate Bonds & Notes	8,790,517	1,047,897	3,136,996	3,583,343	1,022,281
Total	\$ 24,580,727	\$ 1,298,054	\$ 7,430,098	\$ 8,333,819	\$ 7,518,756
Electric Department Pension Plan					
Federal Home Loan Bank	\$ 1,933,786	\$ 225,346	\$ 704,186	\$ 804,182	\$ 200,072
Federal Farm Credit Bank	303,018			303,018	
Federal Home Loan Mortgage Corp.	273,955			273,955	
Federal National Mortgage Assoc.	448,008			448,008	
Corporate Bonds & Notes	1,628,744	446,818	486,219	695,707	
Total	\$ 4,587,511	\$ 672,164	\$ 1,190,405	\$ 2,524,870	\$ 200,072
Evergreen Cemetary Fund					
Federal Home Loan Bank	\$ 843,169	\$ 100,063	\$ 224,417	\$ 369,173	\$ 149,516
Federal Farm Credit Bank	76,433			76,433	
Federal National Mortgage Assoc.	98,323			98,323	
Corporate Bonds & Notes	346,571	128,927	74,020	143,624	
Total	\$ 1,364,496	\$ 228,990	\$ 298,437	\$ 687,553	\$ 149,516

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

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

Credit risk - At June 30, 2008, 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. 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, 2008, the City had investments in corporate bonds rated by Moody's as presented on the following page:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note E - CASH AND INVESTMENTS (continued)

<u>Moody's Rating</u>	<u>City's Pension Plan</u>	<u>Electric Department Pension Plan</u>	<u>Evergreen Cemetery</u>
A1	\$ 846,296	\$ 140,715	\$ 98,245
A2	1,345,496	246,977	
A3	1,151,010	391,764	49,500
AA1	205,506	95,186	
AA2	361,794		25,138
AA3	1,517,887	344,555	47,374
AAA	2,101,461	287,361	53,682
BA1	89,334		
BAA1	953,693	122,186	72,632
BAA2	320,908		
BAA3	244,557		
NR	151,036		
	<u>\$ 9,288,978</u>	<u>\$ 1,628,744</u>	<u>\$ 346,571</u>

NR=not rated

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2008, 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, 2008.

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, \$9,288,978, \$1,628,744 and \$346,571 of the City's Employee Pension Plan, Electric Department Pension Plan and Evergreen Cemetery fund, respectively, are uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent, but not in the City's name.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note F - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

<u>Governmental activities -</u>	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2008</u>
Capital assets, not being depreciated -					
Land	\$ 220,908,163	\$ 10,101,055	\$ 222,737		\$ 230,786,481
Construction in progress	76,424,806	37,774,816	67,870,723		46,328,899
Subtotal	<u>\$ 297,332,969</u>	<u>\$ 47,875,871</u>	<u>\$ 68,093,460</u>		<u>\$ 277,115,380</u>
Capital assets, being depreciated -					
Buildings	\$ 96,448,779	\$ 25,925,763	\$ 1,027,217		\$ 121,347,325
Improvements other than buildings	45,857,920	4,946,024			50,803,944
Equipment	37,772,086	7,851,126	1,474,831		44,148,381
Infrastructure	204,026,339	29,627,045			233,653,384
Subtotal	<u>\$ 384,105,124</u>	<u>\$ 68,349,958</u>	<u>\$ 2,502,048</u>		<u>\$ 449,953,034</u>
Less accumulated depreciation					
Buildings	\$ (22,694,567)	\$ (2,487,459)	\$ 235,096		\$ (24,946,930)
Improvements other than buildings	(14,483,468)	(2,425,812)			(16,909,280)
Equipment	(18,121,357)	(4,195,071)	1,099,120		(21,217,308)
Infrastructure	(41,811,870)	(4,744,871)			(46,556,741)
Subtotal	<u>\$ (97,111,262)</u>	<u>\$ (13,853,213)</u>	<u>\$ 1,334,216</u>		<u>\$ (109,630,259)</u>
Capital assets, being depreciated, net	<u>\$ 286,993,862</u>	<u>\$ 54,496,745</u>	<u>\$ 1,167,832</u>		<u>\$ 340,322,775</u>
Capital assets, net	<u>\$ 584,326,831</u>	<u>\$ 102,372,616</u>	<u>\$ 69,261,292</u>		<u>\$ 617,438,155</u>

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

Governmental activities -	
General government	\$ 489,772
Police	687,991
Fire protection	381,163
Legal	3,312
Personnel	3,069
Streets	4,918,786
Planning and engineering	29,321
Building inspections	1,841
Sanitation	771,633
Urban environmental	43,701
Public health, safety and other	102,343
Community services	627,670
Recreation	2,546,671
Education	3,245,940
Total governmental activities depreciation expense	<u>\$ 13,853,213</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note F - CAPITAL ASSETS (continued)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>Business-type activities -</u>				
Capital assets, not being depreciated				
Land	\$ 20,668,402	\$ 995		\$ 20,669,397
Construction in progress	61,930,932	45,971,023	\$ 29,608,376	78,293,579
Subtotal	\$ 82,599,334	\$ 45,972,018	\$ 29,608,376	\$ 98,962,976
Capital assets, being depreciated -				
Structures and improvements	\$ 65,335,847	\$ 601,078	\$ 71,778	\$ 65,865,147
Transmission and distribution mains	215,245,440	27,416,337	77,075	242,584,702
Electric plant	97,468,681	15,439,427	2,509,570	110,398,538
Equipment	33,182,795	1,054,412	266,999	33,970,208
Subtotal	\$ 411,232,763	\$ 44,511,254	\$ 2,925,422	\$ 452,818,595
Less: accumulated depreciation -				
Structures and improvements	\$ (7,785,201)	\$ (1,446,983)	\$ 57,319	\$ (9,174,865)
Transmission and distribution mains	(47,643,112)	(4,875,578)	39,549	(52,479,141)
Electric plant	(25,744,951)	(3,847,640)	2,944,002	(26,648,589)
Equipment	(14,880,742)	(1,870,699)	298,809	(16,452,632)
	\$ (96,054,006)	\$ (12,040,900)	\$ 3,339,679	\$ (104,755,227)
Capital assets, being depreciated, net	\$ 315,178,757	\$ 32,470,354	\$ (414,257)	\$ 348,063,368
Capital assets, net	\$ 397,778,091	\$ 78,442,372	\$ 29,194,119	\$ 447,026,344

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

Business-type activities:	
Water and sewer	\$ 7,876,411
Electric	4,136,821
Cemetery	27,668
Total business-type activities depreciation expense	\$ 12,040,900

Note G - LONG-TERM LIABILITIES

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities –refunding	2.75%	\$ 1,305,000
Business-type activities	2.50%	165,000
		\$ 1,470,000

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note G - LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,305,000	\$ 17,994	\$ 165,000	\$ 2,062

Revenue Bonds

Electric System Revenue Bonds are collateralized by an irrevocable first lien and pledge of the income and revenues derived and to be derived from the operation of the Electric Department after deduction there from of the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the Department as required by applicable bond ordinances. The Department is also required to maintain rates sufficient (1) to pay all maintenance, depreciation, replacement, betterment, and interest charges, (2) to establish and maintain the interest and sinking fund and the reserve fund and (3) to pay in addition all outstanding indebtedness against the Department other than bonds. Revenue bonds outstanding at the end of the year are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Electric Department – Series 1995	5.50%	\$ 645,000
Electric Department – Series 1999	4.50-5.00%	<u>2,030,000</u>
		<u>\$ 2,675,000</u>

Maturities of the revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 615,000	\$ 135,033
2010	645,000	103,608
2011	330,000	70,338
2012	345,000	54,250
2013	360,000	37,000
2014	<u>380,000</u>	<u>19,000</u>
	<u>\$ 2,675,000</u>	<u>\$ 419,229</u>

Tennessee Municipal Bond Fund Loans

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Variable	\$ 186,288,249
Business-type activities	Variable	<u>94,056,075</u>
		<u>\$ 280,344,324</u>

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note G - LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 18,156,390	\$ 2,903,714	\$ 8,483,964	\$ 4,609,355
2010	21,726,011	2,627,068	7,918,254	4,197,204
2011	21,177,406	2,297,510	7,502,108	3,810,503
2012	20,295,457	1,977,831	6,811,596	3,410,551
2013	18,346,184	1,311,646	6,577,580	3,407,320
2014-2018	61,282,918	5,092,609	24,434,069	10,546,362
2019-2023	25,303,883	727,577	24,418,000	5,054,692
2024-2026			7,910,504	591,450
	<u>\$ 186,288,249</u>	<u>\$ 16,937,955</u>	<u>\$ 94,056,075</u>	<u>\$ 35,627,437</u>

Capital Outlay Notes - In December 2006, and July 2007, the City of Murfreesboro issued a \$1,900,000 Taxable Airport Improvement Capital Outlay Note, Series 2006, and a \$1,400,000 Taxable Airport Improvement Capital Outlay Note, Series 2007, respectively, for the purpose of providing funds to finance the cost of the construction and equipping of t-hangars at the City of Murfreesboro's airport. The 1.9 million capital outlay note matures on December 1 of each of the years 2007 through 2018, inclusive, and bears interest at a rate of 6.55%, payable semi-annually on June 1 and December 1 of each year commencing June 1, 2007. The 1.4 million capital outlay note matures on August 1 of each of the years 2008 through 2019, inclusive, and bears interest at a rate of 6.49%, payable semi-annually on February 1 and August 1 of each year commencing February 1, 2008.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2009	\$ 197,000	\$ 201,771
2010	210,000	188,490
2011	224,000	174,328
2012	237,000	159,284
2013	254,000	143,263
2014-2018	1,538,000	436,595
2019-2020	531,000	27,751
	<u>\$ 3,191,000</u>	<u>\$ 1,331,482</u>

Loans Payable - Utility Plant Acquisition – The Electric Department has purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC) during the 2003, 2004, 2006 and 2007 fiscal years. The purchase price of these transactions total \$1,655,538 representing \$187,550 in net plant allocated to specific plant accounts and \$1,467,988 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance is payable annually in equal installments over a ten year period in the amounts of \$76,926 for 2003 purchases, \$27,497 for 2004 purchases, \$1,574 for 2006 purchases and \$10,367 for 2007 purchases. No additional purchases of customers or utility plant were made during the 2008 fiscal year.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note G - LONG-TERM LIABILITIES (continued)

State Revolving Loans – The Water and Sewer Department has three state revolving loans to fund the Wastewater Facilities Project. The total approved amounts of the loans were \$58,000,000, \$900,000 and \$3,700,000 at June 30, 2008. The Department is required only to make monthly interest payments at a rate of 4.24%, 4.28% and 3.71% per annum, respectively. Upon completion of the project or upon drawing 90% of the \$58,000,000, 90% of the \$900,000 and 90% of the \$3,700,000, respectively, whichever comes first, the Department is required to begin making principal and interest payments.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,559,756	\$ 1,790,880
2010	2,670,024	1,680,600
2011	2,785,044	1,565,580
2012	2,905,020	1,445,604
2013	3,030,168	1,320,456
2014-2018	17,225,196	4,527,924
2019-2023	12,288,315	860,700
2024	132,935	2,688
	<u>\$ 43,596,458</u>	<u>\$ 13,194,432</u>

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
<i>Governmental Activities -</i>					
General obligation bonds	\$ 2,585,000		\$ 1,280,000	\$ 1,305,000	\$ 1,305,000
Less: deferred amounts -					
On refunding	(12,520)		(12,520)		
For issuance premiums	20,106		20,106		
Obligations under capital lease	473,400		473,400		
Capital outlay notes	1,900,000	\$ 1,400,000	109,000	3,191,000	197,000
Tennessee Municipal Bond Fund Loans	<u>166,501,981</u>	<u>41,099,715</u>	<u>19,881,764</u>	<u>187,719,932</u>	<u>18,608,390</u>
	<u>\$ 171,467,967</u>	<u>\$ 42,499,715</u>	<u>\$ 21,751,750</u>	<u>\$ 192,215,932</u>	<u>\$ 20,110,390</u>
Estimated landfill closure costs	370,000	460,000		830,000	166,000
Compensated absences	5,297,889	1,941,886	1,419,232	5,820,543	1,178,532
Post-employment benefit obligation		4,877,812		4,877,812	
Claims and judgments	4,103,500	2,444,393	1,774,893	4,773,000	2,213,640
Tennessee Municipal Bond Fund Loans reported by Water and Sewer Fund (1)	(1,860,284)		(428,600)	(1,431,684)	(452,000)
Governmental activity -					
Long-term liabilities	<u>\$ 179,379,072</u>	<u>\$ 52,223,806</u>	<u>\$ 24,517,275</u>	<u>\$ 207,085,603</u>	<u>\$ 23,216,562</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note G - LONG-TERM LIABILITIES (continued)

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, \$4,773,000 of internal service funds claims and judgments are included in the above amounts. For governmental activities, compensated absences are generally liquidated by the general fund and claims and judgments are liquidated by the risk management fund.

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>	<u>One Year</u>
<i>Business-type Activities -</i>					
General obligation bonds	\$ 335,000		\$ 170,000	\$ 165,000	\$ 165,000
Revenue Bonds	3,255,000		580,000	2,675,000	615,000
Matured bonds payable	36,000			36,000	
Less: deferred amounts -					
For issuance discounts	(29,479)		(5,625)	(23,854)	
On refunding	(44,727)		(539)	(44,188)	
Total bonds payable	\$ 3,551,794		\$ 743,836	\$ 2,807,958	\$ 780,000
State revolving loan	46,050,506		2,454,048	43,596,458	2,559,756
Compensated absences	2,399,836	\$ 466,885	295,876	2,570,845	726,950
Post-employment benefit obligation		1,127,388		1,127,388	
Tennessee Municipal Bond Fund Loan	67,174,905	31,469,606	6,020,120	92,624,391	8,031,964
Loans payable - Utility plant acquisition	667,449		105,997	561,452	116,364
	\$ 119,844,490	\$ 33,063,879	\$ 9,619,877	\$ 143,288,492	\$ 12,215,034
Tennessee Municipal Bond Fund Loan (1)	1,860,284		428,600	1,431,684	452,000
Business-type activity - Long-term liabilities	\$ 121,704,774	\$ 33,063,879	\$ 10,048,477	\$ 144,720,176	\$ 12,667,034

Note H - CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2008, outstanding funds advanced by TVA totaled \$731,751 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, 2008, the outstanding receivables for loans made from these funds amounted to \$720,688.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

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) and participates in the Tennessee Consolidated Retirement System, an agent, multiple-employer public employee retirement system (PERS). The City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension are included in the accompanying financial statements as pension trust funds.

The following is a summary of each of these plans:

City of Murfreesboro Administered Pension Plans
Plan Descriptions and Provisions -

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

In accordance with the City Code, subject to approval by the City Council, pension plan provisions may be established or amended by the pension committee. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report, and must also be approved by City Council.

Employees become eligible to participate upon completion of ninety days of employment. The plan provides for a basic monthly pension beginning at normal retirement age, a disability benefit, and a death benefit prior to retirement, all of which are based upon the monthly compensation of the participant. The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the system. The funding policy is to contribute 11.89% of covered salary. Over the years the actual contributions have exceeded the Annual Required Contributions developed under GASB 25/27 resulting in a cumulative negative Net Pension Obligation. The amount funded was less than the required amount for the fiscal year ending 2008 resulting in an increase to the NPO of \$227,182. Prior to July 1, 1988, employees were required to contribute toward the cost of pension compensation. Consequently, some participants who terminate employment will receive lump-sum distributions. Members with less than five years of service receive a refund of their contributions, and members with five years or more of service receive a refund of contributions and accumulated interest at the rate of 7.5% per annum.

The plan was also amended on July 1, 1988 concerning age of retirement. In past years, the plan provided for a basic monthly pension beginning at normal retirement age. The plan as amended provides for a basic monthly pension beginning at age 55, instead of 65, provided the participant has at least 30 years of service. Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2002 and changed the asset valuation method from the mean of book and market approach to the five-year smoothing method. The City has the right to further amend or terminate the plan.

Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2007 and changed the mortality assumption from the 1983

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

Group Annuity Mortality Table to the RP 2000 Combined Mortality Table.

The City uses the accrual basis of accounting for the plan. Investment income is recognized when it is earned and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the plan.

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

There were four investments in a mutual fund representing more than 5% of the net assets available for benefits as shown on below:

<u>Investment in Mutual Fund</u>	<u>Amount</u>	<u>Percentage of Net Assets</u>
Dodge & Cox International Stock Fund	\$ 7,102,233	10.10%
PIMCO Global Bond Fund Unhedged	4,962,617	6.99%
Brandywine Global Bond Fund	5,269,776	7.43%
Ridgeworth Fund - Int'l Equity Index	7,050,191	9.94%

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

Murfreesboro Electric Department Employee Pension - The Murfreesboro Electric Department provides a defined benefit pension plan with contributions made to a separate fund named the Murfreesboro Electric Department Pension Trust. Pension plan provisions may be established or amended by the Board of Trustees under the authority of the pension trust document. The Board approves contribution rates based on recommendations included in the annual actuarial valuation report. The plan covers all full-time employees upon the completion of one year of service and attainment of age 25. Upon retirement, the participant's monthly benefit is determined based upon 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty years. Normal retirement age is 60, but a participant may retire at age 55 upon the completion of 10 years of service. Participants are fully vested after five years of credited service. Lump sum payments of deferred vested benefits valued at less than \$10,000 can be made to terminated participants at the discretion of the Retirement Committee.

The Plan has received and maintains a favorable determination letter from the Internal Revenue Service concerning its tax-exempt status. The cost of the plan is borne solely by the employer. Participant contributions are not allowed.

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 Pension Plan
P.O. Box 9
Murfreesboro, Tennessee 37133
615-893-5514

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

There were no investments representing more than 5% of the net assets available for benefits. There are no related party transactions involving the pension trust.

Contributions, Membership and Funding Requirements -

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

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Retired Participants and Terminated Participants with Deferred Vested Benefits	34	288
Active Participants	<u>64</u>	<u>885</u>
	<u>98</u>	<u>1,173</u>

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

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Annual pension cost	\$ 615,537	\$ 4,279,329
Contributions made	\$ 637,785	\$ 4,052,147
Actuarial valuation date	August 1, 2008	July 1, 2008
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level dollar	Level dollar
Amortization period-open	30 years	30 years
Remaining amortization period	25 years	29 years
Asset valuation method	Market	Five-year Smoothing
Actuarial assumptions:		
Investment rate of return	7.0%	7.5%
Projected salary increases	4.5%	5.0%
Inflation rate	N/A	N/A

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

Three-Year Trend Information

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Benefit)</u>
Murfreesboro Electric	07/31/06	\$ 544,038	101.20%	\$ -0-
Department Pension	07/31/07	596,170	102.10%	-0-
	07/31/08	615,537	103.60%	-0-
City of Murfreesboro	07/01/06	\$ 3,531,820	93.43%	\$(1,395,351)
Employee's Pension	07/01/07	3,852,817	97.38%	(1,281,081)
	07/01/08	4,265,880	94.99%	(1,053,899)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c)</u>
Murfreesboro Electric Department Pension:						
08/01/06	\$ 10,711,935	\$ 11,529,863	\$ 817,928	92.9%	\$ 3,314,820	24.7%
08/01/07	11,731,118	13,038,280	1,307,162	90.0%	3,400,782	38.4%
08/01/08	11,565,801	12,834,516	1,268,715	90.1%	3,618,857	35.1%
City of Murfreesboro Employees' Pension:						
07/01/06	\$ 62,774,796	\$ 75,869,525	\$ 13,094,729	82.7%	\$ 33,533,397	39.1%
07/01/07	69,675,720	84,477,610	14,801,890	82.5%	35,467,822	41.7%
07/01/08	76,160,860	91,281,997	15,121,137	83.4%	37,555,620	40.3%

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

Annual Required Contribution	\$ 4,265,880
Interest on net pension obligation	(96,081)
Adjustment to annual required contribution	<u>109,530</u>
Annual pension cost	\$ 4,279,329
Contributions made	<u>(4,052,147)</u>
Increase in net pension obligation	\$ 227,182
Net pension obligation beginning of year	<u>(1,281,081)</u>
Net pension obligation end of year	\$ <u>(1,053,899)</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

Tennessee Consolidated Retirement System

Plan Description – Employees of the Murfreesboro City School System are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Murfreesboro City School System participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy – The Murfreesboro City School System is noncontributory and has assumed employee contributions up to 5.0 percent of annual covered payroll.

The Murfreesboro City School System is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008 was 12.08% of annual covered payroll. The contribution requirement by plan members is set by state statute. The contribution requirement for the Murfreesboro City School System is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost – For the year ending June 30, 2008, the Murfreesboro City School System's annual pension cost of \$799,031 to TCRS was equal to the Murfreesboro City School System's required and actual contributions.

The required contribution was determined as a part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The Murfreesboro City School System's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	<u>Trend Information</u>		Net Pension Obligation
		Percentage of APC <u>Contributed</u>		
6/30/06	\$ 526,455	100.00%		\$ -0-
6/30/07	726,872	100.00%		-0-
6/30/08	799,031	100.00%		-0-

As of July 1, 2007, the most recent actuarial valuation date, the plan was 91.64% funded. The actuarial accrued liability for benefits was \$14.63 million, and the actuarial value of assets was \$13.41 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.22 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.16 million, and the ratio of the UAAL to the covered payroll was 19.87%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities (AALs) for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funding status and funding progress has been prepared using the entry age actuarial cost method for that purpose and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
07/01/07	\$ 13,412,000	\$14,635,000	\$1,223,000	91.64%	\$6,156,000	19.87%

Teachers' Plan

Plan Description - The Murfreesboro City School System contributes to the State Employees, Teachers, and Higher Education Employees Pension plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage of change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note I - EMPLOYEE PENSION PLANS (continued)

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in a PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/schools/>.

Funding Policy - Most teachers are required by state statutes to contribute five percent of salary to the plan. The employer contribution rate for Murfreesboro City Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2008 was 6.42% of annual covered payroll. The employer contribution requirement for Murfreesboro City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2008, 2007, and 2006 were, \$1,626,836, \$1,511,625, and \$1,275,894, respectively, and were equal to the required contributions for each year.

Note J - DEFERRED COMPENSATION PLANS

The City of Murfreesboro and the Murfreesboro Electric Department offer employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all 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 Internal Revenue Code 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

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City 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. Recognition of the liability accumulated from prior years will be phased in over 30 years commencing with the 2008 liability.

The City maintains two separate single-employer defined post-employment healthcare benefit plans (the City of Murfreesboro plan which includes the Murfreesboro Water and Sewer employees and the Murfreesboro Electric Department plan).

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note K – POST-EMPLOYMENT BENEFITS (continued)

The following is a summary of each of these plans:

City of Murfreesboro Administered Plan

Plan Description - In addition to pension benefits described in Note I, the City provides certain healthcare and life insurance benefits for retired employees. Plan benefits and any amendments are under the authority of City Council. The current retiree's share of premiums is 25%. Substantially all of the City's employees (excluding school and electric department employees) may become eligible for those benefits if they reach normal retirement age (55) and have 15 years of service or 30 years of service. Currently, 107 retirees are receiving 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. Substantially all of the Department's employees may become eligible for those benefits if they reach normal retirement age (55) and have 10 years of service or completion of 30 years of service. Currently, 22 retirees are receiving benefits.

The number of participants of each plan as of July 1, 2008, the effective date of the biannual OPEB valuation, follows.

	<u>City Administered Plan</u>		<u>Murfreesboro Electric Department</u>
	<u>Water & Sewer</u>	<u>Other</u>	
Actives	124	683	72
Disableds		8	
Retirees/Beneficiaries	26	78	20
Total	<u>150</u>	<u>769</u>	<u>92</u>

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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The components of the annual required contribution follows and the net OPEB obligation are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note K – POST-EMPLOYMENT BENEFITS (continued)

	City Administered Plan		Murfreesboro
	Water & Sewer	City	Electric Department
Normal Cost	\$ 580,333	\$ 3,395,778	\$ 276,061
Amortization of Unfunded Accrued Liability	357,832	1,640,042	210,413
Interest	20,876	112,059	10,825
Annual Required Contribution	<u>\$ 959,041</u>	<u>\$ 5,147,879</u>	<u>\$ 497,299</u>
Contribution as a percentage of projected pay	18.39%	18.99%	12.57%

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

	City Administered Plan		Murfreesboro
	Water & Sewer	City	Electric Department
Annual Required Contribution	\$ 959,041	\$ 5,147,879	\$ 497,299
Contributions made	(196,764)	(492,867)	(132,188)
Increase/(Decrease) in net OPEB obligation	\$ 762,277	\$ 4,655,012	\$ 365,111
Net OPEB obligation at beginning of year	-0-	-0-	-0-
Net OPEB obligation at end of year	<u>\$ 762,277</u>	<u>\$ 4,655,012</u>	<u>\$ 365,111</u>

As of July 1, 2008, the most recent actuarial valuation, both plans were 0% funded. The actuarial accrued unfunded liability (UAAL) for benefits at June 30, 2008 as well as actuarial methods and assumptions for both plans was as follows:

	City Administered Plan		Murfreesboro
	Water & Sewer	City	Electric Department
Unfunded Actuarial Accrued Liability (UAAL)	\$ 11,514,086	\$ 58,897,953	\$ 6,308,938
Covered payroll	\$ 5,188,601	\$ 27,109,758	\$ 3,954,739
Ratio of UAAL to covered payroll	222%	217%	159%
Actuarial Valuation Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Period	30 yrs	30 yrs	30 yrs
Actuarial assumptions:			
Discount rate	4.50%	4.50%	4.50%
Projected salary increases	5.00%	5.00%	4.00%

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note K – POST-EMPLOYMENT BENEFITS (continued)

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

The OPEB was set at \$-0- at the transition to GASB 45 for both plans. The actuarial method used was the entry age normal actuarial cost method. The plans were assumed to be unfunded. Health care cost trend rates are assumed to increase 8% to 10% in the first year and future increases are assumed to grade uniformly to 5% over a three to ten year period. Claims were adjusted downward 3% each year for aging until age 45, while claims were increased 3% per year until age 75 for the City's Plan, and claims were adjusted downward 3% from attained age 55 to 65, while claims were increased 3% each year from 65 to 75 for the Electric Department.

Murfreesboro City Schools
Plan Description

Murfreesboro City Schools participates in the state-administered Teacher Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302 (teachers) or TCA 8-27-701 (Medicare Supplement). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full-subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For plan members electing family coverage, plan members contribute an average of 40.98% of premiums and Murfreesboro City Schools contributes on average 59.02% of premiums. For plan members electing single coverage, Murfreesboro City Schools contributes 100% of premiums.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note K – POST-EMPLOYMENT BENEFITS (continued)

<u>Annual OPEB cost and Net OPEB Obligation</u>	<u>Teacher Group Plan</u>
ARC	\$ 565,852
Interest on the net OPEB obligation	-0-
Adjustment to the ARC	-0-
	<hr/>
Annual OPEB cost	\$ 565,852
Amount of contribution	(343,052)
Increase/Decrease in net OPEB obligation	\$ 222,800
Net OPEB obligation - beginning of year	-0-
Net OPEB obligation - end of year	<u>\$ 222,800</u>

<u>Year End *</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year-end</u>
06/30/08	Teacher Group	\$ 565,852	39.37%	\$ 222,800

*Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Teacher Group Plan</u>
Actuarial valuation date	June 30, 2008
Actuarial accrued liability (AAL)	\$4,260,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$4,260,000
Actuarial Value of Assets as a % of the AAL	0.00%
Covered payroll (active plan members)	\$30,079,000
UAAL as a percentage of covered payroll	14.16%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liability for benefits.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note K – POST-EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2008, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

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 ASSETS

Assets -	
Cash and cash equivalents	\$ 1,801,543
Investments, at fair value	70,946,285
Contributions receivable	271,867
	<u>\$ 73,019,695</u>
Net Assets -	
Held in trust for pension benefits	<u>\$ 73,019,695</u>

STATEMENT OF CHANGES IN NET ASSETS

Additions -	
Employer contributions	\$ 3,999,001
Investment loss	(1,507,469)
	<u>\$ 2,491,532</u>
Deductions -	
Benefits to participants	\$ 2,236,171
Insurance premiums	495,759
	<u>\$ 2,731,930</u>
Net decrease	<u>\$ (240,398)</u>
Net Assets Held in Trust for Pension Benefits -	
Beginning of year	<u>73,260,093</u>
End of year	<u>\$ 73,019,695</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note M - COMMITMENTS AND CONTINGENCIES

Guarantee of Indebtedness - Waterworks and sewer improvement bonds, and the interest thereon, are payable primarily from the revenue of the water and sewer system, subject to prior pledges in favor of certain outstanding obligations. In the event of a deficiency in such revenues, the bonds and the interest thereon will be payable from ad valorem taxes to be levied on all taxable property within the City, irrevocably pledging the full faith and credit of the City.

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 an increase in this estimated liability of \$460,000 from the previous year. The City's engineer estimates that additional costs required will approximate \$830,000. Accordingly, this amount has been accrued as a liability on the government-wide statement of net assets.

Construction - The City has entered into agreements for construction as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Agri-Park Drive	\$ 1,492,413		\$ 1,492,413
Battleground Drive Extension	373,850		373,850
DeJarnette Lane Widening	7,638,945	\$ 5,898,797	1,740,148
Fire Station #10	940,000		940,000
Florence Road	7,820,638	5,702,293	2,118,345
Gateway Trail Phase I	1,331,514	1,034,360	297,154
Halls Hill Pike Reconstruction	3,458,241	64,253	3,393,988
Medical Center Parkway Signilization	1,010,897	999,263	11,634
Medical Center Parkway Landscaping	695,786	324,707	371,079
MTSU Track and Baseball Stadium Improvements	4,640,000	4,610,591	29,409
Rutherford Blvd. (Broad to 1400' of CSX)	4,105,468	640,705	3,464,763
Rutherford Blvd. (S. Church to 1400' of CSX)	6,861,275	5,711,539	1,149,736
Rutherford Blvd. Widening (Ransom to SE Broad)	2,831,209	2,812,209	19,000
Stones River Greenway Extension Phase 2	3,433,068	553,048	2,880,020
West Main Convenience Center	533,966	88,168	445,798
	<u>\$ 47,167,270</u>	<u>\$ 28,439,933</u>	<u>\$ 18,727,337</u>

Also, the Murfreesboro City School System has contracted a janitorial service company to provide the custodial services for certain school facilities. Total commitments for the fiscal year ending June 30, 2009 approximate \$817,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note M - COMMITMENTS AND CONTINGENCIES (continued)

Allocation of State Funds – The State of Tennessee in response to a lawsuit brought by rural Tennessee school systems is considering changes in the methodology of how State education funds are distributed among Tennessee school districts in order to equalize funding. One model under consideration, the district-level fiscal capacity model, would have a substantial negative impact upon Murfreesboro City Schools and most other municipal school districts. Other funding equalization solutions are also being considered. As of the date of this report, the specific changes that the State will make in education funding, if any, and the timing of such changes, are unknown.

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 reasonable possibility that the City may pay an estimated additional amount of \$225,000.

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. Rental income from these sources totaled approximately \$355,762 for the year ended June 30, 2008.

Note O - INTERFUND TRANSACTIONS

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note O - INTERFUND TRANSACTIONS (continued)

Interfund receivable and payable balances at June 30, 2008, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
2008 TML Fund	\$ 7,225,923	
Water and Sewer Fund	62,097	
Electric Fund	65,364	
Nonmajor governmental funds	4,787,581	\$ 104,140
Nonmajor enterprise funds	274,559	32,412
Internal service funds	4,160	130
	<u>\$ 12,419,684</u>	<u>\$ 136,682</u>
General Purpose School Fund		
Nonmajor governmental funds	\$ 870,109	\$ 30,923
Fiduciary fund	28,511	
	<u>\$ 898,620</u>	<u>\$ 30,923</u>
Fiduciary fund		
General Purpose School Fund		\$ 28,511
2008 TML Fund		
General fund		<u>\$ 7,225,923</u>
Nonmajor Governmental Funds		
General fund	\$ 104,140	\$ 4,787,581
General purpose school fund	30,923	870,109
Nonmajor governmental funds	258,423	258,423
Nonmajor enterprise funds	1,055,603	
Internal service funds	19,436	2,066,484
	<u>\$ 1,468,525</u>	<u>\$ 7,982,597</u>
Water and Sewer Fund		
General fund		\$ 62,097
Nonmajor enterprise funds	\$ 98,799	1,506,854
Internal service funds		4,393
	<u>\$ 98,799</u>	<u>\$ 1,573,344</u>
Electric Department Fund		
General fund		\$ 65,364
Nonmajor Enterprise Funds		
General fund	\$ 32,412	\$ 274,559
Water and Sewer fund	1,506,854	98,799
Nonmajor governmental funds		1,055,603
	<u>\$ 1,539,266</u>	<u>\$ 1,428,961</u>
Internal Service Funds		
General fund	\$ 130	\$ 4,160
Water and Sewer fund	4,393	
Nonmajor governmental funds	2,066,484	19,436
Internal service funds	2,973	2,973
	<u>\$ 2,073,980</u>	<u>\$ 26,569</u>
	<u>\$ 18,498,874</u>	<u>\$ 18,498,874</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

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. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

Interfund transfers during the year ended June 30, 2008 were as follows:

	Transfer From			Total
	General Fund	2006 TML Fund	Nonmajor Governmental Funds	
General Fund			\$ 766,292	\$ 766,292
General Purpose School Fund	\$ 4,810,103		30,000	4,840,103
Debt Service Fund	15,553,490	\$ 89,229	6,200,201	21,842,920
2006 TML Fund			1,751,919	1,751,919
Nonmajor Governmental Funds	16,891,439		6,000	16,897,439
Nonmajor Enterprise Fund			146,666	146,666
	\$ 37,255,032	\$ 89,229	\$ 8,901,078	\$ 46,245,339

Transfers among funds are provided for as part of the annual budget process. Transfers are used to move revenues from the fund required to collect the revenue to the fund required or authorized to expend them. All interfund transfers for the fiscal year were routine in nature.

Note P - RISK MANAGEMENT PROGRAM

General, Workers' Compensation, and Auto Liability - The City established a self-insurance program for general liability and workers' compensation during the fiscal year ended June 30, 1986. The automobile liability was added to the self-insurance program during the fiscal year ended June 30, 1988. Premiums are paid into the Risk Management Fund by all City funds requiring insurance and the public library and are available to pay claims, claim reserves, and administrative costs of the program. Claims for the fiscal year ended June 30, 2008 were \$2,444,393. Claims for fire and extended coverage in excess of \$100,000 are covered through commercial insurance. Claims for law enforcement liability in excess of \$10,000 are also covered through commercial insurance. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued.

Group Health - The City provides medical insurance through a group self-insurance program plan. Blue Cross/Blue Shield of Tennessee acts as the administrator of the plan. Insurance premiums are paid into the Insurance Fund from various City funds and the Water and Sewer Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. Claims are paid to Blue Cross/Blue Shield from the Insurance Fund up to a maximum of \$125,000 for each medical claim. A rider policy covers claims for certain transplant surgery (heart, heart and lung, liver and pancreas). Administrative costs and claims for the fiscal year ended June 30, 2008 were \$8,154,263.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2008

Note P - RISK MANAGEMENT PROGRAM (continued)

Claims Liability - The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2008 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. Changes in the Funds' claims liability amounts during the year ended June 30, 2008 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Year Claims and Change in Estimate</u>	<u>Claim Payments</u>	<u>Liability at End</u>
Risk Management Fund -				
2007	\$ 3,900,500	\$ 2,088,467	\$ 1,885,467	\$ 4,103,500
2008	4,103,500	2,444,393	1,774,893	4,773,000
Insurance Fund -				
2007	\$ 323,009	\$ 8,193,496	\$ 8,017,758	\$ 498,747
2008	498,747	8,154,263	8,128,654	524,356

The City had no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Note Q - DEFICIT FUND BALANCES

The 2008 TML fund had a deficit fund balance of \$10,264,736 as of June 30, 2008. The 2008 TML fund incurred expenditures related to various capital projects, specifically, streets, and the new Gateway Trail project. The monies have been currently funded by the General Fund to be reimbursed from the issuance of debt. Various nonmajor capital projects funds had deficit fund balances at June 30, 2008. The Gateway Project fund had a deficit fund balance of \$2,446,344 as of June 30, 2008. The Gateway Project fund incurred expenditures related to the development of the Gateway Project, specifically, streets such as Medical Center Parkway and the Manson Pike Interchange. The monies have currently been funded by the General Fund to be reimbursed by the Gateway Project Fund upon the sale of land acquired by the fund. In addition, the 2002 TML Fund and the 2009 TML Fund had deficit fund balances of \$60,906 and \$118,168, respectively. These TML funds incurred expenditures related to various capital projects. The monies have been funded by the General Fund to be reimbursed from future debt issuance. Also, two nonmajor special revenue funds had deficit fund balances at June 30, 2008. These funds, the Solid Waste Fund and the Mass Transit Fund, had deficit balances of \$4,422 and \$182,458, respectively. These funds do not have separate bank accounts and the deficit balance reflects amounts payable at June 30, 2008 for which general fund transfers have not been made.

Note R - SUBSEQUENT EVENTS

The City invests funds in stocks, bonds and other investment instruments, most of which are held in its pension trust funds. These investments are exposed to various risks such as interest rate, market, and credit risks. Subsequent to June 30, 2008, the City experienced a material decrease in the market value of its investments. Management believes that the decrease in the market value is temporary and will not result in a significant loss to the City.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Funding Progress

June 30, 2008

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
City of Murfreesboro Employees' Pension Plan -						
7/1/99	\$ 37,229,437	\$ 37,874,813	\$ 645,376	98.3 %	\$ 19,735,090	3.3 %
7/1/00	40,957,607	41,386,756	429,149	99.0	21,946,101	2.0
7/1/01	43,201,827	48,522,986	5,321,159	89.0	25,165,651	21.1
7/1/02	48,643,679	52,688,816	4,045,137	92.3	26,004,236	15.6
7/1/03	51,498,359	57,550,714	6,052,355	89.5	27,312,169	22.2
7/1/04	54,574,289	62,648,615	8,074,326	87.1	29,361,363	27.5
7/1/05	58,134,958	69,207,197	11,072,239	84.0	31,949,042	34.7
7/1/06	62,774,796	75,869,525	13,094,729	82.7	33,533,397	39.1
7/1/07	69,675,720	84,477,610	14,801,890	82.5	35,467,822	41.7
7/1/08	76,160,860	91,281,997	15,121,137	83.4	37,555,620	40.3
Murfreesboro Electric Department Employee Pension Plan -						
8/1/99	\$ 8,189,914	\$ 8,588,992	\$ 399,078	95.4 %	\$ 2,630,079	15.2 %
8/1/00	9,412,742	9,412,742	-0-	100.0	2,834,305	0.0
8/1/01	8,599,659	8,599,659	-0-	100.0	2,939,605	0.0
8/1/02	7,940,195	8,435,574	495,379	94.1	2,872,520	17.3
8/1/03	8,549,258	9,032,554	483,296	94.6	2,861,365	16.9
8/1/04	9,343,486	9,814,993	471,507	95.2	3,126,722	15.1
8/1/05	10,275,202	10,735,207	460,005	95.7	3,337,003	13.8
8/1/06	10,711,935	11,529,863	817,928	92.9	3,314,820	24.7
8/1/07	11,731,118	13,038,280	1,307,162	90.0	3,400,782	38.4
8/1/08	11,565,801	12,834,516	1,268,715	90.1	3,618,857	35.1

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Employer Contributions

June 30, 2008

<u>Fiscal</u> <u>Year</u>	<u>Murfreesboro Employees' Pension</u>		<u>Electric Department Pension</u>	
	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
1999	\$ 1,471,683	100 %	\$ 207,274	100 %
2000	1,473,113	147	180,847	100
2001	1,835,308	125	152,664	100
2002	2,459,161	100	316,692	100
2003	2,424,202	107	486,839	101
2004	2,721,331	98	478,354	101
2005	3,045,036	97	545,068	101
2006	3,531,820	93	544,038	101
2007	3,852,817	97	596,170	102
2008	4,265,880	95	615,537	104

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Post-Employment Benefits

Schedule of Funding Progress

June 30, 2008

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
City of Murfreesboro (excluding Water and Sewer employees)						
07/01/08	\$ -0-	\$ 58,897,953	\$ 58,897,953	0.0 %	\$ 27,109,758	217.3 %
Murfreesboro Water and Sewer Department						
07/01/08	\$ -0-	\$ 11,514,086	\$ 11,514,086	0.0 %	\$ 5,188,601	221.9 %
Murfreesboro Electric Department						
07/01/08	\$ -0-	\$ 6,308,938	\$ 6,308,938	0.0 %	\$ 3,954,739	159.5 %
Murfreesboro City Schools						
06/30/08	\$ -0-	\$ 4,260,000	\$ 4,260,000	0.0 %	\$ 30,079,000	14.2 %

Note: Two additional years will be reported as data becomes available.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and special purpose funds established by the City Council.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition or construction of capital projects, other than those financed by Enterprise Funds or Internal Service Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, lease of City property, and earnings on investments.

SCHOOL DEBT SERVICE FUND

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

PERMANENT FUND

Permanent Funds are used to account for funds that are legally restricted to the extent that only earnings (and not principal) may be used for purposes that support the City or its citizenry.

The *Perpetual Care Cemetery Fund* accounts for the portion of cemetery lot sale proceeds required by law to be deposited into a perpetual care fund. Earnings on the funds may be used for the maintenance of the Evergreen Cemetery grounds.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,734,815	\$ 10,431,809		\$ 17,166,624
Certificates of deposit	346,864			346,864
Due from other funds	386,362	1,082,163		1,468,525
Due from other governments	6,664,187	620,411		7,284,598
Accounts receivable, net	137,427		\$ 25,405	162,832
Due from others	314,007	24,032		338,039
Other accounts receivable	75		19,566	19,641
Prepaid items and deposits	4,600	567		5,167
Inventory	199,624			199,624
Restricted assets -				
Cash and cash equivalents			46,197	46,197
Investments, at fair value			1,396,657	1,396,657
	<u>\$ 14,787,961</u>	<u>\$ 12,158,982</u>	<u>\$ 1,487,825</u>	<u>\$ 28,434,768</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities-				
Bank overdrafts	\$ 77,405			\$ 77,405
Accounts payable	964,708	\$ 522,572		1,487,280
Accrued liabilities	366,356			366,356
Due to other funds	5,037,601	2,944,996		7,982,597
Due to other governments	630,358			630,358
Due to others		150,115		150,115
Deferred revenue	1,483,532	2,191,397		3,674,929
Other deposits	35,932	10,000		45,932
	<u>\$ 8,595,892</u>	<u>\$ 5,819,080</u>		<u>\$ 14,414,972</u>
Fund Balance-				
Reserved for inventory	\$ 108,072			\$ 108,072
Reserved for perpetual care			\$ 1,474,030	1,474,030
Unreserved -				
Designated for repairs and replacement	352,561			352,561
Designated for contingencies	151,083			151,083
Undesignated	5,580,353	\$ 6,339,902	13,795	11,934,050
	<u>\$ 6,192,069</u>	<u>\$ 6,339,902</u>	<u>\$ 1,487,825</u>	<u>\$ 14,019,796</u>
	<u>\$ 14,787,961</u>	<u>\$ 12,158,982</u>	<u>\$ 1,487,825</u>	<u>\$ 28,434,768</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	Total Special Revenue Funds	Total Capital Projects Funds	School Debt Service Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
Revenues-					
Taxes	\$ 1,195,300				\$ 1,195,300
Intergovernmental	13,812,639	\$ 3,431,568			17,244,207
Charges for services	7,481,695				7,481,695
Donations		483,125			483,125
Interest and investment earnings	207,631	352,157		\$ 120,266	680,054
Program income		31,599			31,599
Miscellaneous	1,226,496	1,581,251			2,807,747
	<u>\$ 23,923,761</u>	<u>\$ 5,879,700</u>		<u>\$ 120,266</u>	<u>\$ 29,923,727</u>
Expenditures -					
Current-					
Police	\$ 259,981				\$ 259,981
Streets	2,334,222				2,334,222
Sanitation	4,448,056				4,448,056
Community services	7,345,353				7,345,353
Recreation	9,152,060				9,152,060
Community development		\$ 817,301			817,301
Economic development		821,688			821,688
Education	3,064,073				3,064,073
Food service	3,387,963				3,387,963
Capital outlay	3,348,845	2,212,725			5,561,570
Debt service:					
Principal			\$ 3,957,694		3,957,694
Interest			1,018,614		1,018,614
	<u>\$ 33,340,553</u>	<u>\$ 3,851,714</u>	<u>\$ 4,976,308</u>		<u>\$ 42,168,575</u>
Excess of Revenues Over (Under)					
Expenditures	\$ (9,416,792)	\$ 2,027,986	\$ (4,976,308)	\$ 120,266	\$ (12,244,848)
Other Sources (Uses) -					
Issuance of debt		\$ 4,149,025			\$ 4,149,025
Proceeds from sale of land		927,796			927,796
Transfers in	\$ 11,921,131		\$ 4,976,308		16,897,439
Transfers out	(1,751,551)	(7,002,861)		\$ (146,666)	(8,901,078)
	<u>\$ 10,169,580</u>	<u>\$ (1,926,040)</u>	<u>\$ 4,976,308</u>	<u>\$ (146,666)</u>	<u>\$ 13,073,182</u>
Net change in fund balances	\$ 752,788	\$ 101,946	\$ -0-	\$ (26,400)	\$ 828,334
Fund Balances at beginning of year	5,439,281	6,237,956	-0-	1,514,225	13,191,462
Fund Balances at end of year	<u>\$ 6,192,069</u>	<u>\$ 6,339,902</u>	<u>\$ -0-</u>	<u>\$ 1,487,825</u>	<u>\$ 14,019,796</u>

NONMAJOR SPECIAL REVENUE FUNDS

State Street Aid Fund accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

City Recreation Fund accounts for revenues and expenditures related to the operation of City parks and recreational facilities.

Senior Citizens Fund accounts for revenues from various grants received for the purpose of operating a senior citizens center and the expenditures related to the center.

Old Fort Golf Course Fund accounts for revenues and expenditures related to the operation of the City golf courses.

Television Fund accounts for revenue from the cable franchise tax and for the expenditures related to broadcast of city council meetings and other events of community interest over the government access television channel.

Solid Waste Fund accounts for expenditures related to the removal and disposal of solid waste.

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.

Public Transportation Fund accounts for revenues and expenditures associated with the development and operations of a transit system for the City of Murfreesboro.

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 Projects Funds 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, 2008

	State Street Aid	City Recreation	Senior Citizens	Old Fort Golf Course	Television	Solid Waste
<u>ASSETS</u>						
Cash and cash equivalents	\$ 448,388	\$ 547,215	\$ 271,669	\$ 475,112	\$ 3,899,629	
Certificates of deposit						
Due from other funds		6,638				
Due from other governments	443,366	3,005,417	20,321			
Accounts receivable, net		2,244				\$ 2,095
Due from others			5,903		305,399	
Other accounts receivable			75			
Prepaid items and deposits						
Inventory				89,639		
	<u>\$ 891,754</u>	<u>\$ 3,561,514</u>	<u>\$ 297,968</u>	<u>\$ 564,751</u>	<u>\$ 4,205,028</u>	<u>\$ 2,095</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities-						
Bank overdraft						
Accounts payable	\$ 254,776	\$ 183,526	\$ 28,977	\$ 58,442	\$ 886	
Accrued liabilities		89,500	6,681	14,782	1,147	\$ 6,517
Due to other funds		2,958,658	21	556	220	
Due to other governments						
Deferred revenue		10,556	21,252	81,007	750,000	
Deposits		3,600				
	<u>\$ 254,776</u>	<u>\$ 3,245,840</u>	<u>\$ 56,931</u>	<u>\$ 154,787</u>	<u>\$ 752,253</u>	<u>\$ 6,517</u>
Fund Balance-						
Reserved for inventory				\$ 89,639		
Unreserved -						
Designated for repairs and replacement		\$ 90,786		261,775		
Designated for contingencies				151,083		
Undesignated	\$ 636,978	224,888	\$ 241,037	(92,533)	\$ 3,452,775	\$ (4,422)
	<u>\$ 636,978</u>	<u>\$ 315,674</u>	<u>\$ 241,037</u>	<u>\$ 409,964</u>	<u>\$ 3,452,775</u>	<u>\$ (4,422)</u>
	<u>\$ 891,754</u>	<u>\$ 3,561,514</u>	<u>\$ 297,968</u>	<u>\$ 564,751</u>	<u>\$ 4,205,028</u>	<u>\$ 2,095</u>

<u>Airport</u>	<u>Drug Enforcement</u>	<u>Public Transportation Fund</u>	<u>Extended School Program</u>	<u>School Cafeteria</u>	<u>Federal and State Program Funds</u>	<u>Total Nonmajor Special Revenue</u>
\$ 149,131	\$ 171,232		\$ 332,990	\$ 439,449		\$ 6,734,815
			326,864	20,000		346,864
70,942		\$ 19,436	277,234		\$ 12,112	386,362
	15,350	1,476,234	38,600	425,322	1,239,577	6,664,187
69,695			63,393			137,427
	2,705					314,007
	4,600					75
18,433				91,552		4,600
<u>\$ 308,201</u>	<u>\$ 193,887</u>	<u>\$ 1,495,670</u>	<u>\$ 1,039,081</u>	<u>\$ 976,323</u>	<u>\$ 1,251,689</u>	<u>\$ 14,787,961</u>
\$ 58,313	\$ 5,485	\$ 196,981	\$ 8,208	\$ 167,571	\$ 77,405	\$ 77,405
2,148		4,913	206,503	10,468	1,543	964,708
611	11,169	937,834	1,145	13,853	23,697	366,356
		538,400	91,958		1,113,534	5,037,601
	63,302		521,905		35,510	630,358
32,332						1,483,532
<u>\$ 93,404</u>	<u>\$ 79,956</u>	<u>\$ 1,678,128</u>	<u>\$ 829,719</u>	<u>\$ 191,892</u>	<u>\$ 1,251,689</u>	<u>\$ 8,595,892</u>
\$ 18,433						\$ 108,072
						352,561
						151,083
196,364	\$ 113,931	\$ (182,458)	\$ 209,362	\$ 784,431		5,580,353
<u>\$ 214,797</u>	<u>\$ 113,931</u>	<u>\$ (182,458)</u>	<u>\$ 209,362</u>	<u>\$ 784,431</u>		<u>\$ 6,192,069</u>
<u>\$ 308,201</u>	<u>\$ 193,887</u>	<u>\$ 1,495,670</u>	<u>\$ 1,039,081</u>	<u>\$ 976,323</u>	<u>\$ 1,251,689</u>	<u>\$ 14,787,961</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	<u>State Street Aid</u>	<u>City Recreation</u>	<u>Senior Citizens</u>	<u>Old Fort Golf Course</u>	<u>Television</u>	<u>Solid Waste</u>
Revenues-						
Intergovernmental	\$ 2,326,053	\$ 2,946,781	\$ 201,618			
Charges for services		1,069,518	166,928	\$ 1,871,610		\$ 5,731
Interest	16,788	5,245	14,221	25,940	\$ 136,841	1,063
Franchise tax					1,195,300	
Miscellaneous		86,609	60,773	9,343	2,690	26,257
	<u>\$ 2,342,841</u>	<u>\$ 4,108,153</u>	<u>\$ 443,540</u>	<u>\$ 1,906,893</u>	<u>\$ 1,334,831</u>	<u>\$ 33,051</u>
Expenditures-						
Education						
Recreation		\$ 7,360,844		\$ 1,791,216		
Streets	\$ 2,334,222					
Sanitation						\$ 4,448,056
Police						
Community services			\$ 874,603		\$ 395,355	
Food service						
Capital outlay		3,003,233	30,866	16,274	121,779	90,661
	<u>\$ 2,334,222</u>	<u>\$ 10,364,077</u>	<u>\$ 905,469</u>	<u>\$ 1,807,490</u>	<u>\$ 517,134</u>	<u>\$ 4,538,717</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 8,619</u>	<u>\$ (6,255,924)</u>	<u>\$ (461,929)</u>	<u>\$ 99,403</u>	<u>\$ 817,697</u>	<u>\$ (4,505,666)</u>
Other Sources (Uses)-						
Transfers in		\$ 6,141,237	\$ 426,315			\$ 5,250,866
Transfers out						(800,000)
		<u>\$ 6,141,237</u>	<u>\$ 426,315</u>			<u>\$ 4,450,866</u>
Net change in fund balances	\$ 8,619	\$ (114,687)	\$ (35,614)	\$ 99,403	\$ 817,697	\$ (54,800)
Fund Balance at beginning of year	628,359	430,361	276,651	310,561	2,635,078	50,378
Fund Balance at end of year	<u>\$ 636,978</u>	<u>\$ 315,674</u>	<u>\$ 241,037</u>	<u>\$ 409,964</u>	<u>\$ 3,452,775</u>	<u>\$ (4,422)</u>

<u>Airport</u>	<u>Drug Enforcement</u>	<u>Public Transportation Fund</u>	<u>Extended School Program</u>	<u>School Cafeteria Fund</u>	<u>Federal and State Program Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 80,699		\$ 1,541,253	\$ 60,259	\$ 2,002,853	\$ 4,653,123	\$ 13,812,639
355,761		57,068	2,714,963	1,240,116		7,481,695
5,596	\$ 1,937					207,631
801,935	205,553		33,336			1,195,300
<u>\$ 1,243,991</u>	<u>\$ 207,490</u>	<u>\$ 1,598,321</u>	<u>\$ 2,808,558</u>	<u>\$ 3,242,969</u>	<u>\$ 4,653,123</u>	<u>\$ 23,923,761</u>
					\$ 3,064,073	\$ 3,064,073
						9,152,060
						2,334,222
						4,448,056
	\$ 259,981					259,981
\$ 986,243		\$ 1,010,183	\$ 2,489,919		1,589,050	7,345,353
				\$ 3,387,963		3,387,963
79,618	2,110	4,304				3,348,845
<u>\$ 1,065,861</u>	<u>\$ 262,091</u>	<u>\$ 1,014,487</u>	<u>\$ 2,489,919</u>	<u>\$ 3,387,963</u>	<u>\$ 4,653,123</u>	<u>\$ 33,340,553</u>
\$ 178,130	\$ (54,601)	\$ 583,834	\$ 318,639	\$ (144,994)	\$ -0-	\$ (9,416,792)
\$ 1,093	\$ 101,620					\$ 11,921,131
(155,259)		\$ (766,292)	\$ (30,000)			(1,751,551)
<u>\$ (154,166)</u>	<u>\$ 101,620</u>	<u>\$ (766,292)</u>	<u>\$ (30,000)</u>			<u>\$ 10,169,580</u>
\$ 23,964	\$ 47,019	\$ (182,458)	\$ 288,639	\$ (144,994)	\$ -0-	\$ 752,788
190,833	66,912	-0-	(79,277)	929,425	-0-	5,439,281
<u>\$ 214,797</u>	<u>\$ 113,931</u>	<u>\$ (182,458)</u>	<u>\$ 209,362</u>	<u>\$ 784,431</u>	<u>\$ -0-</u>	<u>\$ 6,192,069</u>

CITY OF MURFREESBORO, TENNESSEE

State Street Aid Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Tennessee state gasoline tax apportionment	\$ 2,369,936	\$ 2,369,936	\$ 2,326,053	\$ (43,883)
Interest	5,000	5,000	16,788	11,788
	<u>\$ 2,374,936</u>	<u>\$ 2,374,936</u>	<u>\$ 2,342,841</u>	<u>\$ (32,095)</u>
Expenditures-				
Traffic signals	\$ 100,000	\$ 100,000	\$ 59,972	\$ 40,028
Curbs and gutters	140,000	140,000	126,976	13,024
Sidewalks	50,000	50,000	31,612	18,388
Rights-of-way	100,000	100,000	35,039	64,961
Street paving	1,429,936	1,429,936	1,579,660	(149,724)
Street markings	170,000	170,000	130,898	39,102
Storm drainage	140,000	140,000	185,442	(45,442)
Intersections	50,000	50,000		50,000
Traffic signal lighting	65,000	65,000	64,380	620
Street construction	50,000	50,000	19,188	30,812
Surveys and engineering	80,000	80,000	101,055	(21,055)
	<u>\$ 2,374,936</u>	<u>\$ 2,374,936</u>	<u>\$ 2,334,222</u>	<u>\$ 40,714</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ 8,619	<u>\$ 8,619</u>
Fund Balance at beginning of year			<u>628,359</u>	
Fund Balance at end of year			<u>\$ 636,978</u>	

CITY OF MURFREESBORO, TENNESSEE

City Recreation Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 1,500	\$ 1,500	\$ 5,245	\$ 3,745
Federal funds	6,326,750	6,326,750	2,847,660	(3,479,090)
State funds			700	700
County funds	88,000	88,000	98,421	10,421
Charges for recreational activities	935,983	935,983	1,069,518	133,535
Donations received			28,961	28,961
Miscellaneous	35,000	35,000	57,648	22,648
	<u>\$ 7,387,233</u>	<u>\$ 7,387,233</u>	<u>\$ 4,108,153</u>	<u>\$ (3,279,080)</u>
Expenditures -				
Labor	\$ 3,882,710	\$ 3,882,710	\$ 3,814,406	\$ 68,304
Park and ride police patrol	424,021	424,021	357,859	66,162
Operation and Maintenance -				
Machinery and equipment	95,514	95,514	99,037	(3,523)
Grounds	182,905	182,905	165,813	17,092
Building	181,981	181,981	241,551	(59,570)
Swimming pools	55,146	55,146	61,897	(6,751)
Supplies	271,550	271,550	286,934	(15,384)
Insurance	203,591	203,591	202,944	647
Social Security taxes	312,660	312,660	288,313	24,347
Group insurance	465,857	465,857	449,612	16,245
Retirement	269,779	269,779	259,468	10,311
Utilities	793,577	793,577	882,005	(88,428)
Travel and subsistence	65,400	65,400	64,763	637
Arts and humanities	82,750	82,750	52,884	29,866
Grant expenditures	3,300	3,300	1,869	1,431
Training personnel	11,000	11,000	10,805	195
Purchases for resale	99,426	99,426	76,155	23,271
Sales tax	20,880	20,880	22,871	(1,991)
Other miscellaneous	16,130	16,130	21,658	(5,528)
Capital outlay	6,511,465	6,511,465	3,003,233	3,508,232
	<u>\$ 13,949,642</u>	<u>\$ 13,949,642</u>	<u>\$ 10,364,077</u>	<u>\$ 3,585,565</u>
Excess of Revenues Over (Under) Expenditures	\$ (6,562,409)	\$ (6,562,409)	\$ (6,255,924)	\$ 306,485
Other Financing Sources -				
Transfers in	6,562,409	6,562,409	6,141,237	(421,172)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ (114,687)	<u>\$ (114,687)</u>
Fund Balance at beginning of year			430,361	
Fund Balance at end of year			<u>\$ 315,674</u>	

CITY OF MURFREESBORO, TENNESSEE

Senior Citizens Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 6,000	\$ 15,000	\$ 14,221	\$ (779)
County funds	142,420	142,420	142,420	
State funds	11,040	34,040	28,500	(5,540)
Federal funds	24,500	30,700	30,698	(2)
Revenue from other agencies	51,177	51,177	49,621	(1,556)
Program income	87,000	159,000	166,928	7,928
Donations received	14,800	14,800	11,132	(3,668)
Miscellaneous			20	20
	<u>\$ 336,937</u>	<u>\$ 447,137</u>	<u>\$ 443,540</u>	<u>\$ (3,597)</u>
Expenditures -				
Labor	\$ 411,395	\$ 424,395	\$ 423,451	\$ 944
Operations and maintenance	19,200	19,200	21,933	(2,733)
Supplies	69,900	69,900	70,941	(1,041)
Senior trip expense		55,000	59,799	(4,799)
Insurance	22,442	22,442	21,492	950
Social Security taxes	31,472	31,472	31,903	(431)
Group insurance	61,800	61,800	63,393	(1,593)
Retirement	36,373	36,373	36,196	177
Utilities	48,920	48,920	51,092	(2,172)
Contractual services	17,400	17,400	17,400	
Travel and subsistence	8,700	8,700	8,626	74
Training and instruction	19,100	19,100	15,619	3,481
Designated contributions	1,800	1,800	4,886	(3,086)
Other miscellaneous	7,500	71,000	47,872	23,128
Capital outlay	8,650	22,650	30,866	(8,216)
	<u>\$ 764,652</u>	<u>\$ 910,152</u>	<u>\$ 905,469</u>	<u>\$ 4,683</u>
Excess of Revenues Over (Under) Expenditures	\$ (427,715)	\$ (463,015)	\$ (461,929)	\$ 1,086
Other Financing Sources -				
Transfers in	427,715	427,715	426,315	(1,400)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ (35,300)</u>	\$ (35,614)	<u>\$ (314)</u>
Fund Balance at beginning of year			276,651	
Fund Balance at end of year			<u>\$ 241,037</u>	

CITY OF MURFREESBORO, TENNESSEE

Old Fort Golf Course Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Old Fort Golf Course-				
Green fees	\$ 800,000	\$ 800,000	\$ 880,593	\$ 80,593
Cart rentals and trail fees	236,900	236,900	262,875	25,975
Driving range	32,000	32,000	43,734	11,734
Concession and retail sales	493,500	493,500	490,441	(3,059)
Interest earned	25,000	25,000	25,940	940
Miscellaneous	10,000	10,000	9,343	(657)
	<u>\$ 1,597,400</u>	<u>\$ 1,597,400</u>	<u>\$ 1,712,926</u>	<u>\$ 115,526</u>
Veteran's Administration Course-				
Green fees	\$ 170,000	\$ 170,000	\$ 160,218	\$ (9,782)
Cart rentals and trail fees	10,400	10,400	11,812	1,412
Concession and retail sales	23,000	23,000	21,937	(1,063)
	<u>\$ 203,400</u>	<u>\$ 203,400</u>	<u>\$ 193,967</u>	<u>\$ (9,433)</u>
Total Revenues	<u>\$ 1,800,800</u>	<u>\$ 1,800,800</u>	<u>\$ 1,906,893</u>	<u>\$ 106,093</u>
Expenditures-				
Old Fort Golf Course-				
Labor	\$ 728,498	\$ 728,498	\$ 713,258	\$ 15,240
Operations and maintenance	43,200	43,200	35,570	7,630
Material	85,500	85,500	91,242	(5,742)
Supplies	74,525	74,525	66,355	8,170
Insurance	23,889	23,889	24,193	(304)
Social Security taxes	55,730	55,730	52,978	2,752
Group insurance	99,874	99,874	99,567	307
Retirement	60,723	60,723	58,226	2,497
Utilities	51,800	51,800	53,940	(2,140)
Travel and subsistence	9,600	9,600	9,600	
Items for resale	275,000	275,000	273,931	1,069
Sales tax	68,500	68,500	67,991	509
Other miscellaneous expenses	46,400	46,400	46,729	(329)
Overhead allocation	(84,746)	(84,746)	(87,272)	2,526
Capital outlay	19,400	19,400	14,671	4,729
	<u>\$ 1,557,893</u>	<u>\$ 1,557,893</u>	<u>\$ 1,520,979</u>	<u>\$ 36,914</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Old Fort Golf Course Fund

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

Budget (GAAP Basis) and Actual

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures (continued) -				
Veteran's Administration Course-				
Labor	\$ 125,155	\$ 125,155	\$ 117,812	\$ 7,343
Operations and maintenance	8,700	8,700	7,573	1,127
Material	8,500	8,500	8,160	340
Supplies	11,900	11,900	6,741	5,159
Insurance	2,562	2,562	2,562	
Social Security taxes	9,574	9,574	8,898	676
Group insurance	13,421	13,421	13,421	
Retirement	8,350	8,350	8,350	
Utilities	9,250	9,250	8,741	509
Travel and subsistence	2,400	2,400	2,400	
Items for resale	12,000	12,000	9,569	2,431
Sales tax	3,500	3,500	2,877	623
Other miscellaneous expenses	730	730	532	198
Overhead allocation	84,746	84,746	87,272	(2,526)
Capital outlay	3,000	3,000	1,603	1,397
	<u>\$ 303,788</u>	<u>\$ 303,788</u>	<u>\$ 286,511</u>	<u>\$ 17,277</u>
Total Expenditures	<u>\$ 1,861,681</u>	<u>\$ 1,861,681</u>	<u>\$ 1,807,490</u>	<u>\$ 54,191</u>
Excess of Revenues Over (Under) Expenditures	\$ (60,881)	\$ (60,881)	\$ 99,403	\$ 160,284
Other Financing Uses -				
Transfers out	<u>(158,164)</u>	<u>(158,164)</u>	<u>-0-</u>	<u>158,164</u>
Net change in fund balance	<u>\$ (219,045)</u>	<u>\$ (219,045)</u>	<u>\$ 99,403</u>	<u>\$ 318,448</u>
Fund Balance at beginning of year			<u>310,561</u>	
Fund Balance at end of year			<u>\$ 409,964</u>	

CITY OF MURFREESBORO, TENNESSEE

Television Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Cable franchise tax	\$ 950,000	\$ 950,000	\$ 1,195,300	\$ 245,300
Interest	80,000	80,000	136,841	56,841
Miscellaneous	400	400	2,690	2,290
	<u>\$ 1,030,400</u>	<u>\$ 1,030,400</u>	<u>\$ 1,334,831</u>	<u>\$ 304,431</u>
Expenditures -				
Labor	\$ 240,293	\$ 240,293	\$ 232,245	\$ 8,048
Operation and maintenance	31,100	31,100	21,849	9,251
Supplies	2,500	2,500	1,967	533
Advertising supplies	16,000	16,000	11,010	4,990
Audio/video supplies	16,000	16,000	5,372	10,628
Insurance	4,031	4,031	3,708	323
Social Security taxes	17,847	17,847	18,010	(163)
Group insurance	20,743	20,743	20,457	286
Retirement	22,530	22,530	22,288	242
Utilities	9,100	9,100	8,854	246
Travel and subsistence	10,300	10,300	9,443	857
Association dues	2,100	2,100	790	1,310
Training personnel	8,000	8,000	52	7,948
Professional services	6,000	6,000		6,000
Other miscellaneous	51,000	51,000	39,310	11,690
Capital outlay	100,000	100,000	121,779	(21,779)
	<u>\$ 557,544</u>	<u>\$ 557,544</u>	<u>\$ 517,134</u>	<u>\$ 40,410</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 472,856</u>	<u>\$ 472,856</u>	\$ 817,697	<u>\$ 344,841</u>
Fund Balance at beginning of year			<u>2,635,078</u>	
Fund Balance at end of year			<u>\$ 3,452,775</u>	

CITY OF MURFREESBORO, TENNESSEE

Solid Waste Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 1,700	\$ 1,700	\$ 1,063	\$ (637)
Charges for services	12,500	12,500	5,731	(6,769)
Miscellaneous	11,000	11,000	26,257	15,257
	<u>\$ 25,200</u>	<u>\$ 25,200</u>	<u>\$ 33,051</u>	<u>\$ 7,851</u>
Expenditures -				
Labor	\$ 1,853,970	\$ 1,853,970	\$ 1,773,842	\$ 80,128
Operations and maintenance	615,100	845,100	851,439	(6,339)
Supplies	381,100	381,100	480,839	(99,739)
Insurance	391,313	391,313	391,569	(256)
Social Security taxes	139,151	139,151	128,645	10,506
Group insurance	448,886	448,886	409,122	39,764
Retirement	201,408	201,408	187,110	14,298
Utilities	66,150	66,150	47,330	18,820
Travel and subsistence	9,600	9,600	9,600	
Training personnel	3,000	3,000	225	2,775
License fees	12,000	12,000	110	11,890
Disposal carts	175,000	175,000	130,628	44,372
Other miscellaneous	5,165	5,165	37,597	(32,432)
Capital outlay	10,500	10,500	90,661	(80,161)
	<u>\$ 4,312,343</u>	<u>\$ 4,542,343</u>	<u>\$ 4,538,717</u>	<u>\$ 3,626</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,287,143)</u>	<u>\$ (4,517,143)</u>	<u>\$ (4,505,666)</u>	<u>\$ 11,477</u>
Other Financing Sources (Uses)-				
Transfers in	\$ 5,087,143	\$ 5,317,143	\$ 5,250,866	\$ (66,277)
Transfers out	(800,000)	(800,000)	(800,000)	
	<u>\$ 4,287,143</u>	<u>\$ 4,517,143</u>	<u>\$ 4,450,866</u>	<u>\$ (66,277)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ (54,800)	<u>\$ (54,800)</u>
Fund Balance at beginning of year			50,378	
Fund Balance at end of year			<u>\$ (4,422)</u>	

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State maintenance funds	\$ 10,000	\$ 10,000	\$ 10,000	
State funds	170,855	170,855	70,688	\$ (100,167)
Federal funds			11	11
Interest	3,000	3,000	5,596	2,596
Rental income	364,456	364,456	355,761	(8,695)
Fuel sales	621,000	663,000	801,088	138,088
Miscellaneous	2,050	2,050	847	(1,203)
	<u>\$ 1,171,361</u>	<u>\$ 1,213,361</u>	<u>\$ 1,243,991</u>	<u>\$ 30,630</u>
Expenditures -				
Labor	\$ 121,252	\$ 121,252	\$ 127,218	\$ (5,966)
Operations and maintenance	36,000	36,000	54,630	(18,630)
Supplies	8,950	8,950	10,448	(1,498)
Insurance	11,934	11,934	12,731	(797)
Social Security taxes	9,276	9,276	9,948	(672)
Group insurance	10,155	10,155	10,155	
Retirement	7,587	7,587	7,587	
Utilities	31,680	31,680	37,149	(5,469)
Travel and subsistence	6,400	6,400	6,018	382
Purchases for resale	499,350	541,350	660,301	(118,951)
Fuel rebates	46,000	46,000	35,882	10,118
Surveys and studies	500	500	746	(246)
Other miscellaneous	14,800	14,800	13,430	1,370
Capital outlay	220,855	220,855	79,618	141,237
	<u>\$ 1,024,739</u>	<u>\$ 1,066,739</u>	<u>\$ 1,065,861</u>	<u>\$ 878</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 146,622</u>	<u>\$ 146,622</u>	<u>\$ 178,130</u>	<u>\$ 31,508</u>
Other Financing Sources and (Uses) -				
Transfers in	\$ 3,600	\$ 3,600	\$ 1,093	\$ (2,507)
Transfers out	(172,815)	(172,815)	(155,259)	17,556
	<u>\$ (169,215)</u>	<u>\$ (169,215)</u>	<u>\$ (154,166)</u>	<u>\$ 15,049</u>
Net change in fund balance	<u>\$ (22,593)</u>	<u>\$ (22,593)</u>	\$ 23,964	<u>\$ 46,557</u>
Fund Balance at beginning of year			<u>190,833</u>	
Fund Balance at end of year			<u>\$ 214,797</u>	

CITY OF MURFREESBORO, TENNESSEE

Drug Enforcement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 92,000	\$ 92,000	\$ 111,308	\$ 19,308
Seizure awards	85,000	85,000	74,632	(10,368)
Interest	2,000	2,000	1,937	(63)
Miscellaneous	16,000	16,000	19,613	3,613
	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 207,490</u>	<u>\$ 12,490</u>
Expenditures -				
Labor	\$ 100,000	\$ 100,000	\$ 75,788	\$ 24,212
Operations and maintenance	20,450	20,450	25,034	(4,584)
Supplies	9,400	9,400	4,150	5,250
Utilities	31,150	31,150	26,718	4,432
Training			2,217	(2,217)
Rent	55,200	55,200	55,200	
Undercover operations	65,000	65,000	68,300	(3,300)
Other miscellaneous	1,585	1,585	2,574	(989)
Capital outlay	9,000	9,000	2,110	6,890
	<u>\$ 291,785</u>	<u>\$ 291,785</u>	<u>\$ 262,091</u>	<u>\$ 29,694</u>
Excess of Revenues Over (Under) Expenditures	\$ (96,785)	\$ (96,785)	\$ (54,601)	\$ 42,184
Other Financing Sources -				
Transfers in	92,000	92,000	101,620	9,620
Net change in fund balance	<u>\$ (4,785)</u>	<u>\$ (4,785)</u>	\$ 47,019	<u>\$ 51,804</u>
Fund Balance at beginning of year			66,912	
Fund Balance at end of year			<u>\$ 113,931</u>	

CITY OF MURFREESBORO, TENNESSEE

Public Transportation Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues-				
Federal funds	\$ 579,723	\$ 620,723	\$ 1,205,005	\$ 584,282
State funds	111,957	111,957	336,248	224,291
Charges for services	45,000	45,000	57,068	12,068
	<u>\$ 736,680</u>	<u>\$ 777,680</u>	<u>\$ 1,598,321</u>	<u>\$ 820,641</u>
Expenditures-				
Labor	\$ 411,637	\$ 411,637	\$ 431,271	\$ (19,634)
Operations and maintenance	52,500	52,500	79,795	(27,295)
Supplies	18,700	18,700	19,919	(1,219)
Fuel	150,000	150,000	100,743	49,257
Insurance	37,764	37,764	31,385	6,379
Social Security taxes	30,095	30,095	32,097	(2,002)
Group insurance	84,155	84,155	64,444	19,711
Retirement	41,229	41,229	37,856	3,373
Utilities	13,100	13,100	10,121	2,979
Travel and subsistence	10,200	10,200	7,200	3,000
Training and instruction	4,000	4,000	1,050	2,950
Contract services	12,424	53,424	173,166	(119,742)
Capital outlay	100,325	100,325	4,304	96,021
Other miscellaneous	53,970	53,970	21,136	32,834
	<u>\$ 1,020,099</u>	<u>\$ 1,061,099</u>	<u>\$ 1,014,487</u>	<u>\$ 46,612</u>
Excess of Revenues Over (Under) Expenditures	\$ (283,419)	\$ (283,419)	\$ 583,834	\$ 867,253
Other Financing Sources (Uses) -				
Transfers in (out)	<u>283,419</u>	<u>283,419</u>	<u>(766,292)</u>	<u>(1,049,711)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (182,458)</u>	<u>\$ (182,458)</u>
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			<u>\$ (182,458)</u>	

CITY OF MURFREESBORO, TENNESSEE

Extended School Program Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues			\$ 60,259	\$ 60,259
Charges for services	\$ 2,451,568	\$ 2,451,568	2,714,963	263,395
Other local revenues	123,134	123,134	33,336	(89,798)
	<u>\$ 2,574,702</u>	<u>\$ 2,574,702</u>	<u>\$ 2,808,558</u>	<u>\$ 233,856</u>
Expenditures -				
Community services	\$ 2,490,703	\$ 2,490,703	\$ 2,489,919	\$ 784
Excess of Revenues Over (Under) Expenditures	\$ 83,999	\$ 83,999	\$ 318,639	\$ 234,640
Other Financing Uses -				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	
Excess of Revenues Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ 53,999</u>	<u>\$ 53,999</u>	\$ 288,639	<u>\$ 234,640</u>
Adjustment for encumbrances			<u>-0-</u>	
Net change in fund balance (GAAP basis)			\$ 288,639	
Fund Balance at beginning of year			<u>(79,277)</u>	
Fund Balance at end of year			<u>\$ 209,362</u>	

CITY OF MURFREESBORO, TENNESSEE

School Cafeteria Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 1,970,188	\$ 1,970,188	\$ 1,962,876	\$ (7,312)
State program revenues	212,812	212,812	39,977	(172,835)
Charges for services	<u>1,397,479</u>	<u>1,397,479</u>	<u>1,240,116</u>	<u>(157,363)</u>
	<u>\$ 3,580,479</u>	<u>\$ 3,580,479</u>	<u>\$ 3,242,969</u>	<u>\$ (337,510)</u>
Expenditures -				
Food service	<u>\$ 3,477,944</u>	<u>\$ 3,477,944</u>	<u>\$ 3,387,963</u>	<u>\$ 89,981</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	<u>\$ 102,535</u>	<u>\$ 102,535</u>	\$ (144,994)	<u>\$ (247,529)</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ (144,994)	
Fund Balance at beginning of year			<u>929,425</u>	
Fund Balance at end of year			<u>\$ 784,431</u>	

CITY OF MURFREESBORO, TENNESSEE

Federal and State Program Funds

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 3,401,902	\$ 3,401,902	\$ 3,482,817	\$ 80,915
State program revenues	<u>1,164,391</u>	<u>1,164,391</u>	<u>1,170,306</u>	<u>5,915</u>
	\$ <u>4,566,293</u>	\$ <u>4,566,293</u>	\$ <u>4,653,123</u>	\$ <u>86,830</u>
Expenditures -				
Regular instruction program	\$ 1,696,542	\$ 1,696,542	\$ 1,777,191	\$ (80,649)
Special education program	807,058	807,058	732,602	74,456
Health services	154,950	154,950	154,951	(1)
Special education program - support	186,117	186,117	188,562	(2,445)
Early intervening services	173,935	173,935	210,767	(36,832)
Community services	<u>1,547,691</u>	<u>1,547,691</u>	<u>1,589,050</u>	<u>(41,359)</u>
	\$ <u>4,566,293</u>	\$ <u>4,566,293</u>	\$ <u>4,653,123</u>	\$ <u>(86,830)</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ -0-	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

NONMAJOR CAPITAL PROJECTS FUNDS

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

Community Development Fund accounts for Community Development Block grants and state grants received and the improvements and expenditures related to the programs.

Battlefield River Trail Fund accounts for revenue from a federal grant and expenditures related to the construction of a recreational trail along the Stones River.

Gateway Project Fund accounts for the City's development of land to be used in future projects.

TML Loan Funds accounts for the proceeds of loans through the Tennessee Municipal Bond Fund and the expenditures related to various projects funded by the loans. The funds included are, 1998 TML Loan, 1999 TML Loan, 2001 TML Loan, 2002 TML Loan, 2004 TML Loan, 2005 TML Loan, and 2009 TML Loan.

School Capital Project Fund accounts for revenues and expenditures associated with the acquisition or construction of various capital projects for the Murfreesboro City Schools.

CITY OF MURFREESBORO, TENNESSEE

**Combining Balance Sheet
Nonmajor Capital Project Funds**

June 30, 2008

	Capital Improvement and Contingency	Community Development	Battlefield River Trail	Gateway Project	1998 TML Loan	1999 TML Loan	2001 TML Loan	2002 TML Loan	2004 TML Loan	2005 TML Loan	2009 TML Loan	Total Nonmajor Capital Projects
ASSETS												
Cash and cash equivalents	\$ 8,404,952	\$ 83	\$ 683		\$ 93,837	\$ 102,531	\$ 1,417,793	\$ 4,598	\$ 171,556	\$ 235,776		\$ 10,431,809
Due from other funds		26,560				99,526	186,077		770,000			1,082,163
Due from other governments	314,779	302,332					3,300					620,411
Due from others							24,032					24,032
Deposit	567											567
	<u>\$ 8,720,298</u>	<u>\$ 328,975</u>	<u>\$ 683</u>		<u>\$ 93,837</u>	<u>\$ 202,057</u>	<u>\$ 1,631,202</u>	<u>\$ 4,598</u>	<u>\$ 941,556</u>	<u>\$ 235,776</u>		<u>\$ 12,158,982</u>
LIABILITIES AND FUND BALANCE												
Liabilities-												
Accounts payable	\$ 506,468			\$ 5,202					\$ 10,902			\$ 522,572
Due to other funds		\$ 302,332		2,431,142			\$ 3,300	\$ 65,504		\$ 24,550	\$ 118,168	2,944,996
Deferred revenue	2,183,294	8,103										2,191,397
Due to others	150,115											150,115
Deposits				10,000								10,000
	<u>\$ 2,839,877</u>	<u>\$ 310,435</u>		<u>\$ 2,446,344</u>			<u>\$ 3,300</u>	<u>\$ 65,504</u>	<u>\$ 10,902</u>	<u>\$ 24,550</u>	<u>\$ 118,168</u>	<u>\$ 5,819,080</u>
Fund Balance -												
Unreserved -												
Undesignated	\$ 5,880,421	\$ 18,540	\$ 683	\$ (2,446,344)	\$ 93,837	\$ 202,057	\$ 1,627,902	\$ (60,906)	\$ 930,654	\$ 211,226	\$ (118,168)	\$ 6,339,902
	<u>\$ 8,720,298</u>	<u>\$ 328,975</u>	<u>\$ 683</u>	<u>\$ -0-</u>	<u>\$ 93,837</u>	<u>\$ 202,057</u>	<u>\$ 1,631,202</u>	<u>\$ 4,598</u>	<u>\$ 941,556</u>	<u>\$ 235,776</u>	<u>\$ -0-</u>	<u>\$ 12,158,982</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	Capital Improvement and Contingency Fund	Community Development Fund	Battlefield River Trail Fund	Gateway Project Fund	1998 TML Loan Fund	1999 TML Loan Fund
Revenue-						
Revenue from federal government		\$ 791,702				
Revenue from state government	\$ 510,270					
Revenue from county government	2,129,596					
Donations	483,125					
Interest income	212,502		\$ 26	\$ 894	\$ 4,278	\$ 4,103
Program income		31,599				
Miscellaneous	2,579			26,675		99,526
	<u>\$ 3,338,072</u>	<u>\$ 823,301</u>	<u>\$ 26</u>	<u>\$ 27,569</u>	<u>\$ 4,278</u>	<u>\$ 103,629</u>
Expenditures-						
Community development -						
Administration		\$ 115,613				
Housing rehabilitation		396,051				
Housing assistance		131,958				
Street improvements		10,705				
Other		162,974				
Economic development	\$ 821,688					
Capital outlay -						
Street construction and drainage				\$ 5,390	\$ 21,723	
Greenway projects						
Other projects and costs	775,165			132,289		
	<u>\$ 1,596,853</u>	<u>\$ 817,301</u>	<u>\$ -0-</u>	<u>\$ 137,679</u>	<u>\$ 21,723</u>	<u>\$ -0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,741,219</u>	<u>\$ 6,000</u>	<u>\$ 26</u>	<u>\$ (110,110)</u>	<u>\$ (17,445)</u>	<u>\$ 103,629</u>
Other Financing Sources (Uses)-						
Issuance of debt	\$ 1,400,000					
Proceeds from sale of land				\$ 927,796		
Transfers out	(2,500,000)	\$ (6,000)		(723,110)		
	<u>\$ (1,100,000)</u>	<u>\$ (6,000)</u>		<u>\$ 204,686</u>		
Net change in fund balances	\$ 641,219	\$ -0-	\$ 26	\$ 94,576	\$ (17,445)	\$ 103,629
Fund Balance at beginning of year	5,239,202	18,540	657	(2,540,920)	111,282	98,428
Fund Balance at end of year	<u>\$ 5,880,421</u>	<u>\$ 18,540</u>	<u>\$ 683</u>	<u>\$ (2,446,344)</u>	<u>\$ 93,837</u>	<u>\$ 202,057</u>

2001 TML Loan Fund	2002 TML Loan Fund	2004 TML Loan Fund	2005 TML Loan Fund	2009 TML Loan Fund	School Capital Projects Fund	Total Nonmajor Capital Projects Funds
						\$ 791,702
						510,270
						2,129,596
						483,125
\$ 89,019	\$ 195	\$ 16,555	\$ 24,585			352,157
						31,599
464,346		783,329	204,796			1,581,251
<u>\$ 553,365</u>	<u>\$ 195</u>	<u>\$ 799,884</u>	<u>\$ 229,381</u>			<u>\$ 5,879,700</u>
						\$ 115,613
						396,051
						131,958
						10,705
						162,974
						821,688
\$ 10,611		\$ 83,588	\$ 41,773			163,085
167,708			6,303			174,011
450	\$ 105,569		5,152	\$ 118,168	\$ 738,836	1,875,629
<u>\$ 178,769</u>	<u>\$ 105,569</u>	<u>\$ 83,588</u>	<u>\$ 53,228</u>	<u>\$ 118,168</u>	<u>\$ 738,836</u>	<u>\$ 3,851,714</u>
<u>\$ 374,596</u>	<u>\$ (105,374)</u>	<u>\$ 716,296</u>	<u>\$ 176,153</u>	<u>\$ (118,168)</u>	<u>\$ (738,836)</u>	<u>\$ 2,027,986</u>
\$ 151,500	\$ 40,065	\$ 34,833	\$ 31,872		\$ 2,490,755	\$ 4,149,025
						927,796
(1,113,930)		(262,680)	(645,222)		(1,751,919)	(7,002,861)
<u>\$ (962,430)</u>	<u>\$ 40,065</u>	<u>\$ (227,847)</u>	<u>\$ (613,350)</u>		<u>\$ 738,836</u>	<u>\$ (1,926,040)</u>
\$ (587,834)	\$ (65,309)	\$ 488,449	\$ (437,197)	\$ (118,168)	\$ -0-	\$ 101,946
2,215,736	4,403	442,205	648,423	-0-	\$ -0-	\$ 6,237,956
<u>\$ 1,627,902</u>	<u>\$ (60,906)</u>	<u>\$ 930,654</u>	<u>\$ 211,226</u>	<u>\$ (118,168)</u>	<u>\$ -0-</u>	<u>\$ 6,339,902</u>

CITY OF MURFREESBORO, TENNESSEE

Capital Improvement and Contingency Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 60,000	\$ 60,000	\$ 212,502	\$ 152,502
Revenue from state		460,000	510,270	50,270
Revenue from county			2,129,596	2,129,596
Donations received	1,000,000	1,000,000	483,125	(516,875)
Miscellaneous			2,579	2,579
	<u>\$ 1,060,000</u>	<u>\$ 1,520,000</u>	<u>\$ 3,338,072</u>	<u>\$ 1,818,072</u>
Expenditures-				
Economic development		\$ 550,000	\$ 821,688	\$ (271,688)
Capital outlay and other projects	\$ 1,050,000	1,050,000	775,165	274,835
	<u>\$ 1,050,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,596,853</u>	<u>\$ 3,147</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 10,000</u>	<u>\$ 470,000</u>	<u>\$ 1,741,219</u>	<u>\$ 1,821,219</u>
Other Financing Sources (Uses)-				
Issuance of debt			\$ 1,400,000	\$ 1,400,000
Transfers out	\$ (2,500,000)	\$ (2,500,000)	(2,500,000)	
	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	<u>\$ (1,100,000)</u>	<u>\$ 1,400,000</u>
Net change in fund balance	<u>\$ (2,490,000)</u>	<u>\$ (2,030,000)</u>	\$ 641,219	<u>\$ 3,221,219</u>
Fund Balance at beginning of year			<u>5,239,202</u>	
Fund Balance at end of year			<u>\$ 5,880,421</u>	

CITY OF MURFREESBORO, TENNESSEE

Community Development Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Revenue from federal government	\$ 1,352,950	\$ 1,352,950	\$ 791,702	\$ (561,248)
Program income	55,000	55,000	31,599	(23,401)
	<u>\$ 1,407,950</u>	<u>\$ 1,407,950</u>	<u>\$ 823,301</u>	<u>\$ (584,649)</u>
Expenditures-				
Administration	\$ 127,000	\$ 127,000	\$ 115,613	\$ 11,387
Housing rehabilitation	547,378	547,378	396,051	151,327
Housing assistance	218,000	218,000	131,958	86,042
Street improvements	320,186	320,186	10,705	309,481
Other	189,386	189,386	162,974	26,412
	<u>\$ 1,401,950</u>	<u>\$ 1,401,950</u>	<u>\$ 817,301</u>	<u>\$ 584,649</u>
Excess of Revenues Over (Under) Expenditures	\$ 6,000	\$ 6,000	\$ 6,000	\$ -0-
Other Financing Sources (Uses)				
Transfers out	(6,000)	(6,000)	(6,000)	-0-
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ -0-	<u>\$ -0-</u>
Fund Balance at beginning of year			<u>18,540</u>	
Fund Balance at end of year			<u>\$ 18,540</u>	

CITY OF MURFREESBORO, TENNESSEE

Battlefield River Trail

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 26	\$ 26
Expenditures-				
Battlefield river trail expense	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ 26	\$ <u>26</u>
Fund Balance at beginning of year			<u>657</u>	
Fund Balance at end of year			\$ <u>683</u>	

CITY OF MURFREESBORO, TENNESSEE

Gateway Project

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 1,500	\$ 1,500	\$ 894	\$ (606)
Miscellaneous			26,675	26,675
	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 27,569</u>	<u>\$ 26,069</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 80,000</u>	<u>\$ 138,000</u>	<u>\$ 137,679</u>	<u>\$ 321</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (78,500)</u>	<u>\$ (136,500)</u>	<u>\$ (110,110)</u>	<u>\$ 26,390</u>
Other Financing Source (Use)-				
Proceeds from sale of land	\$ 3,435,577	\$ 3,435,577	\$ 927,796	\$ (2,507,781)
Transfers out	(1,010,000)	(1,010,000)	(723,110)	286,890
	<u>\$ 2,425,577</u>	<u>\$ 2,425,577</u>	<u>\$ 204,686</u>	<u>\$ (2,220,891)</u>
Net change in fund balance	<u>\$ 2,347,077</u>	<u>\$ 2,289,077</u>	\$ 94,576	<u>\$ (2,194,501)</u>
Fund Balance at beginning of year			<u>(2,540,920)</u>	
Fund Balance at end of year			<u>\$ (2,446,344)</u>	

CITY OF MURFREESBORO, TENNESSEE

1998 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ 4,278	\$ 4,278	\$ -0-
Expenditures-				
Capital Outlay	<u>-0-</u>	<u>21,723</u>	<u>21,723</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ (17,445)</u>	<u>\$ (17,445)</u>	<u>\$ -0-</u>
Fund Balance at beginning of year			<u>111,282</u>	
Fund Balance at end of year			<u>\$ 93,837</u>	

CITY OF MURFREESBORO, TENNESSEE

1999 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 4,103	\$ 4,103
Miscellaneous			<u>99,526</u>	<u>99,526</u>
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>103,629</u>	<u>103,629</u>
Expenditures-				
Capital outlay and other projects	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ 103,629	<u>\$ 103,629</u>
Fund Balance at beginning of year			<u>98,428</u>	
Fund Balance at end of year			<u>\$ 202,057</u>	

CITY OF MURFREESBORO, TENNESSEE

2001 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ 27,500	\$ 89,019	\$ 61,519
Miscellaneous			<u>464,346</u>	<u>464,346</u>
	<u>\$ -0-</u>	<u>\$ 27,500</u>	<u>\$ 553,365</u>	<u>\$ 525,865</u>
Expenditures-				
Capital outlay and other projects	\$ 151,500	\$ 179,000	\$ 178,769	\$ 231
Excess of Revenues Over (Under) Expenditures	<u>\$ (151,500)</u>	<u>\$ (151,500)</u>	<u>\$ 374,596</u>	<u>\$ 526,096</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 151,500	\$ 151,500	\$ 151,500	
Transfers out	<u>(1,031,500)</u>	<u>(1,031,500)</u>	<u>(1,113,930)</u>	<u>\$ (82,430)</u>
	<u>\$ (880,000)</u>	<u>\$ (880,000)</u>	<u>\$ (962,430)</u>	<u>\$ (82,430)</u>
Net change in fund balance	<u>\$ (1,031,500)</u>	<u>\$ (1,031,500)</u>	<u>\$ (587,834)</u>	<u>\$ 443,666</u>
Fund Balance at the beginning of year			<u>2,215,736</u>	
Fund Balance at end of year			<u>\$ 1,627,902</u>	

CITY OF MURFREESBORO, TENNESSEE

2002 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 195	\$ 195
Expenditures-				
Capital outlay	<u>109,000</u>	<u>109,000</u>	<u>105,569</u>	<u>3,431</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(109,000)</u>	\$ <u>(109,000)</u>	\$ <u>(105,374)</u>	\$ <u>3,626</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 105,171	\$ 105,171	\$ 40,065	\$ (65,106)
Transfers out	<u>(400)</u>	<u>(400)</u>	<u>40,065</u>	<u>400</u>
	\$ <u>104,771</u>	\$ <u>104,771</u>	\$ <u>40,065</u>	\$ <u>(64,706)</u>
Net change in fund balance	\$ <u>(4,229)</u>	\$ <u>(4,229)</u>	\$ (65,309)	\$ <u>(61,080)</u>
Fund Balance at the beginning of year			<u>4,403</u>	
Fund Balance at end of year			\$ <u>(60,906)</u>	

CITY OF MURFREESBORO, TENNESSEE

2004 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest revenue	\$ -0-	\$ -0-	\$ 16,555	\$ 16,555
Miscellaneous income			783,329	783,329
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 799,884</u>	<u>\$ 799,884</u>
Expenditures-				
Capital outlay and other projects	\$ 308,280	\$ 308,280	\$ 83,588	\$ 224,692
Excess of Revenues Over (Under) Expenditures	<u>\$ (308,280)</u>	<u>\$ (308,280)</u>	<u>\$ 716,296</u>	<u>\$ 1,024,576</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 58,488	\$ 58,488	\$ 34,833	\$ (23,655)
Transfers out	(1,100)	(1,100)	(262,680)	(261,580)
	<u>\$ 57,388</u>	<u>\$ 57,388</u>	<u>\$ (227,847)</u>	<u>\$ (285,235)</u>
Net change in fund balance	<u>\$ (250,892)</u>	<u>\$ (250,892)</u>	<u>\$ 488,449</u>	<u>\$ 739,341</u>
Fund Balance at beginning of year			<u>442,205</u>	
Fund Balance at end of year			<u>\$ 930,654</u>	

CITY OF MURFREESBORO, TENNESSEE

2005 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 24,585	\$ 24,585
Miscellaneous income			204,796	204,796
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 229,381</u>	<u>\$ 229,381</u>
Expenditures-				
Capital outlay and other projects	\$ 684,000	\$ 684,000	\$ 53,228	\$ 630,772
Excess of Revenues Over (Under) Expenditures	<u>\$ (684,000)</u>	<u>\$ (684,000)</u>	<u>\$ 176,153</u>	<u>\$ 860,153</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 53,991	\$ 53,991	\$ 31,872	\$ (22,119)
Transfers out	(600)	(600)	(645,222)	(644,622)
	<u>\$ 53,391</u>	<u>\$ 53,391</u>	<u>\$ (613,350)</u>	<u>\$ (666,741)</u>
Net change in fund balance	<u>\$ (630,609)</u>	<u>\$ (630,609)</u>	<u>\$ (437,197)</u>	<u>\$ 193,412</u>
Fund Balance at beginning of year			648,423	
Fund Balance at end of year			<u>\$ 211,226</u>	

CITY OF MURFREESBORO, TENNESSEE

2009 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenditures-				
Capital outlay and other projects	<u>-0-</u>	<u>118,168</u>	<u>118,168</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ (118,168)</u>	<u>\$ (118,168)</u>	<u>\$ -0-</u>
Fund Balance at the beginning of year			<u>-0-</u>	
Fund Balance at end of year			<u>\$ (118,168)</u>	

CITY OF MURFREESBORO, TENNESSEE

School Capital Projects Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenditures-				
Capital outlay and other projects	<u>-0-</u>	<u>-0-</u>	<u>738,836</u>	<u>(738,836)</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(738,836)</u>	\$ <u>(738,836)</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ -0-	\$ -0-	\$ 2,490,755	\$ 2,490,755
Transfers out			<u>(1,751,919)</u>	<u>(1,751,919)</u>
	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>738,836</u>	\$ <u>738,836</u>
Net change in fund balance	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ -0-	\$ <u><u>-0-</u></u>
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			\$ <u><u>-0-</u></u>	

Note:

No separate budget was adopted for the School Capital Projects Fund.

MAJOR CAPITAL PROJECTS FUND

The City has two capital projects fund which it considers to be major funds.

2006 TML Fund accounts for the proceeds of a loan through the Tennessee Municipal Bond Fund and the expenditures related to various projects funded by the loan.

2008 TML Fund accounts for the proceeds of a loan through the Tennessee Municipal Bond Fund and the expenditures related to various projects funded by the loan.

CITY OF MURFREESBORO, TENNESSEE

2006 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 1,499	\$ 1,499
Federal funds			21,197	21,197
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 22,696</u>	<u>\$ 22,696</u>
Expenditures-				
Community services - MTSU project	\$ 1,726,128	\$ 1,726,128	\$ 2,000,976	\$ (274,848)
Capital outlay	27,957,775	27,957,775	14,334,087	13,623,688
	<u>\$ 29,683,903</u>	<u>\$ 29,683,903</u>	<u>\$ 16,335,063</u>	<u>\$ 13,348,840</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (29,683,903)</u>	<u>\$ (29,683,903)</u>	<u>\$ (16,312,367)</u>	<u>\$ 13,371,536</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 28,493,028	\$ 28,493,028	\$ 25,437,092	\$ (3,055,936)
Transfers in			1,751,919	1,751,919
Transfers out			(89,229)	(89,229)
	<u>\$ 28,493,028</u>	<u>\$ 28,493,028</u>	<u>\$ 27,099,782</u>	<u>\$ (1,393,246)</u>
Net change in fund balance	<u>\$ (1,190,875)</u>	<u>\$ (1,190,875)</u>	\$ 10,787,415	<u>\$ 11,978,290</u>
Fund Balance at beginning of year			(10,766,218)	
Fund Balance at end of year			<u>\$ 21,197</u>	

CITY OF MURFREESBORO, TENNESSEE

2008 TML Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	\$ 500	\$ 500	\$ 12,766	\$ 12,266
Federal funds			464,013	464,013
	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 476,779</u>	<u>\$ 476,279</u>
Expenditures-				
Capital outlay and other projects	\$ 40,000,000	\$ 40,000,000	\$ 20,173,231	\$ 19,826,769
Debt issuance costs			420,000	(420,000)
	<u>\$ 40,000,000</u>	<u>\$ 40,000,000</u>	<u>\$ 20,593,231</u>	<u>\$ 19,406,769</u>
Excess of Revenues Over (Under) Expenditures	\$ (39,999,500)	\$ (39,999,500)	\$ (20,116,452)	\$ 19,883,048
Other Financing Sources (Uses)-				
Issuance of debt	40,000,000	40,000,000	12,913,598	(27,086,402)
Net change in fund balance	<u>\$ 500</u>	<u>\$ 500</u>	\$ (7,202,854)	<u>\$ (7,203,354)</u>
Fund Balance at beginning of year			(3,061,882)	
Fund Balance at end of year			<u>\$ (10,264,736)</u>	

MAJOR DEBT SERVICE FUND

The *Debt Service Fund* accounts for the accumulation of resources for, and payment of, general long-term obligations.

CITY OF MURFREESBORO, TENNESSEE

Debt Service Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Revenue from others	\$ 3,782	\$ 3,782	\$ 4,667	\$ 885
Interest earned			137,202	137,202
	<u>\$ 3,782</u>	<u>\$ 3,782</u>	<u>\$ 141,869</u>	<u>\$ 138,087</u>
Expenditures -				
Principal retirement	\$ 19,884,858	\$ 19,884,858	\$ 16,884,470	\$ 3,000,388
Interest	8,949,445	8,949,445	4,829,102	4,120,343
Bond issuance cost and fiscal agent fees	230,000	230,000	183,242	46,758
	<u>\$ 29,064,303</u>	<u>\$ 29,064,303</u>	<u>\$ 21,896,814</u>	<u>\$ 7,167,489</u>
Excess of Revenues Over (Under) Expenditures	\$ (29,060,521)	\$ (29,060,521)	\$ (21,754,945)	\$ 7,305,576
Other Financing Sources -				
Transfers in	26,560,521	26,560,521	21,842,920	(4,717,601)
Net change in fund balance	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	\$ 87,975	<u>\$ 2,587,975</u>
Fund Balance at beginning of year			3,805,487	
Fund Balance at end of year			<u>\$ 3,893,462</u>	

NONMAJOR DEBT SERVICE FUND

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

CITY OF MURFREESBORO, TENNESSEE

School Debt Service Fund

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest earned	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenditures -				
Principal retirement	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ 3,957,694	\$ (3,957,694)
Interest	<u>-0-</u>	<u>-0-</u>	<u>1,018,614</u>	<u>(1,018,614)</u>
	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>4,976,308</u>	\$ <u>(4,976,308)</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ (4,976,308)	\$ (4,976,308)
Other Financing Sources -				
Transfers in	<u>-0-</u>	<u>-0-</u>	<u>4,976,308</u>	<u>4,976,308</u>
Net change in fund balance	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u>-0-</u>	\$ <u><u>-0-</u></u>
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			\$ <u><u>-0-</u></u>	

Note:

No separate budget was adopted for the School Debt Service Fund.

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Enterprise Funds

June 30, 2008

	<u>Murfreesboro Stormwater Fund</u>	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
<u>ASSETS</u>					
Current Assets -					
Cash and cash equivalents				\$ 83,412	\$ 83,412
Accounts receivable				77,138	77,138
Due from other funds	\$ 1,506,854	\$ 21,910	\$ 10,502		1,539,266
Inventories				58,502	58,502
Prepaid items				6,414	6,414
Total Current Assets	<u>\$ 1,506,854</u>	<u>\$ 21,910</u>	<u>\$ 10,502</u>	<u>\$ 225,466</u>	<u>\$ 1,764,732</u>
Noncurrent Assets -					
Land		\$ 12,492	\$ 11,000	\$ 935	\$ 24,427
Other capital assets, net of depreciation				237,387	237,387
Total Noncurrent Assets		<u>\$ 12,492</u>	<u>\$ 11,000</u>	<u>\$ 238,322</u>	<u>\$ 261,814</u>
Total Assets	<u>\$ 1,506,854</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 463,788</u>	<u>\$ 2,026,546</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities -					
Accrued and withheld liabilities				\$ 43,298	\$ 43,298
Due to other funds	\$ 1,428,961				1,428,961
Total Current Liabilities	<u>\$ 1,428,961</u>			<u>\$ 43,298</u>	<u>\$ 1,472,259</u>
Net Assets -					
Invested in capital assets		\$ 12,492	\$ 11,000	\$ 238,322	\$ 261,814
Unrestricted	\$ 77,893	21,910	\$ 10,502	182,168	292,473
Total Net Assets	<u>\$ 77,893</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 420,490</u>	<u>\$ 554,287</u>
Total Liabilities and Net Assets	<u>\$ 1,506,854</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 463,788</u>	<u>\$ 2,026,546</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Nonmajor Enterprise Funds

Year Ended June 30, 2008

	<u>Murfreesboro Stormwater Fund</u>	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Operating Revenues -					
Charges for services	\$ <u>1,506,854</u>			\$ <u>324,331</u>	\$ <u>1,831,185</u>
Operating Expenses -					
Operating expenses	\$ <u>1,428,961</u>			\$ <u>443,235</u>	\$ <u>1,872,196</u>
Depreciation and amortization expense				<u>27,668</u>	<u>27,668</u>
	\$ <u>1,428,961</u>			\$ <u>470,903</u>	\$ <u>1,899,864</u>
Operating Income (Loss)	\$ <u>77,893</u>			\$ <u>(146,572)</u>	\$ <u>(68,679)</u>
Nonoperating Revenue (Expenses) -					
Interest	\$ <u>-0-</u>			\$ <u>1,823</u>	\$ <u>1,823</u>
Income (Loss) Before Transfers	\$ <u>77,893</u>			\$ <u>(144,749)</u>	\$ <u>(66,856)</u>
Transfers in	<u>-0-</u>			<u>146,666</u>	<u>146,666</u>
Change in Net Assets	\$ <u>77,893</u>			\$ <u>1,917</u>	\$ <u>79,810</u>
Net Assets at beginning of year	<u>-0-</u>	\$ <u>34,402</u>	\$ <u>21,502</u>	<u>418,573</u>	<u>474,477</u>
Net Assets at end of year	<u>\$ <u>77,893</u></u>	<u>\$ <u>34,402</u></u>	<u>\$ <u>21,502</u></u>	<u>\$ <u>420,490</u></u>	<u>\$ <u>554,287</u></u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	Murfreesboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
Cash Flows from Operating Activities -					
Cash received from customers				\$ 342,465	\$ 342,465
Cash payments to suppliers				(170,843)	(170,843)
Cash payments to employees				(270,138)	(270,138)
Net Cash Used by Operating Activities				<u>\$ (98,516)</u>	<u>\$ (98,516)</u>
Cash Flows from Noncapital Financing Activities -					
Transfers in				\$ 146,666	\$ 146,666
Net Cash Provided by Noncapital Financing Activities				<u>\$ 146,666</u>	<u>\$ 146,666</u>
Cash Flows From Capital and Related Financing Activities -					
Acquisition and construction of fixed assets				\$ (84,129)	\$ (84,129)
Net Cash Used by Capital and Related Financing Activities				<u>\$ (84,129)</u>	<u>\$ (84,129)</u>
Cash Flows From Investing Activities -					
Interest received				\$ 1,823	\$ 1,823
Net Cash Provided by Investing Activities				<u>\$ 1,823</u>	<u>\$ 1,823</u>
Net Decrease in Cash and Cash Equivalents	\$ -0-	\$ -0-	\$ -0-	\$ (34,156)	\$ (34,156)
Cash and Cash Equivalents at beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	117,568	117,568
Cash and Cash Equivalents at end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 83,412</u></u>	<u><u>\$ 83,412</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 77,893			\$ (146,572)	\$ (68,679)
Adjustments to reconcile operating income to net cash provided by operating activities -					
Depreciation				27,668	27,668
Changes in assets and liabilities -					
Accounts receivable				18,134	18,134
Inventory				(315)	(315)
Prepaid expenses				37	37
Due from other fund	(1,506,854)				(1,506,854)
Accounts payable				2,031	2,031
Accrued and withheld liabilities				501	501
Due to other fund	<u>1,428,961</u>				<u>1,428,961</u>
Net Cash Used by Operating Activities	<u><u>\$ -0-</u></u>			<u><u>\$ (98,516)</u></u>	<u><u>\$ (98,516)</u></u>
Non-Cash Capital and Related Financing Activities -					
Capital assets purchased on account				\$ 37,090	\$ 37,090

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 worker's compensation insurance programs.

Fleet Services Fund accounts for fleet and equipment management to other departments or agencies of the City on a cost reimbursement basis.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Internal Service Funds

June 30, 2008

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
<u>ASSETS</u>				
Current Assets -				
Cash and cash equivalents	\$ 2,546,168	\$ 5,533,029		\$ 8,079,197
Accrued interest receivable		15,602		15,602
Due from other funds	130	2,062,016	\$ 11,834	2,073,980
Due from others	31,795	44,238	195	76,228
Inventory			120,779	120,779
Total Current Assets	\$ <u>2,578,093</u>	\$ <u>7,654,885</u>	\$ <u>132,808</u>	\$ <u>10,365,786</u>
Noncurrent Asset -				
Restricted certificates of deposit		500,000		500,000
Total Assets	\$ <u><u>2,578,093</u></u>	\$ <u><u>8,154,885</u></u>	\$ <u><u>132,808</u></u>	\$ <u><u>10,865,786</u></u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities -				
Accounts payable	\$ 524,356	\$ 143,764		\$ 668,120
Accrued liabilities			\$ 2,080	2,080
Due to other funds		26,374	195	26,569
Claims and judgments payable		2,213,640		2,213,640
Total Current Liabilities	\$ <u>524,356</u>	\$ <u>2,383,778</u>	\$ <u>2,275</u>	\$ <u>2,910,409</u>
Noncurrent Liabilities -				
Claims and judgments payable		2,559,360		2,559,360
Total Liabilities	\$ <u>524,356</u>	\$ <u>4,943,138</u>	\$ <u>2,275</u>	\$ <u>5,469,769</u>
Net Assets -				
Unrestricted	\$ 2,053,737	\$ 3,211,747	\$ 130,533	\$ 5,396,017
Total Net Assets	\$ <u>2,053,737</u>	\$ <u>3,211,747</u>	\$ <u>130,533</u>	\$ <u>5,396,017</u>
Total Liabilities and Net Assets	\$ <u><u>2,578,093</u></u>	\$ <u><u>8,154,885</u></u>	\$ <u><u>132,808</u></u>	\$ <u><u>10,865,786</u></u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2008

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
Operating Revenues -				
Premiums from City departments	\$ 7,380,232	\$ 3,517,746		\$ 10,897,978
Premiums from others	1,587,335	2,015		1,589,350
Charges for services			\$ 1,699,319	1,699,319
Miscellaneous	52,435		5,750	58,185
	<u>\$ 9,020,002</u>	<u>\$ 3,519,761</u>	<u>\$ 1,705,069</u>	<u>\$ 14,244,832</u>
Operating Expenses -				
Claims and administrative expense	\$ 8,154,262	\$ 2,485,073		\$ 10,639,335
Labor expense		192,034	\$ 567,542	759,576
Parts and lubricants			744,737	744,737
Operation and maintenance		94	32,071	32,165
Supplies		5,726	37,566	43,292
Insurance			14,760	14,760
Social Security taxes		15,140	42,119	57,259
Group insurance		10,155	92,471	102,626
Retirement		21,732	61,005	82,737
Utilities		1,626	68,779	70,405
Travel		10,426	5,200	15,626
Training personnel		3,894	1,858	5,752
Professional fees		75,755		75,755
Miscellaneous		479,650	8,365	488,015
Capital outlay		2,016	15,046	17,062
	<u>\$ 8,154,262</u>	<u>\$ 3,303,321</u>	<u>\$ 1,691,519</u>	<u>\$ 13,149,102</u>
Operating Income (Loss)	\$ 865,740	\$ 216,440	\$ 13,550	\$ 1,095,730
Nonoperating Revenue -				
Interest earned	51,422	173,493	-0-	224,915
Net Income (Loss)	\$ 917,162	\$ 389,933	\$ 13,550	\$ 1,320,645
Net Assets at beginning of year	1,136,575	2,821,814	116,983	4,075,372
Net Assets at end of year	<u>\$ 2,053,737</u>	<u>\$ 3,211,747</u>	<u>\$ 130,533</u>	<u>\$ 5,396,017</u>

CITY OF MURFREESBORO, TENNESSEE

**Combining Statement of Cash Flows
Internal Service Funds**

Year Ended June 30, 2008

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
Cash Flows From Operating Activities-				
Cash received from interfund services provided	\$ 8,967,437	\$ 3,517,746	\$ 1,705,085	\$ 14,190,268
Cash payments to suppliers			(1,145,448)	(1,145,448)
Cash payments to employees		(192,034)	(565,462)	(757,496)
Cash payments of claims and administrative expenses	(7,981,795)	(1,789,028)		(9,770,823)
Other receipts	52,435	2,016	5,825	60,276
Other payments		(610,687)		(610,687)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,038,077</u>	<u>\$ 928,013</u>	<u>\$ -0-</u>	<u>\$ 1,966,090</u>
Cash Flows From Noncapital Financing Activities -				
Repayment on due from other funds		\$ 437,984		\$ 437,984
Net Cash Provided by Noncapital Financing Activities		<u>\$ 437,984</u>		<u>\$ 437,984</u>
Cash Flows From Investing Activities-				
Interest received	\$ 51,422	\$ 175,289		\$ 226,711
Net Cash Provided by Investing Activities	<u>\$ 51,422</u>	<u>\$ 175,289</u>		<u>\$ 226,711</u>
Net Increase in Cash and Cash Equivalents	\$ 1,089,499	\$ 1,541,286	\$ -0-	\$ 2,630,785
Cash and Cash Equivalents at beginning of year	1,456,669	3,991,743		5,448,412
Cash and Cash Equivalents at end of year	<u>\$ 2,546,168</u>	<u>\$ 5,533,029</u>	<u>\$ -0-</u>	<u>\$ 8,079,197</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 865,740	\$ 216,440	\$ 13,550	\$ 1,095,730
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Changes in assets and liabilities -				
Due from other funds	(130)		5,766	5,636
Due from others	76,064	23,338	75	99,477
Prepaid items	70,794			70,794
Inventory			(19,941)	(19,941)
Accounts payable	25,609	672,708		698,317
Accrued wages			2,080	2,080
Due to other funds		15,527	(1,530)	13,997
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,038,077</u>	<u>\$ 928,013</u>	<u>\$ -0-</u>	<u>\$ 1,966,090</u>

PENSION TRUST FUNDS

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

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

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

AGENCY FUND

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

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Net Assets
Pension Trust Funds

June 30, 2008

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,801,543	\$ 70,988	\$ 1,872,531
Investments, at fair value			
Mutual funds	30,257,162	6,199,061	36,456,223
U.S. Government notes and bonds	15,291,751	2,958,767	18,250,518
Municipal notes and bonds	498,461		498,461
Corporate notes and bonds	8,790,517	1,628,744	10,419,261
Common stock	16,108,394		16,108,394
Accrued interest receivable		70,456	70,456
Contributions receivable	271,867	637,785	909,652
	<u>\$ 73,019,695</u>	<u>\$ 11,565,801</u>	<u>\$ 84,585,496</u>
<u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits	<u>\$ 73,019,695</u>	<u>\$ 11,565,801</u>	<u>\$ 84,585,496</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Net Assets
Pension Trust Funds

Year Ended June 30, 2008

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ <u>3,999,001</u>	\$ <u>637,785</u>	\$ <u>4,636,786</u>
Investment income-			
Net depreciation in fair value of investments	\$ (4,183,176)	\$ (566,974)	\$ (4,750,150)
Interest	1,710,539	252,311	1,962,850
Dividends	<u>965,168</u>	<u>146,367</u>	<u>1,111,535</u>
Total investment income	\$ <u>(1,507,469)</u>	\$ <u>(168,296)</u>	\$ <u>(1,675,765)</u>
Less investment fees		<u>(40,167)</u>	<u>(40,167)</u>
Net investment income	\$ <u>(1,507,469)</u>	\$ <u>(208,463)</u>	\$ <u>(1,715,932)</u>
Total additions	\$ <u>2,491,532</u>	\$ <u>429,322</u>	\$ <u>2,920,854</u>
Deductions -			
Benefits to participants	\$ 2,236,171	\$ 594,639	\$ 2,830,810
Insurance premiums	<u>495,759</u>		<u>495,759</u>
Total deductions	\$ <u>2,731,930</u>	\$ <u>594,639</u>	\$ <u>3,326,569</u>
Net Increase (Decrease)	\$ (240,398)	\$ (165,317)	\$ (405,715)
Net Assets Held in Trust for Pension Benefits -			
Beginning of year	<u>73,260,093</u>	<u>11,731,118</u>	<u>84,991,211</u>
End of year	\$ <u><u>73,019,695</u></u>	\$ <u><u>11,565,801</u></u>	\$ <u><u>84,585,496</u></u>

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 429,837	\$ 1,572,910	\$ 1,459,310	\$ 543,437
Certificates of deposit	64,973		11,517	53,456
Other receivables	1,900	2,967	1,900	2,967
Inventory	23,843	28,033	23,843	28,033
Total Assets	<u>\$ 520,553</u>	<u>\$ 1,603,910</u>	<u>\$ 1,496,570</u>	<u>\$ 627,893</u>
<u>LIABILITIES</u>				
Due to others	\$ 520,553	\$ 1,584,047	\$ 1,476,707	\$ 627,893
Total Liabilities	<u>\$ 520,553</u>	<u>\$ 1,584,047</u>	<u>\$ 1,476,707</u>	<u>\$ 627,893</u>

FINANCIAL SCHEDULES

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

CITY OF MURFREESBORO, TENNESSEE

Schedule of Certificates of Deposit by Fund

June 30, 2008

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Funds -			
Extended School Program Fund			
Pinnacle National Bank	4.00 %	09-03-08	\$ 100,000
Pinnacle National Bank	4.00	07-20-08	113,432
Pinnacle National Bank	4.00	07-20-08	113,432
			\$ <u>326,864</u>
School Cafeteria Fund			
Pinnacle National Bank	2.75 %	05-06-08	\$ <u>20,000</u>
Enterprise Funds -			
Evergreen Cemetery Commission -			
Pinnacle National Bank	3.10 %	10-04-2008	\$ 18,996
Pinnacle National Bank	1.75	09-24-2008	18,249
Pinnacle National Bank	1.75	01-02-2009	7,025
			\$ <u>44,270</u>
Internal Service Funds -			
Risk Management Fund -			
Midsouth Bank, Murfreesboro	3.69 %	09-23-09	\$ <u>500,000</u>
Fiduciary Funds -			
Extended School Program Private Purpose Trust Fund			
Pinnacle National Bank	4.00 %	09-03-08	\$ <u>165,467</u>
School Activity Agency Fund			
Suntrust Bank	1.54 %	06-15-09	\$ 25,736
Suntrust Bank	0.30	06-30-08	7,720
Pinnacle National Bank	1.50	08-20-08	10,000
Pinnacle National Bank	3.75	12-13-08	10,000
			\$ <u>53,456</u>
Total Certificates of Deposit			\$ <u>1,110,057</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2008

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund -				
United States Treasury Notes	5.000	%	05-15-37	\$ 3,224
United States Treasury Notes	4.000		04-15-10	410,188
United States Treasury Notes	4.375		12-15-10	230,551
United States Treasury Notes	4.875		04-30-11	2,213,694
United States Treasury Notes	2.500		03-31-13	294,255
United States Treasury Notes	3.875		05-15-18	214,194
Federal Farm Credit Bank	5.700		09-18-17	300,243
Federal Farm Credit Bank	5.600		03-02-15	751,838
Federal Farm Credit Bank	4.350		06-03-13	246,007
Federal Farm Credit Bank	5.850		09-08-16	229,298
Federal Home Loan Bank	4.150		11-17-08	250,157
Federal Home Loan Bank	5.500		05-05-11	251,055
Federal Home Loan Bank	5.750		06-25-12	129,736
Federal Home Loan Bank	5.730		07-20-12	227,635
Federal Home Loan Bank	6.000		07-17-13	275,107
Federal Home Loan Bank	5.500		09-25-14	250,060
Federal Home Loan Bank	6.000		10-17-17	252,077
Federal Home Loan Bank	5.100		11-19-14	304,639
Federal Home Loan Bank	5.000		12-03-14	202,205
Federal Home Loan Bank	5.250		11-26-14	248,752
Federal Home Loan Bank	5.650		05-12-20	100,147
Federal Home Loan Bank	5.000		06-30-15	327,318
Federal Home Loan Bank	5.875		02-09-17	200,740
Federal Home Loan Mortgage Corp	6.000		08-01-36	89,367
Federal Home Loan Mortgage Corp	4.500		02-01-20	65,565
Federal Home Loan Mortgage Corp	4.500		06-01-19	40,273
Federal Home Loan Mortgage Corp	5.500		10-01-22	225,735
Federal Home Loan Mortgage Corp	variable		02-01-36	205,899
Federal Home Loan Mortgage Corp	4.500		05-01-23	561,474
Federal Home Loan Mortgage Corp	4.500		07-01-19	213,900
Federal Home Loan Mortgage Corp	4.500		06-01-19	37,055
Federal Home Loan Mortgage Corp	5.000		08-15-25	47,695
Federal Home Loan Mortgage Corp	5.000		09-15-18	31,176
Federal Home Loan Mortgage Corp	5.000		07-15-37	122,753
Federal Home Loan Mortgage Corp	6.000		06-15-17	503,495
Federal Home Loan Mortgage Corp	5.030		11-05-15	443,879
Federal National Mortgage Assn	4.500		09-01-33	96,147
Federal National Mortgage Assn	5.000		03-01-34	84,686
Federal National Mortgage Assn	6.000		08-01-34	884,371
Federal National Mortgage Assn	5.500		09-01-34	61,476
Federal National Mortgage Assn	variable		11-01-36	195,886
Federal National Mortgage Assn	5.000		11-01-33	305,348
Federal National Mortgage Assn	5.500		11-01-33	1,388,476
Federal National Mortgage Assn	6.000		12-01-33	165,833

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -				
Federal National Mortgage Assn	6.500	%	08-01-36	\$ 302,158
Federal National Mortgage Assn	5.000		07-25-24	38,969
Federal National Mortgage Assn	5.000		01-25-34	47,448
Federal National Mortgage Assn	5.250		01-16-18	299,436
Federal National Mortgage Assn	5.000		10-28-16	98,323
Government National Mortgage Assn	5.500		04-20-36	57,612
Government National Mortgage Assn	5.500		09-20-36	64,495
Government National Mortgage Assn II	6.500		04-20-29	13,917
Government National Mortgage Assn	7.000		09-15-11	14,874
FNMA TBA	5.000		N/A	670,908
American Express Bank	5.500		04-16-13	495,395
American General Finance	6.000		12-15-14	144,108
American General Finance	6.500		09-15-17	243,068
Bellsouth Corporation	6.000		10-15-11	259,245
CAT Financial	4.050		07-15-11	98,949
Citicorp	6.375		11-15-08	151,293
Citigroup	5.000		09-15-14	182,864
General Electric	5.250		12-06-17	482,325
Goldman Sachs	6.250		09-01-17	197,784
Goldman Sachs	6.650		05-15-09	204,604
JP Morgan	6.000		01-15-09	202,312
John Hancock	4.100		12-15-12	97,925
McDonalds Corp	4.300		03-01-13	246,970
Merrill Lynch & Co Inc	4.200		12-22-10	145,458
Merrill Lynch & Co Inc	6.375		10-15-08	201,110
Merrill Lynch & Co Inc	6.500		05-16-16	228,980
Nationsbank Corp	7.750		08-15-15	255,855
Northern States Power	6.875		08-01-09	231,894
Verizon Communications	5.550		02-15-16	245,120
Verizon Virginia Inc.	4.625		03-15-13	244,250
Wachovia Corporation	6.375		02-01-09	152,142
Wachovia Corporation	6.150		03-15-09	96,352
Wachovia Corporation	6.250		08-04-08	40,086
Wells Fargo	5.250		10-23-12	99,535
AT & T Inc.	4.950		01-15-13	31,889
Abbott Labs	5.600		11-30-17	54,468
Air Products and Chemicals	4.150		02-01-13	15,647
American Express	6.150		08-28-17	24,418
Bank America Corporation	7.400		01-15-11	7,301
Bank America Corporation	5.125		11-15-14	32,889
Bank America Corporation	5.375		09-11-12	5,009
Bank of New York Mellon	4.950		11-01-12	32,904
Bank of New York Mellon	4.500		04-01-13	10,723
Boeing Company	5.125		02-15-13	32,637
Cameron International Corporation	6.375		07-15-18	22,136
Caterpillar Financial Services Corporation	5.850		09-01-17	15,363
Caterpillar Incorporated	5.700		08-15-16	7,131

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
Centerpoint Energy Res Corporation	7.875	%	04-01-13	\$ 39,608
Cisco Systems Incorporated	5.500		02-22-16	50,445
Citigroup Incorporated	5.125		05-05-14	13,369
Citigroup Incorporated	6.000		08-15-17	6,677
Clorox	5.450		10-15-12	15,072
Coca-Cola Company	5.350		11-15-17	41,328
Comcast Corporation	4.950		06-15-16	17,495
Conocophillips	4.750		10-15-12	16,067
Credit Suisse First Boston USA	6.500		01-15-12	35,284
DaimlerChrysler North America Holding	6.500		11-15-13	21,777
El Paso Nat Gas Company	5.950		04-15-17	10,614
Energy Transfer Partners	6.700		07-01-18	37,240
Enterprise Products Oper LP	5.600		10-15-14	52,898
Exelon Generation Co. LLC	6.200		10-01-17	29,220
Fund American Cos Inc	5.875		05-15-13	59,978
General Electric Company	5.000		02-01-13	19,137
General Electric Company	5.250		12-06-17	18,265
General Electric Capital Corporation	5.450		01-15-13	26,542
Glaxosmithkline Capital Inc.	5.650		05-15-18	37,855
Hewlett-Packard Company	4.500		03-01-13	12,875
International Lease Finance Corporation	5.625		09-20-13	7,869
International Lease Finance Corporation	5.250		01-10-13	16,577
International Paper Company	7.950		06-15-18	42,760
Intuit Incorporated	5.750		03-15-17	7,514
Janus Capital Group	5.875		09-15-11	19,682
Jefferies Group Incorporated	5.875		06-08-14	47,364
Johnson & Johnson Debentures	5.550		08-15-17	45,817
Kellogg Company	4.250		03-06-13	19,429
Kimberly Clark	6.125		08-01-17	42,572
Kraft Foods Incorporated	6.125		08-23-18	23,242
Lazard Group LLC	7.125		05-15-15	43,944
Lockheed Martin Corporation	4.121		03-14-13	18,450
Merck & Company Incorporated	5.125		11-15-11	24,717
Merill Lynch	6.050		08-15-12	4,894
Merrill Lynch & Company	6.150		04-25-13	25,199
Midamerican Energy Holdings Company	5.000		02-15-14	56,535
Morgan Stanley	5.300		03-01-13	47,214
NYSE Euronext	4.800		06-28-13	65,092
Nevada Power Company	5.875		01-15-15	8,984
News America Holdings Incorporated	9.250		02-01-13	33,227
Northern Trust Company	5.200		11-09-12	37,463
Nucor Corporation	5.850		06-01-18	12,125
Oncor Elec Delivery Company	6.375		01-15-15	45,390
Oracle Corporation	5.750		04-15-18	29,975
JC Penney Corporation	5.750		02-15-18	6,246

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -				
Pepsico Incorporated	5.000	%	06-01-18	\$ 57,564
Praxair Incorporated	4.625		03-30-15	35,526
SBC Communications Incorporated	5.100		09-15-14	41,171
Schering Plough	6.000		09-15-17	37,527
TEVA Pharmaceutical Fin LLC	5.550		02-01-16	18,566
Time Warner Incorporated New	5.500		11-15-11	18,721
Time Warner Cable Incorporated	5.850		05-01-17	63,637
United Technologies Corporation	4.875		05-01-15	32,802
Verizon Communications Incorporated	5.550		02-15-16	18,507
Verizon Communications Incorporated	5.250		04-15-13	17,896
Viacom Incorporated	6.125		10-05-17	9,588
Wal Mart Stores, Incorporated	4.500		07-01-15	11,760
Wal Mart Stores	5.800		02-15-18	70,407
Wells Fargo & Company New	4.375		01-31-13	43,574
Xerox Corporation	5.500		05-15-12	17,792
Xerox Corporation	6.350		05-15-18	22,703
Countrywide Alternative Ln Tr	variable		08-25-36	96,629
Comm 2005-C6	5.116		06-10-44	127,989
CNH Equipment Tr	5.210		12-15-11	80,414
CNH Equipment Tr	variable		08-15-14	14,812
Countrywide Home Loans	4.500		01-25-19	34,132
Chase Coml Mtg Secs Corporation	7.631		07-15-32	21,901
Chase Coml Mtg Secs Corporation	variable		09-25-10	47,042
Credit Suisse First Boston Mtg Secs	6.300		11-11-30	35,555
Credit Suisse First Boston Mrg Secs	6.505		02-15-34	35,292
GE Cap Coml Mtg Corp	6.496		01-15-33	98,019
GMAC Capital Coml Mtg Corp	6.465		04-15-34	47,600
GE Capital Coml Mtg Corp	4.819		01-10-38	19,704
Honda Auto Receivables Owner Tr	5.110		04-15-12	56,860
JP Morgan Chase Coml Mtg Secs Corp	variable		10-15-42	28,303
JP Morgan Chase Coml Mtg Secs Corp	variable		12-15-44	89,578
LB-UBS Coml Mtg Tr	6.510		11-15-10	56,702
LB-UBS Coml Mtg Tr	5.197		11-15-30	55,733
Morgan JP Coml Mtg Fin Corp	7.371		08-15-32	88,039
Morgan Stanley Dean Witter Cap I Tr	6.660		02-15-33	83,794
PSE&G Transition Fdg LLC	6.890		12-15-17	98,898
Peco Energy Transition Tr	7.650		03-01-10	39,675
Wamu Mtg	4.500		08-25-18	19,644
Wachovia Bk Coml Mtg Tr	variable		10-17-44	117,127
Astrazeneca PLC	5.900		09-15-17	73,800
Covidien International	6.000		10-15-17	30,363
Diageo Capital PLC	5.200		01-30-13	19,022
LaFarge SA	6.150		07-15-11	24,140
Rio Tinto Fin USA Ltd	5.875		07-15-13	46,255
Rogers Wireless Incorporated	7.500		03-15-15	16,937

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	Interest Rate		Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -				
Thomson Reuters Corporation	5.950	%	07-15-13	\$ 14,056
Transocean Incorporated	6.000		03-15-18	32,048
Veolia Environment	6.000		06-01-18	25,940
Vodafone Group PLC	5.500		06-15-11	62,609
California St Dept Wtr Res Pwr	5.500		05-01-16	27,331
Chicago Ill Brd Ed	5.000		12-01-31	26,509
Cincinnati Ohio City Sch Dist	5.000		12-01-31	53,603
Clark Cnty WA Sch Dist No. 037	5.750		12-01-15	27,113
Indianapolis Ind Loc Pub Impt Bd Bk	5.250		07-01-33	85,867
Lincoln Neb Elec Sys	5.250		09-01-17	42,613
Metropolitan Transn Auth NY Rev	5.250		11-15-32	54,566
Pennsylvania St Tpk Commn	5.125		07-15-23	21,331
San Antonio Tex Indpt Sch Dist	5.000		08-15-31	79,304
Tacoma Wash Elec Sys Rev	5.750		01-01-18	26,922
University Tex Perm Univ Fd	4.750		07-01-30	53,302
AT&T Common	N/A		N/A	336,900
Air Prods & Chems Inc	N/A		N/A	395,440
Alcoa Inc.	N/A		N/A	281,398
Anadarko Pete Corp	N/A		N/A	449,040
Anheuser Busch Cos Inc	N/A		N/A	372,720
Apache Corp Com	N/A		N/A	639,400
Apple, Inc	N/A		N/A	334,880
Bank of America Corporation New	N/A		N/A	179,025
Bank of New York Mellon Corp	N/A		N/A	196,716
Baxter International Incorporated	N/A		N/A	441,186
Becton Dickinson & Company	N/A		N/A	195,120
Celgene Corporation	N/A		N/A	319,350
Cisco System Inc Com	N/A		N/A	383,790
Citigroup Inc.	N/A		N/A	264,808
Colgate Palmolive Co.	N/A		N/A	186,570
Conocophillips	N/A		N/A	283,170
Constellation Energy Group	N/A		N/A	303,360
Corning Inc. Com	N/A		N/A	184,400
Costco Whsl Corp New	N/A		N/A	490,980
Dow Chemical Co.	N/A		N/A	279,280
E M C Corp Mass	N/A		N/A	264,420
Exxon Mobil Corp Com	N/A		N/A	484,715
FPL Group Inc.	N/A		N/A	321,342
Gilead Sciences	N/A		N/A	476,550
Goldman Sachs Group Inc	N/A		N/A	367,290
Goodrich Corporation	N/A		N/A	379,680
Home Depot Inc	N/A		N/A	393,456
Honeywell Intl Inc	N/A		N/A	251,400
Intel Corp Com	N/A		N/A	343,680
JP Morgan Chase & Company	N/A		N/A	360,255
L3 Communications Holding	N/A		N/A	681,525
Laboratory Corp Common New	N/A		N/A	269,816

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Lockheed Martin	N/A	N/A	\$ 246,650
Microsoft Corp	N/A	N/A	453,915
Monsanto Co New Common	N/A	N/A	214,948
National Oilwell Incorporated	N/A	N/A	328,264
Oracle Corporation	N/A	N/A	288,750
Pepsico Incorporated	N/A	N/A	464,207
Phillip Morris International, Inc.	N/A	N/A	325,974
Procter & Gamble Company	N/A	N/A	516,885
Qualcomm Incorporated	N/A	N/A	399,330
Schering Plough Corporation	N/A	N/A	393,800
Schlumberger Ltd Com	N/A	N/A	322,290
US Bankcorp Del Com New	N/A	N/A	198,019
Union Pacific Common	N/A	N/A	181,200
United Technologies Inc Cp	N/A	N/A	308,500
Verizon Communications Inc	N/A	N/A	354,000
Ishares Tr S&P Midcap Value Index Shares	N/A	N/A	370,100
Ridgeworth Fund - Small Cap Val Equity	N/A	N/A	2,790,265
Ridgeworth Fund - Intl Equity Index	N/A	N/A	7,050,191
Vangrd Sml-cap Grwt	N/A	N/A	2,711,980
PIMCO Global Bond Fund Unheldged #102	N/A	N/A	4,962,617
Dodge & Cox International Stock Fund #1048	N/A	N/A	7,102,233
Brandywine Global Bond Fund	N/A	N/A	<u>5,269,776</u>
			<u>\$ 70,946,285</u>
Electric Department Employee Pension Fund -			
Federal Farm Credit Bank	5.600 %	03-02-15	\$ 100,268
Federal Farm Credit Bank	5.850	09-08-16	202,750
Federal Home Loan Bank	4.150	12-30-08	75,254
Federal Home Loan Bank	5.500	05-05-11	100,277
Federal Home Loan Bank	6.000	08-17-16	251,015
Federal Home Loan Bank	5.350	09-08-10	100,187
Federal Home Loan Bank	5.300	09-22-11	101,074
Federal Home Loan Bank	5.250	02-06-12	201,750
Federal Home Loan Bank	5.250	04-16-12	100,728
Federal Home Loan Bank	6.000	08-22-17	202,052
Federal Home Loan Bank	5.200	10-09-12	100,170
Federal Home Loan Bank	5.300	11-28-14	249,997
Federal Home Loan Bank	5.650	05-12-20	200,072

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest</u>	<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>	<u>Date</u>	<u>Value</u>
Electric Department Employee Pension Fund (continued) -			
Federal Home Loan Bank	5.500 %	07-15-15	\$ 101,118
Federal Home Loan Bank	5.000	08-15-08	150,092
Federal Home Loan Mortgage Corporation	5.030	11-05-15	273,955
Federal National Mortgage Association	5.250	01-16-18	200,090
Federal National Mortgage Association	5.000	10-28-16	247,918
International Lease Finance Corporation Notes	4.100	10-15-09	96,667
International Lease Finance Corporation Notes	4.400	05-15-09	98,022
International Lease Finance Corporation Notes	4.000	08-15-08	49,935
Merrill Lynch & Company Notes	4.200	12-22-10	47,241
Merrill Lynch & Company Notes	6.375	10-15-08	100,058
Merrill Lynch Corporation Notes	6.000	02-17-09	99,678
American Express Bank	5.500	04-16-13	247,125
American General Finance	6.000	12-15-14	122,186
Wells Fargo	4.375	01-31-13	95,186
Citigroup	5.000	09-15-14	90,780
General Electric Company	5.250	12-06-17	287,361
Goldman Sachs	6.250	09-01-17	97,430
Verizon Communications	5.550	02-15-16	97,950
Zion Bancorp	4.650	04-14-09	99,125
DFA U.S. Micor Cap Portfolio	N/A	N/A	661,371
DFA U.S. Large Company Portfolio	N/A	N/A	1,240,041
DFA U.S. Small Cap Value Portfolio	N/A	N/A	637,460
DFA U.S. Large Cap Value Portfolio	N/A	N/A	1,218,185
DFA Emerging Markets Value Fund	N/A	N/A	181,476
DFA Emerging Markets Small Cap	N/A	N/A	240,573
DFA International Small Company Portfolio	N/A	N/A	302,349
DFA International Small Cap Value	N/A	N/A	299,795
DFA Emerging Markets Portfolio	N/A	N/A	185,251
DFA International Value Portfolio	N/A	N/A	604,437
DFA Real Estate Securities Portfolio	N/A	N/A	628,123
			<u>\$ 10,786,572</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2008

	<u>Interest</u> <u>Rate</u>		<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Evergreen Cemetery Commission -				
Federal Farm Credit Bank	5.850 %		09-08-16	\$ 76,433
Federal Home Loan Bank	4.350		06-03-13	49,201
Federal Home Loan Bank	5.350		08-22-19	49,369
Federal Home Loan Bank	5.700		09-18-17	100,081
Federal Home Loan Bank	4.150		11-17-08	100,063
Federal Home Loan Bank	4.700		02-01-13	99,876
Federal Home Loan Bank	4.750		03-26-14	48,791
Federal Home Loan Bank	5.000		04-23-18	98,973
Federal Home Loan Bank	5.125		02-08-16	49,886
Federal Home Loan Bank	5.250		11-26-14	19,900
Federal Home Loan Bank	5.250		04-16-12	25,173
Federal Home Loan Bank	5.350		09-08-10	50,167
Federal Home Loan Bank	5.650		05-12-20	100,147
Federal Home Loan Bank	6.000		08-22-17	51,542
Federal National Mortgage	5.000		10-28-16	98,323
American General Finance	6.000		12-15-14	24,018
American General Finance	6.500		09-15-17	48,614
Citigroup	5.000		09-15-14	22,858
Goldman Sachs Group Incorporated	5.150		01-15-14	24,516
International Lease Finance Corporation	4.100		10-15-09	48,882
International Lease Finance Corporation	4.400		05-15-09	49,363
JP Morgan & Chase & Company	5.125		09-15-14	23,618
WAL Mart Stores	4.125		02-15-11	25,138
Wachovia Corporation	6.250		08-04-08	30,064
Zion Bancorp	4.650		04-14-09	49,500
Federated Prime Obligation Fund	N/A		N/A	31,374
Federated Prime Cash Fund	N/A		N/A	787
				<u>\$ 1,396,657</u>
Total Investments				<u>\$ 83,129,514</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt -					
2009	General Obligation Refunding Bonds, Series 2003	2.75	\$ 1,305,000	\$ 17,944	\$ 1,322,944
			\$ 1,305,000	\$ 17,944	\$ 1,322,944
2009	Tennessee Municipal Bond Fund Loan (1)		\$ 480,800	\$ 6,258	\$ 487,058
		\$ 480,800	\$ 6,258	\$ 487,058	
2009	Tennessee Municipal Bond Fund Loan (1)		\$ 2,120,000	\$ 82,478	\$ 2,202,478
2010		2,235,000	52,238	2,287,238	
2011		1,630,000	21,217	1,651,217	
		\$ 5,985,000	\$ 155,933	\$ 6,140,933	
2009	Tennessee Municipal Bond Fund Loan (2)		\$ 325,000	\$ 8,069	\$ 333,069
2010		251,000	3,382	254,382	
		\$ 576,000	\$ 11,451	\$ 587,451	
2009	Tennessee Municipal Bond Fund Loan (2)		\$ 1,608,156	\$ 151,628	\$ 1,759,784
2010		1,688,628	127,890	1,816,518	
2011		1,773,026	102,964	1,875,990	
2012		1,861,656	76,792	1,938,448	
2013		1,954,715	49,311	2,004,026	
2014		1,562,686	21,057	1,583,743	
		\$ 10,448,867	\$ 529,642	\$ 10,978,509	
2009	Tennessee Municipal Bond Fund Loan (1)		\$ 2,376,724	\$ 221,047	\$ 2,597,771
2010		2,471,793	187,185	2,658,978	
2011		2,570,664	151,969	2,722,633	
2012		2,673,491	115,343	2,788,834	
2013		2,780,430	77,253	2,857,683	
2014		2,891,648	37,640	2,929,288	
	\$ 15,764,750	\$ 790,437	\$ 16,555,187		
2009	Tennessee Municipal Bond Fund Loan (3)		\$ 2,164,710	\$ 268,484	\$ 2,433,194
2010		2,251,090	237,209	2,488,299	
2011		2,340,900	204,685	2,545,585	
2012		2,434,310	170,864	2,605,174	
2013		2,531,440	135,694	2,667,134	
2014		2,632,440	99,120	2,731,560	
2015		2,737,480	61,087	2,798,567	
2016		1,732,770	22,873	1,755,643	
		\$ 18,825,140	\$ 1,200,016	\$ 20,025,156	

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
General Long-Term Debt (continued) -					
2009	Tennessee Municipal Bond Fund		\$ 634,000	\$ 54,220	\$ 688,220
2010	Loan (4)		654,000	42,842	696,842
2011			238,000	31,756	269,756
2012			245,000	27,485	272,485
2013			253,000	23,088	276,088
2014			262,000	18,545	280,545
2015			270,000	13,844	283,844
2016			279,000	8,997	287,997
2017			246,894	4,051	250,945
			<u>\$ 3,081,894</u>	<u>\$ 224,828</u>	<u>\$ 3,306,722</u>
2009	Tennessee Municipal Bond Fund		\$ 1,930,000	\$ 312,630	\$ 2,242,630
2010	Loan (5)		1,982,000	280,907	2,262,907
2011			2,035,000	248,330	2,283,330
2012			1,542,000	215,630	1,757,630
2013			1,583,000	190,285	1,773,285
2014			1,626,000	164,265	1,790,265
2015			1,670,000	137,539	1,807,539
2016			1,715,000	110,089	1,825,089
2017			1,761,000	81,900	1,842,900
2018			1,808,000	52,956	1,860,956
2019			1,571,665	23,627	1,595,292
			<u>\$ 19,223,665</u>	<u>\$ 1,818,158</u>	<u>\$ 21,041,823</u>
2009	Tennessee Municipal Bond Fund		\$ 2,551,000	\$ 512,839	\$ 3,063,839
2010	Loan (5)		2,641,000	470,879	3,111,879
2011			2,732,000	427,442	3,159,442
2012			2,828,000	382,506	3,210,506
2013			2,364,000	336,761	2,700,761
2014			2,447,000	297,878	2,744,878
2015			2,533,000	257,630	2,790,630
2016			2,622,000	215,967	2,837,967
2017			2,713,000	172,842	2,885,842
2018			2,808,000	128,219	2,936,219
2019			2,906,000	82,034	2,988,034
2020			2,338,228	35,151	2,373,379
			<u>\$ 31,483,228</u>	<u>\$ 3,320,148</u>	<u>\$ 34,803,376</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2009	Tennessee Municipal Bond Fund		\$ 4,154,000	\$ 1,052,959	\$ 5,206,959
2010	Loan (5)		4,300,000	984,634	5,284,634
2011			4,450,000	913,909	5,363,909
2012			4,606,000	840,716	5,446,716
2013			4,545,000	765,261	5,310,261
2014			4,704,000	690,505	5,394,505
2015			4,869,000	613,134	5,482,134
2016			5,040,000	533,049	5,573,049
2017			5,216,000	450,152	5,666,152
2018			5,398,000	364,361	5,762,361
2019			5,587,000	275,576	5,862,576
2020			5,783,000	183,681	5,966,681
2021			5,898,990	88,681	5,987,671
			<u>\$ 64,550,990</u>	<u>\$ 7,756,618</u>	<u>\$ 72,307,608</u>
2009	Tennessee Municipal Bond Fund		\$ 264,000	\$ 71,570	\$ 335,570
2010	Loan (5)		274,000	67,226	341,226
2011			285,000	62,718	347,718
2012			297,000	58,027	355,027
2013			309,000	53,140	362,140
2014			321,000	48,056	369,056
2015			334,000	42,774	376,774
2016			347,000	37,279	384,279
2017			361,000	31,569	392,569
2018			375,000	25,629	400,629
2019			391,000	19,457	410,457
2020			406,000	13,024	419,024
2021			422,000	6,344	428,344
			<u>\$ 4,386,000</u>	<u>\$ 536,813</u>	<u>\$ 4,922,813</u>
2009	Tennessee Municipal Bond Fund			\$ 211,783	\$ 211,783
2010	Loan (5)		\$ 3,454,000	207,063	3,661,063
2011			3,626,000	150,182	3,776,182
2012			3,808,000	90,467	3,898,467
2013			2,025,599	30,452	2,056,051
			<u>\$ 12,913,599</u>	<u>\$ 689,947</u>	<u>\$ 13,603,546</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
General Long-Term Debt (continued) -					
2009	Capital Outlay Note	6.55	\$ 116,000	\$ 113,512	\$ 229,512
2010			124,000	105,651	229,651
2011			132,000	97,268	229,268
2012			140,000	88,360	228,360
2013			150,000	78,862	228,862
2014			160,000	68,710	228,710
2015			170,000	57,902	227,902
2016			181,000	46,406	227,406
2017			193,000	34,158	227,158
2018			206,000	21,091	227,091
2019			219,000	7,172	226,172
			<u>\$ 1,791,000</u>	<u>\$ 719,092</u>	<u>\$ 2,510,092</u>
2009	Capital Outlay Note	6.49	\$ 81,000	\$ 88,259	\$ 169,259
2010			86,000	82,838	168,838
2011			92,000	77,060	169,060
2012			97,000	70,925	167,925
2013			104,000	64,401	168,401
2014			110,000	57,454	167,454
2015			118,000	50,054	168,054
2016			125,000	42,165	167,165
2017			133,000	33,791	166,791
2018			142,000	24,864	166,864
2019			151,000	15,353	166,353
2020			161,000	5,226	166,226
			<u>\$ 1,400,000</u>	<u>\$ 612,390</u>	<u>\$ 2,012,390</u>
Total General Long-Term Debt			<u>\$ 192,215,933</u>	<u>\$ 18,389,675</u>	<u>\$ 210,605,608</u>
Murfreesboro Water and Sewer -					
2009	Water and Sewer System Revenue and Tax Bonds, Series 2003	2.50	\$ 165,000	\$ 2,062	\$ 167,062
			<u>\$ 165,000</u>	<u>\$ 2,062</u>	<u>\$ 167,062</u>
2009	Tennessee Municipal Bond Fund (6)		\$ 410,982	\$ 136,302	\$ 547,284
2010			427,421	115,752	543,173
2011			444,518	94,381	538,899
2012			462,298	72,156	534,454
2013			480,790	49,041	529,831
2014			500,022	25,001	525,023
			<u>\$ 2,726,031</u>	<u>\$ 492,633</u>	<u>\$ 3,218,664</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2009	Tennessee Municipal Bond Fund (7)		\$ 354,000	\$ 196,715	\$ 550,715
2010			365,000	186,308	551,308
2011			377,000	175,577	552,577
2012			389,000	164,493	553,493
2013			402,000	153,056	555,056
2014			415,000	141,238	556,238
2015			428,000	129,037	557,037
2016			442,000	116,453	558,453
2017			456,000	103,459	559,459
2018			471,000	90,052	561,052
2019			486,000	76,205	562,205
2020			502,000	61,916	563,916
2021			518,000	47,158	565,158
2022			534,000	31,928	565,928
2023			552,000	16,229	568,229
			<u>\$ 6,691,000</u>	<u>\$ 1,689,824</u>	<u>\$ 8,380,824</u>
2009	Tennessee Municipal Bond Fund (6)		\$ 927,000	\$ 921,950	\$ 1,848,950
2010			953,000	875,600	1,828,600
2011			980,000	827,950	1,807,950
2012			1,008,000	778,950	1,786,950
2013			1,037,000	728,550	1,765,550
2014			1,066,000	676,700	1,742,700
2015			1,096,000	623,400	1,719,400
2016			1,127,000	568,600	1,695,600
2017			1,159,000	512,250	1,671,250
2018			1,192,000	454,300	1,646,300
2019			1,226,000	394,700	1,620,700
2020			1,260,000	333,400	1,593,400
2021			1,296,000	270,400	1,566,400
2022			1,333,000	205,600	1,538,600
2023			1,370,000	138,950	1,508,950
2024			1,409,000	70,450	1,479,450
			<u>\$ 18,439,000</u>	<u>\$ 8,381,750</u>	<u>\$ 26,820,750</u>
2009	Tennessee Municipal Bond Fund (8)		\$ 1,001,000	\$ 854,473	\$ 1,855,473
2010			1,036,000	819,438	1,855,438
2011			1,073,000	783,178	1,856,178
2012			1,110,000	745,623	1,855,623
2013			1,149,000	706,773	1,855,773
2014			1,189,000	666,558	1,855,558
2015			1,231,000	624,943	1,855,943
2016			1,274,000	581,858	1,855,858
2017			1,319,000	537,268	1,856,268
2018			1,365,000	491,103	1,856,103
2019			1,412,000	443,328	1,855,328
2020			1,462,000	393,908	1,855,908
2021			1,513,000	342,738	1,855,738
2022			1,566,000	289,783	1,855,783
2023			1,621,000	234,973	1,855,973
2024			1,678,000	178,238	1,856,238
2025			1,736,000	119,508	1,855,508
2026			1,678,504	58,748	1,737,252
			<u>\$ 24,413,504</u>	<u>\$ 8,872,439</u>	<u>\$ 33,285,943</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2009	Tennessee Municipal Bond Fund (9)		\$ 2,717,982	\$ 1,587,520	\$ 4,305,502
2010			1,947,333	1,424,993	3,372,326
2011			1,424,518	1,295,848	2,720,366
2012			1,470,298	1,188,880	2,659,178
2013			1,517,790	1,078,451	2,596,241
2014			1,566,047	964,431	2,530,478
2015			1,096,000	846,759	1,942,759
2016			1,127,000	766,751	1,893,751
2017			1,159,000	684,480	1,843,480
2018			1,192,000	599,873	1,791,873
2019			1,226,000	512,857	1,738,857
2020			1,260,000	423,359	1,683,359
2021			1,296,000	331,379	1,627,379
2022			1,333,000	236,771	1,569,771
2023		1,370,000	139,462	1,509,462	
2024		1,409,000	164,507	1,573,507	
			<u>\$ 23,111,968</u>	<u>\$ 12,246,321</u>	<u>\$ 35,358,289</u>
2009	State Revolving Loan	4.24 %	\$ 2,438,136	\$ 1,707,228	\$ 4,145,364
2010			2,543,544	1,601,808	4,145,352
2011			2,653,512	1,491,840	4,145,352
2012			2,768,232	1,377,120	4,145,352
2013			2,887,920	1,257,444	4,145,364
2014			3,012,768	1,132,584	4,145,352
2015			3,143,028	1,002,336	4,145,364
2016			3,278,904	866,448	4,145,352
2017			3,420,672	724,692	4,145,364
2018			3,568,560	576,804	4,145,364
2019			3,722,844	422,520	4,145,364
2020			3,883,788	261,564	4,145,352
2021	4,051,709	93,660	4,145,369		
			<u>\$ 41,373,617</u>	<u>\$ 12,516,048</u>	<u>\$ 53,889,665</u>
2009	State Revolving Loan	4.28 %	\$ 45,360	\$ 24,300	\$ 69,660
2010			47,340	22,320	69,660
2011			49,404	20,244	69,648
2012			51,564	18,096	69,660
2013			53,808	15,840	69,648
2014			56,160	13,488	69,648
2015			58,608	11,040	69,648
2016			61,164	8,484	69,648
2017			63,840	5,808	69,648
2018			66,624	3,024	69,648
2019	34,390	432	34,822		
			<u>\$ 588,262</u>	<u>\$ 143,076</u>	<u>\$ 731,338</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2009	State Revolving Loan	3.71 %	\$ 76,260	\$ 59,352	\$ 135,612
2010			79,140	56,472	135,612
2011			82,128	53,496	135,624
2012			85,224	50,388	135,612
2013			88,440	47,172	135,612
2014			91,776	43,836	135,612
2015			95,244	40,368	135,612
2016			98,844	36,780	135,624
2017			102,564	33,048	135,612
2018			106,440	29,184	135,624
2019			110,460	25,164	135,624
2020			114,624	20,988	135,612
2021			118,956	16,668	135,624
2022			123,444	12,180	135,624
2023			128,100	7,524	135,624
2024			132,935	2,688	135,623
			<u>\$ 1,634,579</u>	<u>\$ 535,308</u>	<u>\$ 2,169,887</u>
Total Murfreesboro Water and Sewer			\$ 119,142,961	\$ 44,879,461	\$ 164,022,422
Murfreesboro Electric Department -					
2009	Electric System Revenue Bonds	5.50	\$ 315,000	\$ 35,475	\$ 350,475
2010	Series 1995	5.50	330,000	18,150	348,150
			<u>\$ 645,000</u>	<u>\$ 53,625</u>	<u>\$ 698,625</u>
2009	Electric System Revenue Bonds	4.60	\$ 300,000	\$ 99,558	\$ 399,558
2010	Series 1999	4.70	315,000	85,458	400,458
2011		4.80	330,000	70,338	400,338
2012		4.88	345,000	54,250	399,250
2013		5.00	360,000	37,000	397,000
2014		5.00	380,000	19,000	399,000
			<u>\$ 2,030,000</u>	<u>\$ 365,604</u>	<u>\$ 2,395,604</u>
2009	Tennessee Municipal Bond Fund (10)		\$ 376,000	\$ 80,950	\$ 456,950
2010			394,000	62,150	456,150
2011			414,000	42,450	456,450
2012			435,000	21,750	456,750
			<u>\$ 1,619,000</u>	<u>\$ 207,300</u>	<u>\$ 1,826,300</u>
2009	Tennessee Municipal Bond Fund (10)		\$ 1,489,000	\$ 477,750	\$ 1,966,750
2010			1,529,000	403,300	1,932,300
2011			1,570,000	326,850	1,896,850
2012			1,612,000	248,350	1,860,350
2013			1,655,000	167,750	1,822,750
2014			1,700,000	85,000	1,785,000
			<u>\$ 9,555,000</u>	<u>\$ 1,709,000</u>	<u>\$ 11,264,000</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2008

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Electric Department (continued) -					
2009	Tennessee Municipal Bond Fund (10)		\$ 293,000	\$ 235,850	\$ 528,850
2010			303,000	221,200	524,200
2011			314,000	206,050	520,050
2012			325,000	190,350	515,350
2013			336,000	174,100	510,100
2014			348,000	157,300	505,300
2015			360,000	139,900	499,900
2016			372,000	121,900	493,900
2017			385,000	103,300	488,300
2018			399,000	84,050	483,050
2019			413,000	64,100	477,100
2020			427,000	43,450	470,450
2021			442,000	22,100	464,100
			<u>\$ 4,717,000</u>	<u>\$ 1,763,650</u>	<u>\$ 6,480,650</u>
2009	Tennessee Municipal Bond Fund (10)		\$ 463,000	\$ 67,594	\$ 530,594
2010			487,000	54,076	541,076
2011			401,888	40,557	442,445
			<u>\$ 1,351,888</u>	<u>\$ 162,227</u>	<u>\$ 1,514,115</u>
Total Murfreesboro Electric Department			<u>\$ 19,917,888</u>	<u>\$ 4,261,406</u>	<u>\$ 24,179,294</u>
Total Indebtedness			<u>\$ 331,276,782</u>	<u>\$ 67,530,542</u>	<u>\$ 398,807,324</u>

- (1) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.42% was used which was the rate in effect at June 30, 2008.
- (2) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.47% was used which was the rate in effect at June 30, 2008.
- (3) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.44% was used which was the rate in effect at June 30, 2008.
- (4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.79% was used which was the rate in effect at June 30, 2008.
- (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 1.64 % was used which was the rate in effect at June 30, 2008.
- (6) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 5.00% was used which was the rate in effect at June 30, 2008.
- (7) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.94% was used which was the rate in effect at June 30, 2008.
- (8) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 3.50% was used which was the rate in effect at June 30, 2008.
- (9) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 4.50% was used which was the rate in effect at June 30, 2008.
- (10) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.50% was used which was the rate in effect at June 30, 2008.

STATISTICAL SECTION
(UNAUDITED)

This part of the City of Murfreesboro's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	145
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	153
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	157
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	162
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	164
Utility Services Information <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	167

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 Assets by Component

**Last Ten Fiscal Years (1)
(accrual basis of accounting)**

	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 64,817,590	\$ 103,037,574	\$ 130,951,307	\$ 175,428,453	\$ 380,452,965 **	\$ 426,343,309	\$ 441,657,459
Restricted	17,716,528	22,481,893	25,137,765	24,322,534	27,177,051	24,216,623	25,475,193
Unrestricted	48,059,269	45,734,887	45,201,963	2,820,969 *	14,128,705	1,179,169	(707,558)
Total governmental activities net assets	\$ 130,593,387	\$ 171,254,354	\$ 201,291,035	\$ 202,571,956	\$ 421,758,721	\$ 451,739,101	\$ 466,425,094
Business-type activities							
Invested in capital assets, net of related debt	\$ 180,697,510	\$ 195,102,675	\$ 215,897,440	\$ 236,151,787	\$ 253,510,019	\$ 278,420,182	\$ 305,980,547
Restricted	20,345,827	14,906,523	11,293,939	12,339,799	20,608,993	23,549,545	27,152,115
Unrestricted	6,287,687	7,352,672	4,657,462	5,286,813	7,268,772	7,354,573	7,536,734
Total business-type activities net assets	\$ 207,331,024	\$ 217,361,870	\$ 231,848,841	\$ 253,778,399	\$ 281,387,784	\$ 309,324,300	\$ 340,669,396
Primary Government							
Invested in capital assets, net of related debt	\$ 245,515,100	\$ 298,140,249	\$ 346,848,747	\$ 411,580,240	\$ 633,962,984	\$ 704,763,491	\$ 747,638,006
Restricted	38,062,355	37,388,416	36,431,704	36,662,333	47,786,044	47,766,168	52,627,308
Unrestricted	54,346,956	53,087,559	49,859,425	8,107,782	21,397,477	8,533,742	6,829,176
Total primary government net assets	\$ 337,924,411	\$ 388,616,224	\$ 433,139,876	\$ 456,350,355	\$ 703,146,505	\$ 761,063,401	\$ 807,094,490

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

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

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

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets

**Last Ten Fiscal Years (1)
(accrual basis of accounting)**

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 9,466,318	\$ 9,740,938	\$ 10,480,078	\$ 3,441,920	\$ 4,160,902	\$ 11,609,689	\$ 9,827,713
Police	10,134,174	10,135,170	10,567,162	15,569,351	16,893,470	17,663,308	19,406,692
Fire protection	6,849,872	7,311,950	7,579,266	11,560,354	13,165,975	12,588,799	13,810,394
Judicial	258,396	265,194	265,559	383,250	470,194	413,187	428,682
Legal	480,855	384,252	396,578	470,674	605,026	656,445	760,004
Personnel	329,742	344,507	385,962	540,178	667,777	667,665	699,440
Streets	3,627,182	4,828,104	7,307,752	5,129,327	10,617,678	11,044,955	10,974,387
Planning and engineering	1,453,396	1,550,385	1,591,616	2,147,854	2,577,020	2,719,203	2,838,546
Building inspections	753,094	792,627	848,527	1,309,877	1,516,166	1,720,215	1,698,151
Sanitation	2,815,772	2,885,087	2,960,831	3,657,530	4,232,561	4,321,738	5,551,848
Urban environmental	340,057	360,213	401,802	690,795	746,291	653,438	812,456
Public health, education and welfare	1,627,425	1,235,539	1,304,758	1,413,132	1,572,061	1,576,043	1,608,823
Community services	3,248,602	4,199,885	4,398,285	3,633,490	5,862,872	5,216,227	9,926,107
Recreation	6,780,898	6,622,259	8,797,250	9,116,288	10,889,653	11,038,185	11,507,834
Community/economic development	734,553	702,044	834,883	825,139	855,376	443,375	1,640,426
Education	38,314,527	38,878,101	42,437,962	46,031,454	50,508,912	52,820,118	54,783,363
Food service	2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963
Interest on long-term debt	2,579,226	2,214,072	1,716,071	2,498,568	4,518,117	6,503,457	6,100,927
Total governmental activities expenses	\$ 91,800,551	\$ 94,476,431	\$ 104,357,774	\$ 110,680,563	\$ 132,464,902	\$ 144,626,046	\$ 155,763,756
Business-type activities:							
Water and sewer	\$ 17,301,578	\$ 18,491,414	\$ 19,669,239	\$ 20,702,532	\$ 22,755,496	\$ 24,550,818	\$ 28,583,063
Electric	65,674,605	70,820,633	76,598,655	80,608,817	95,002,383	102,920,871	113,398,349
Cemetery	319,380	312,599	344,372	377,487	415,208	409,601	470,903
Total business-type activities expenses	\$ 83,295,563	\$ 89,624,646	\$ 96,612,266	\$ 101,688,836	\$ 118,173,087	\$ 127,881,290	\$ 142,452,315
Total primary government expenses	\$ 175,096,114	\$ 184,101,077	\$ 200,970,040	\$ 212,369,399	\$ 250,637,989	\$ 272,507,336	\$ 298,216,071

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

**Last Ten Fiscal Years (1)
(accrual basis of accounting)**

	2002	2003	2004	2005	2006	2007	2008
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 157,521	\$ 276,038	\$ 219,347	\$ 154,249	\$ 203,514	\$ 187,806	\$ 227,562
Police	368,771	301,597	293,093	251,479	201,209	206,978	268,899
Fire protection	239,617	373,627	366,113	372,120	385,833	389,146	430,312
Judicial	1,983,892	1,786,322	1,746,298	1,594,058	1,659,996	1,640,284	2,793,451
Streets	9,607	14,382	25,666	12,726	20,508	42,776	18,525
Planning and engineering	19,659	26,781	27,074	69,549	59,094	72,543	43,769
Building inspections	1,666,083	1,914,342	2,680,715	2,920,015	3,342,738	3,513,589	2,318,682
Sanitation	15,529	47,209	49,441	41,568	28,502	45,011	31,988
Urban environmental						4,635	733
Community services	1,421,814	1,258,406	1,763,362	1,591,030	1,953,102	2,127,197	2,591,282
Recreation	2,410,568	1,921,342	2,026,364	2,694,653	2,719,500	2,824,577	2,984,452
Community/economic development	224	96,044	63,593	102,094	91,528	91,879	34,178
Education	1,529,442	1,660,386	2,013,851	2,160,500	2,157,619	2,497,306	2,740,414
Food service	1,047,967	1,073,184	1,118,259	1,156,877	1,225,607	1,342,876	1,240,116
Interest on long-term debt	83,973	32,110	36,053	28,161	23,416	3,818	4,667
Operating grants and contributions	36,035,340	38,795,216	41,163,018	42,948,523	46,551,338	49,527,119	57,771,476
Capital grants and contributions	17,491,210	19,385,562	14,642,477	22,108,525	17,774,729	30,178,990	17,306,022
Total governmental activities program revenues	\$ 64,481,217	\$ 68,962,548	\$ 68,234,724	\$ 78,206,127	\$ 78,398,233	\$ 94,696,530	\$ 90,806,528
Business-type activities:							
Charges for services:							
Water and sewer	\$ 17,011,842	\$ 17,875,337	\$ 18,501,861	\$ 20,913,599	\$ 23,164,912	\$ 24,845,239	\$ 27,857,208
Electric	67,698,553	72,951,488	80,121,947	83,693,947	99,549,498	110,253,090	124,542,827
Cemetery	255,088	312,331	332,604	377,258	354,435	319,566	324,331
Operating grants and contributions	85,815	68,341	14,931	43,458	15,413	76,203	69,514
Capital grants and contributions	7,856,270	7,726,149	11,866,450	18,274,459	21,864,924	18,831,734	19,826,819
Total business-type activities program revenues	\$ 92,907,568	\$ 98,933,646	\$ 110,837,793	\$ 123,302,721	\$ 144,949,182	\$ 154,325,832	\$ 172,620,699
Total primary government program revenues	\$ 157,388,785	\$ 167,896,194	\$ 179,072,517	\$ 201,508,848	\$ 223,347,415	\$ 249,022,362	\$ 263,427,227
Net (expense)/revenue							
Governmental activities	\$ (27,319,334)	\$ (25,513,883)	\$ (36,123,050)	\$ (32,474,436)	\$ (54,066,669)	\$ (49,929,516)	\$ (64,957,228)
Business-type activities	9,612,005	9,309,000	14,225,527	21,613,885	26,776,095	26,444,542	30,168,384
Total primary government net expense	\$ (17,707,329)	\$ (16,204,883)	\$ (21,897,523)	\$ (10,860,551)	\$ (27,290,574)	\$ (23,484,974)	\$ (34,788,844)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

**Last Ten Fiscal Years (1)
(accrual basis of accounting)**

	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 27,838,214	\$ 27,185,759	\$ 27,636,039	\$ 28,344,042	\$ 30,642,673	\$ 31,059,681	\$ 33,141,050
Sales taxes	16,785,657	17,620,360	20,456,883	21,550,526	24,094,087	26,265,473	27,920,634
Other taxes	4,679,961	5,098,675	5,825,859	6,172,046	6,926,688	7,196,182	7,613,113
Grants and contributions not restricted to specific programs	6,988,901	6,720,868	7,746,526	7,373,394	8,256,056	8,625,079	8,870,859
Unrestricted investment earnings	758,707	514,639	425,609	702,202	1,826,865	2,486,355	1,880,203
Miscellaneous	249,017	282,589	340,537	75,353	232,735	70,211	164,203
Gain on sale of assets		4,378,279	274,956	2,214,818	8,946,150	4,210,874	79,559
Reduction in estimated landfill post-closure programs		565,000	802,000	80,000			
Transfers	64,185	63,552	17,370	75,933	23,747	78,953	(26,400)
Total governmental activities	\$ 57,364,642	\$ 62,429,721	\$ 63,525,779	\$ 66,588,314	\$ 80,949,001	\$ 79,992,808	\$ 79,643,221
Business-type activities:							
Unrestricted investment earnings	\$ 1,207,586	\$ 732,573	\$ 227,051	\$ 310,815	\$ 792,812	\$ 1,514,229	\$ 1,099,560
Miscellaneous	4,813						
Contributions to permanent funds	37,300	52,825	51,763	80,791	64,225	56,698	50,752
Transfers	(64,185)	(63,552)	(17,370)	(75,933)	(23,747)	(78,953)	26,400
Total business-type activities	\$ 1,185,514	\$ 721,846	\$ 261,444	\$ 315,673	\$ 833,290	\$ 1,491,974	\$ 1,176,712
Total primary government	\$ 58,550,156	\$ 63,151,567	\$ 63,787,223	\$ 66,903,987	\$ 81,782,291	\$ 81,484,782	\$ 80,819,933
Change in Net Assets							
Governmental activities	\$ 30,045,308	\$ 36,915,838	\$ 27,402,729	\$ 34,113,878	\$ 26,882,332	\$ 30,063,292	\$ 14,685,993
Business-type activities	10,797,519	10,030,846	14,486,971	21,929,558	27,609,385	27,936,516	31,345,096
Total primary government	\$ 40,842,827	\$ 46,946,684	\$ 41,889,700	\$ 56,043,436	\$ 54,491,717	\$ 57,999,808	\$ 46,031,089

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

CITY OF MURFREESBORO, TENNESSEE

Governmental Activities Tax Revenue By Source

Last Ten Fiscal Years (1)
(accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2002	\$ 27,838,214	\$ 16,785,657	\$ 4,679,961	\$ 49,303,832
2003	27,185,759	17,620,360	5,098,675	49,904,794
2004	27,636,039	20,456,883	5,825,859	53,918,781
2005	28,344,042	21,550,526	6,172,046	56,066,614
2006	30,642,673	24,094,087	6,926,688	61,663,448
2007	31,059,681	26,265,473	7,196,182	64,521,336
2008	33,141,050	27,920,634	7,613,113	68,674,797

- (1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 9,988	\$ 21,518	\$ 44,727	\$ 86,277	\$ 104,570	\$ 141,536	\$ 264,004	\$ 2,866,482	\$ 2,251,222	\$ 1,089,753
Unreserved	<u>15,860,938</u>	<u>17,269,783</u>	<u>22,088,692</u>	<u>22,685,686</u>	<u>22,086,973</u>	<u>27,379,072</u>	<u>30,912,311</u>	<u>32,596,314</u>	<u>28,461,940</u>	<u>30,988,844</u>
Total general fund	<u>\$ 15,870,926</u>	<u>\$ 17,291,301</u>	<u>\$ 22,133,419</u>	<u>\$ 22,771,963</u>	<u>\$ 22,191,543</u>	<u>\$ 27,520,608</u>	<u>\$ 31,176,315</u>	<u>\$ 35,462,796</u>	<u>\$ 30,713,162</u>	<u>\$ 32,078,597</u>
All other governmental funds										
Reserved	\$ 1,533,774	\$ 700,133	\$ 1,185,442	\$ 2,711,084	\$ 2,643,769	\$ 3,145,398	\$ 2,901,392	\$ 1,940,854	\$ 2,355,315	\$ 1,762,700
Unreserved, reported in:										
Special revenue funds	7,332,299	7,071,742	7,382,019	7,764,893	8,914,132	10,108,544	10,797,880	8,696,080	7,911,903	10,835,989
Debt service fund	392,101	1,637,060	1,940,948	3,048,805	3,101,068	2,538,936	2,573,675	3,604,560	3,805,487	3,893,462
Capital projects funds	(3,075,403)	(1,360,968)	(1,061,620)	3,666,483	3,043,521	(5,469,262)	(15,072,098)	(165,292)	(7,590,144)	(3,903,637)
Permanent funds				137,692	148,419	114,026	109,169	68,691	90,946	13,795
Total all other governmental funds	<u>\$ 6,182,771</u>	<u>\$ 8,047,967</u>	<u>\$ 9,446,789</u>	<u>\$ 17,328,957</u>	<u>\$ 17,850,909</u>	<u>\$ 10,437,642</u>	<u>\$ 1,310,018</u>	<u>\$ 14,144,893</u>	<u>\$ 6,573,507</u>	<u>\$ 12,602,309</u>

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues -										
Taxes	\$ 37,099,942	\$ 40,183,215	\$ 44,110,406	\$ 45,440,633	\$ 47,724,128	\$ 53,270,607	\$ 55,756,343	\$ 60,863,834	\$ 64,556,511	\$ 68,454,364
Intergovernmental	36,820,271	42,037,924	44,456,365	43,131,242	44,206,914	48,507,093	55,825,684	58,780,055	58,715,084	71,584,311
Charges for services	4,419,553	4,574,013	4,365,681	5,554,663	5,397,770	5,907,855	6,842,495	6,966,806	7,587,841	8,134,453
Donations										483,125
Interest and investment earnings	746,365	1,172,562	1,461,883	809,012	587,604	446,717	741,017	1,710,245	2,380,139	1,775,554
Licenses and permits	2,178,165	2,626,750	3,039,720	3,697,069	3,887,346	4,599,889	4,631,835	5,155,404	5,289,916	5,280,673
Miscellaneous	3,534,200	6,496,196	4,528,696	7,630,870	4,072,410	7,836,385	6,099,685	6,131,933	4,969,123	6,346,050
	<u>\$ 84,798,496</u>	<u>\$ 97,090,660</u>	<u>\$ 101,962,751</u>	<u>\$ 106,263,489</u>	<u>\$ 105,876,172</u>	<u>\$ 120,568,546</u>	<u>\$ 129,897,059</u>	<u>\$ 139,608,277</u>	<u>\$ 143,498,614</u>	<u>\$ 162,058,530</u>
Expenditures -										
General government	\$ 6,756,381	\$ 7,463,250	\$ 8,368,317	\$ 9,168,864	\$ 10,101,354	\$ 10,492,519	\$ 3,021,553	* \$ 3,332,008	\$ 11,414,689	\$ 4,595,923
Police	7,714,057	8,484,783	8,763,731	9,200,399	9,539,903	9,700,595	15,596,243	15,568,305	17,755,914	18,412,254
Fire protection	5,255,908	6,180,248	6,355,455	6,544,473	6,983,588	7,260,949	11,236,417	11,953,554	12,604,596	13,403,457
Judicial	197,215	222,435	218,323	240,725	253,961	265,283	377,283	424,378	412,307	477,728
Legal	351,333	378,836	421,166	482,339	381,265	392,291	477,862	594,253	649,162	754,962
Personnel	255,346	286,638	341,265	316,453	350,039	377,661	527,178	574,204	643,941	711,621
Streets	3,960,722	7,334,591	6,737,738	3,315,588	4,052,180	5,189,850	4,170,663	6,443,037	6,168,437	6,216,345
Planning and engineering	875,060	902,440	1,076,856	1,397,471	1,522,269	1,589,272	2,133,009	2,575,185	2,712,370	2,795,308
Building inspections	542,620	636,280	716,417	750,636	789,533	856,370	1,290,743	1,513,775	1,705,737	1,740,183
Sanitation	1,895,068	2,118,620	2,300,637	2,516,470	2,773,945	2,688,687	3,324,471	3,743,192	3,832,817	4,448,056
Urban environmental	256,096	279,041	309,603	311,391	337,918	398,062	666,182	771,954	645,641	780,410
Public health, education and welfare	777,479	850,438	879,799	996,071	1,062,603	1,179,909	1,308,056	1,469,631	1,473,700	1,506,480
Community services	2,250,307	2,152,009	2,124,200	3,044,017	3,950,816	4,302,808	3,339,475	5,230,313	4,701,071	9,346,329
Recreation	5,175,392	5,230,224	5,552,647	5,907,853	5,902,100	6,684,636	7,601,274	8,138,001	8,691,484	9,152,060
Community development	592,782	671,462	1,042,530	732,989	700,350	852,389	866,010	885,812	441,826	817,301
Economic development										821,688
Education	30,434,359	32,542,947	35,468,288	36,782,935	37,854,844	40,827,158	44,139,617	49,680,734	51,587,295	51,009,243
Food service				2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963
Capital outlay	22,949,255	16,207,145	13,851,250	22,807,323	21,495,444	30,714,965	53,632,139	38,176,379	57,442,265	40,274,705
Debt service										
Principal	7,125,100	10,653,165	10,360,836	11,460,767	16,402,262	20,167,365	12,555,106	14,316,952	15,066,722	20,842,164
Interest	3,199,568	3,739,847	3,740,561	2,454,062	2,092,591	1,607,220	2,384,025	4,361,936	6,265,007	5,847,716
Debt issuance cost				125,164	121,481	163,453	106,543	128,064	178,981	603,242
Total expenditures	<u>\$ 100,564,048</u>	<u>\$ 106,334,399</u>	<u>\$ 108,629,619</u>	<u>\$ 120,562,452</u>	<u>\$ 128,694,550</u>	<u>\$ 147,794,874</u>	<u>\$ 171,015,231</u>	<u>\$ 172,486,518</u>	<u>\$ 207,363,961</u>	<u>\$ 197,945,138</u>
Excess of revenues over (under) expenditures	\$ <u>(15,765,552)</u>	\$ <u>(9,243,739)</u>	\$ <u>(6,666,868)</u>	\$ <u>(14,298,963)</u>	\$ <u>(22,818,378)</u>	\$ <u>(27,226,328)</u>	\$ <u>(41,118,172)</u>	\$ <u>(32,878,241)</u>	\$ <u>(63,865,347)</u>	\$ <u>(35,886,608)</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses) -										
Issuance of debt	\$ 23,581,563	\$ 12,529,310	\$ 12,886,126	\$ 21,132,500	\$ 14,888,135	\$ 23,705,100	\$ 32,993,275	\$ 39,412,060	\$ 46,803,601	\$ 42,499,715
Proceeds from sale of land					7,929,389	1,104,250	2,817,980	10,643,428	4,877,586	927,796
Transfers in	23,186,897	24,527,566	24,910,428	28,591,755	31,024,120	28,037,773	30,110,222	34,590,206	38,462,043	46,098,673
Transfers out	(23,186,897)	(24,527,566)	(24,910,428)	(28,951,358)	(31,081,734)	(28,087,097)	(30,158,538)	(34,646,097)	(38,515,991)	(46,245,339)
	\$ 23,581,563	\$ 12,529,310	\$ 12,886,126	\$ 20,772,897	\$ 22,759,910	\$ 24,760,026	\$ 35,762,939	\$ 49,999,597	\$ 51,627,239	\$ 43,280,845
Net change in fund balances	\$ 7,816,011	\$ 3,285,571	\$ 6,219,258	\$ 6,473,934	\$ (58,468)	\$ (2,466,302)	\$ (5,355,233)	\$ 17,121,356	\$ (12,238,108)	\$ 7,394,237
Debt service as a percentage of noncapital expenditures	13.30%	15.97%	14.88%	14.36%	17.37%	18.74%	12.82%	14.00%	14.35%	17.31%

** In 2005, the City began allocating employee benefits to other departments. Prior to this date, all employee benefits were included in administrative and general.

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	Beer Privilege Tax	Liquor Privilege Tax	Hotel/Motel Tax	Cable TV Franchise Tax	Total Tax Revenue
1999	\$ 20,165,648	\$ 13,136,970	\$ 1,720,851	\$ 302,825	\$ 1,035,570	\$ 15,132	\$ 30,005	\$ 427,779	\$ 265,162	\$ 37,099,942
2000	21,922,224	14,163,329	1,776,458	352,962	1,145,073	17,708	28,163	459,848	317,450	40,183,215
2001	22,793,606	16,748,313	1,866,021	389,591	1,217,401	17,358	32,192	529,993	515,931	44,110,406
2002	24,355,979	16,785,657	1,756,813	379,216	1,192,999	23,506	34,769	472,073	439,621	45,440,633
2003	25,478,328	17,620,360	1,806,197	412,543	1,221,734	18,375	38,512	487,494	640,585	47,724,128
2004	27,076,804	20,456,883	2,063,053	486,880	1,481,835	18,558	37,503	544,874	1,104,217	53,270,607
2005	28,503,582	21,550,526	2,293,265	528,073	1,426,313	17,967	38,047	537,141	861,429	55,756,343
2006	30,434,528	24,094,087	2,434,181	585,620	1,745,143	18,550	37,810	584,877	929,038	60,863,834
2007	31,302,662	26,265,473	2,612,015	640,231	1,917,224	20,800	45,999	652,641	1,099,466	64,556,511
2008	33,073,516	27,920,634	2,708,850	712,160	2,027,972	22,385	49,946	743,601	1,195,300	68,454,364

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		
1999	\$ 1.900	\$ 947,477,835	\$ 28,926,341	\$ 976,404,176	\$ 3,089,886,633	31.6%
2000	1.900	1,024,583,966	31,149,479	1,055,733,445	3,379,155,672	31.2%
2001	1.900	1,087,344,584	33,371,877	1,120,716,461	3,623,256,503	30.9%
2002	1.900	1,137,883,832	34,117,576	1,172,001,408	3,804,249,039	30.8%
2003	1.720	1,322,192,474	40,258,926	1,362,451,400	4,385,931,670	31.1%
2004	1.720	1,386,515,720	37,606,092	1,424,121,812	4,577,797,298	31.1%
2005	1.720	1,466,352,090	38,743,254	1,505,095,344	4,889,014,858	30.8%
2006	1.720	1,562,310,570	41,092,628	1,603,403,198	5,241,331,422	30.6%
2007	1.407	1,951,335,404	46,340,126	1,997,675,530	6,561,383,347	30.4%
2008	1.407	2,103,646,717	51,677,754	2,155,324,471	7,525,143,602	28.6%

(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		
	City	County	Total	City	County	Total
1999	\$ 1.900	\$ 2.780	\$ 4.680	\$ 18,612,068	\$ 27,144,036	\$ 45,756,104
2000	1.900	2.780	4.680	19,654,282	29,349,390	49,003,672
2001	1.900	2.780	4.680	21,294,122	31,155,918	52,450,040
2002	1.900	2.780	4.680	22,268,457	32,581,639	54,850,096
2003	1.720	2.510	4.230	23,434,512	34,197,530	57,632,042
2004	1.720	2.800	4.520	24,495,265	39,875,411	64,370,676
2005	1.720	2.800	4.520	25,888,134	42,142,670	68,030,804
2006	1.720	2.800	4.520	27,579,046	44,895,290	72,474,336
2007	1.407	2.440	3.847	28,107,445	48,743,283	76,850,728
2008	1.407	2.440	3.847	30,325,680	52,589,917	82,915,597

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2008

<u>Taxpayer</u>	<u>2007 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>1998 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
General Mills / Pillsbury Company	\$ 43,471,973	1	2.02 %	\$ 26,984,645	1	2.76 %
Tennex Industries, Inc.	21,276,604	2	0.99	8,532,600	5	0.87
Transwestern Stones River (Mall)	16,044,160	3	0.74	8,184,280	6	0.84
Rich Products	14,438,503	4	0.67	6,590,833	8	0.68
Middle Tennessee Electric Membership	14,053,316	5	0.65			
Bellsouth Telecommunications	13,565,999	6	0.63	12,753,246	3	1.31
State Farm Mutual Auto Insurance	11,352,066	7	0.53	12,174,938	4	1.25
Wal-Mart Stores	9,937,217	8	0.46	6,211,539	10	0.64
Buford C. Throneberry	9,815,965	9	0.46	14,315,200	2	1.47
Woodgate Farms LLC	9,353,360	10	0.43			
Atmos Energy Corporation/United Cities Gas				6,565,281	9	0.67
Tennessee Trust Company				7,400,000	7	0.76
	<u>\$ 163,309,163</u>		<u>7.58 %</u>	<u>\$ 109,712,562</u>		<u>11.25 %</u>

Source: City of Murfreesboro tax department.

CITY OF MURFREESBORO, TENNESSEE

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections To Date</u>	<u>Total Collections as Percent of Current Levy</u>
1999	\$ 18,612,068	\$ 18,128,639	97.40 %	\$ 464,831	\$ 18,593,470	99.90 %
2000	19,654,282	18,903,348	96.18	728,192	19,631,540	99.88
2001	21,294,122	20,430,427	95.94	844,503	21,274,930	99.91
2002	22,268,457	21,462,617	96.38	763,798	22,226,415	99.81
2003	23,434,512	22,591,740	96.40	810,215	23,401,955	99.86
2004	24,495,262	23,783,417	97.09	659,792	24,443,209	99.79
2005	25,888,134	25,199,793	97.34	644,493	25,844,286	99.83
2006	27,579,046	26,659,470	96.67	800,842	27,460,312	99.57
2007	28,107,445	27,444,825	97.64	484,780	27,929,605	99.37
2008	30,325,680	29,565,591	97.49		29,565,591	97.49

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 (1)	Per Capita (1)
	General Obligation Bonds	TML Loans	Capital Outlay Notes	Capital Leases	General Obligation Bonds	Matured Bonds	TML Loans	Revenue Bonds	State and Other Loans			
2002	\$ 16,770,000	\$ 73,085,532			\$ 1,585,000	\$ 36,002	\$ 4,281,741	\$ 7,500,000	\$ 54,475,283	\$ 157,733,558	7.82 %	\$ 2,075
2003	12,670,000	75,671,405			1,340,000	36,002	9,629,310	6,725,000	53,583,628	159,655,345	7.89	2,126
2004	8,930,000	82,926,540			1,095,000	36,000	19,310,256	5,915,000	53,647,160	171,859,956	7.60	2,046
2005	5,900,000	106,394,710			805,000	36,000	32,719,429	5,065,000	51,417,220	202,337,359	8.91	2,486
2006	3,845,000	133,544,818		\$ 921,969	500,000	36,000	50,076,719	4,180,000	49,072,989	242,177,495	9.74	2,790
2007	2,585,000	164,641,697	\$ 1,900,000	473,400	335,000	36,000	69,035,189	3,255,000	46,717,955	288,979,241	10.15	3,122
2008	1,305,000	186,288,248	3,191,000		165,000	36,000	94,056,075	2,675,000	44,157,910	331,874,233	10.53	3,300

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

(1) See the Schedule of Demographic and Economic Statistics on page 162 for personal income and population data.

CITY OF MURFREESBORO, TENNESSEE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Total Estimated Actual Value</u>	<u>General Bonded Debt</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
1999	62,000	\$ 3,089,886,633	\$ 75,592,364	2.45 %	\$ 1,219.23
2000	68,816	3,379,155,672	77,658,509	2.30	1,128.49
2001	72,414	3,623,256,503	80,183,799	2.21	1,107.30
2002	76,012	3,804,249,039	89,855,532	2.36	1,182.12
2003	75,083	4,385,931,670	88,341,405	2.01	1,176.58
2004	84,000	4,577,797,298	91,856,540	2.01	1,093.53
2005	81,393	4,889,014,858	112,294,710	2.30	1,379.66
2006	86,793	5,241,331,422	137,389,818	2.62	1,582.96
2007	92,559	6,561,383,347	167,226,697	2.55	1,806.70
2008	100,575	7,525,143,602	187,593,248	2.49	1,865.21

Note:

(1) Special Census conducted 1998 , 2003, 2005, and 2008 and federal census conducted 2000, others are estimated.

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2008

<u>Taxing Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (5)</u>	<u>Direct and Overlapping Debt</u>
City of Murfreesboro direct debt			\$ 190,784,248
Rutherford County (2)	\$ 356,750,000	41.65%	<u>148,586,375</u>
Total direct and overlapping debt			<u>\$ 339,370,623</u>
Ratio of direct and estimated overlapping debt to 2007 assessed valuation (3)			<u>15.75%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,374</u>

(1) As of June 30, 2008.

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2008, Table 12.

(3) Based upon 2007 Taxable Assessed Valuation of \$2,155,324,471

(4) Based upon estimated population of 100,575

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

CITY OF MURFREESBORO, TENNESSEE

Legal Debt Margin Information

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 146,460,626	\$ 158,360,017	\$ 168,104,281	\$ 175,800,211	\$ 204,367,710	\$ 213,618,272	\$ 225,764,302	\$ 240,510,480	\$ 292,700,311	\$ 323,298,671
Total net debt applicable to limit	<u>75,200,263</u>	<u>76,021,449</u>	<u>78,242,851</u>	<u>86,806,727</u>	<u>85,240,337</u>	<u>89,317,604</u>	<u>109,721,035</u>	<u>134,707,227</u>	<u>165,794,609</u>	<u>186,890,786</u>
Legal debt margin	<u>\$ 71,260,363</u>	<u>\$ 82,338,568</u>	<u>\$ 89,861,430</u>	<u>\$ 88,993,484</u>	<u>\$ 119,127,373</u>	<u>\$ 124,300,668</u>	<u>\$ 116,043,267</u>	<u>\$ 105,803,253</u>	<u>\$ 126,905,702</u>	<u>\$ 136,407,885</u>
Total net debt applicable to the limit as a percentage of the debt limit	51.35%	48.01%	46.54%	49.38%	41.71%	41.81%	48.60%	56.01%	56.64%	57.81%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$ 2,155,324,471
Debt limit (15% of assessed value)	\$ <u>323,298,671</u>
Debt applicable to limit:	
General obligation bonds	\$ 1,305,000
Capital Outlay Notes	3,191,000
Tennessee Municipal Bond Fund Loans	186,288,248
Less: debt service fund	<u>(3,893,462)</u>
Total debt applicable to limit	\$ <u>186,890,786</u>
Legal debt margin	\$ <u><u>136,407,885</u></u>

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

CITY OF MURFREESBORO, TENNESSEE

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues (1)	Net Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service (3)		Times Coverage
				Principal	Interest	
Water and Sewer -						
1999	\$ 17,008,794	\$ 8,534,714	\$ 8,474,080	\$ 1,500,000	\$ 387,761	4.49
2000	17,615,689	9,320,737	8,294,952	1,595,000	296,020	4.39
2001	17,497,224	9,875,658	7,621,566	220,000	111,933	22.96
2002	17,934,536	9,899,664	8,034,872	235,000	98,785	24.07
2003	18,421,275	10,901,787	7,519,488	245,000	85,061	22.78
2004	18,619,918	11,743,101	6,876,817	260,000	70,370	20.82
2005	21,220,250	12,219,404	9,000,846	290,000	30,556	28.08
2006	23,969,200	13,430,712	10,538,488	305,000	17,816	32.65
2007	26,101,023	14,550,503	11,550,520	165,000	9,600	66.15
2008	27,290,810	16,045,581	11,245,229	170,000	6,038	63.88
Electric Department -						
1999	\$ 62,671,072	\$ 58,040,874	\$ 4,630,198	\$ 430,000	\$ 322,902	6.15
2000	64,378,477	59,625,745	4,752,732	690,000	591,571	3.71
2001	68,260,667	62,610,100	5,650,567	710,000	556,556	4.46
2002	67,984,679	62,924,428	5,060,251	745,000	398,371	4.43
2003	73,136,230	67,912,598	5,223,632	775,000	363,770	4.59
2004	80,229,784	73,500,606	6,729,178	810,000	327,770	5.91
2005	83,838,324	76,804,735	7,033,589	850,000	289,760	6.17
2006	99,782,994	90,957,776	8,825,218	885,000	249,636	7.78
2007	110,516,205	98,281,799	12,234,406	925,000	208,443	10.79
2008	124,723,858	108,589,583	16,134,275	580,000	164,368	21.68

Source: Current year and prior years combined financial statements.

Notes:

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

CITY OF MURFREESBORO, TENNESSEE

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>City School Enrollment</u>	<u>Unemployment Rate (2)</u>
1999	62,000	\$ 1,563,144,000	\$ 25,212	29.8	5,650	2.90 %
2000	68,816	1,769,672,256	25,716	29.8	5,672	2.90
2001	72,414	1,928,384,820	26,630	31.2	5,729	3.40
2002	76,012	2,016,826,396	26,533	31.2	5,789	4.40
2003	75,083	2,023,186,518	26,946	31.2	5,850	4.40
2004	84,000	2,262,540,000	26,935	31.2	6,062	4.50
2005	81,393	2,271,678,630	27,910	31.2	6,260	4.40
2006	86,793	2,486,098,692	28,644	31.2	6,600	4.20
2007	92,559	2,845,819,014	30,746	31.2	6,720	3.70
2008	100,575	3,150,612,450	31,326	31.2	6,842	4.40

Notes:

(1) Special Census conducted 1998, 2003, 2005, and 2008, and Federal Census conducted 2000, 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 2000 census and will be determined again after the 2010 census. These figures represent the entire County of which Murfreesboro is a part.

CITY OF MURFREESBORO, TENNESSEE

Principal Employers

June 30, 2008

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Nissan Motor Manufacturing Corp. USA	5,700	1	4.60 %	6,200	1	7.06 %
Rutherford County Government and Board of Education	4,223	2	3.41	2,911	2	3.31
Middle Tennessee State University	3,000	3	2.42	1,650	6	1.88
Bridgestone/Firestone, Inc.	1,800	4	1.45	1,900	5	2.16
Ingram Book Company	1,658	5	1.34	2,500	3	2.85
Whirlpool Corporation				2,000	4	2.28
State Farm Insurance	1,550	6	1.25			
City of Murfreesboro				1,268	7	1.44
Alvin C. York Veterans Administration Medical Center	1,150	7	0.93	1,260	8	1.43
Asurion	1,088	8	0.88			
Murfreesboro Board of Education	1,088	9	0.88			
Middle Tennessee Medical Center				1,100	9	1.25
Verizon	1,083	10	0.87			
Perrigo				1,000	10	1.14
			<u>18.03 %</u>			<u>24.80 %</u>

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

Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2008, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government -										
Administrative and General	20	20	21	21	21	21	20	20	21	23
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Police -										
Officers	161	161	161	162	161	161	163	182	187	203
Civilians	34	34	42	41	41	41	42	48	48	53
Fire -										
Firefighters and Officers	150	150	166	166	165	167	176	176	188	187
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	5	5	5	5	6	6	6	6	6	6
Legal and Risk Management	6	6	8	9	9	9	9	9	10	10
Personnel	6	6	7	7	7	7	8	8	9	10
Streets	23	26	25	25	25	25	27	28	28	29
Planning and Engineering	16	17	22	22	22	22	26	27	29	31
Building Inspections	14	17	17	17	17	19	20	23	26	26
Sanitation	43	44	48	48	45	45	57	58	58	57
Urban Environmental	8	8	9	9	9	10	12	13	13	16
Community Services -										
Fleet Services	-	-	-	2	11	11	11	11	12	13
Senior Citizens	7	9	8	9	9	9	9	9	9	9
Airport	1	1	1	1	1	1	1	1	1	1
Cable Television	3	3	3	4	4	4	4	4	4	4
Mass Transit	-	-	-	-	-	-	-	1	12	12
Recreation and Golf	66	69	77	79	80	78	78	81	84	84
Community Development	3	3	3	3	3	3	3	3	3	2
Education	593	628	648	652	696	684	715	775	801	859
Food Service	37	35	35	30	31	29	29	25	25	27
Water and Sewer	120	126	121	119	128	130	127	135	143	149
Electric	70	70	70	68	73	74	73	73	73	76
Cemetery	7	7	7	6	6	6	7	7	8	8
Total	<u>1,397</u>	<u>1,449</u>	<u>1,508</u>	<u>1,509</u>	<u>1,574</u>	<u>1,566</u>	<u>1,627</u>	<u>1,727</u>	<u>1,802</u>	<u>1,899</u>

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police -										
Arrests	7,031	7,947	8,208	7,187	7,562	7,213	7,553	7,741	11,613	8,641
911 calls	28,674	28,250	33,112	30,089	22,737	31,197	33,509	25,922	35,785	37,185
Traffic violations	NA	15,190	26,730	20,408	20,043	17,002	16,242	13,424	23,360	25,120
Fire -										
Emergency responses	1,668	1,587	1,480	1,798	2,300	5,535	5,577	6,104	8,035	8,241
Fire safety inspections (a)	5,012	4,292	4,715	5,348	4,770	5,484	5,012	4,555	5,486	5,028
Fire training hours (a)	45,599	49,521	55,367	54,874	61,993	60,184	62,578	63,627	64,107	69,771
Personnel -										
Full time positions/applications	NA	NA	NA	55 / 2,036	NA	56 / 2,285	NA	80 / 3,277	83/3,879	68/3,460
Part time positions/applications	NA	NA	NA	93 / 1,371	NA	115 / 1,881	NA	102 / 1,590	113/1,604	117/2,489
Streets (a) -										
Street repaving (lane miles)	57	70	87	28	114	64	43	54	58	20
Planning and Engineering (b) -										
Preliminary plats reviewed	44	38	35	49	48	83	73	57	55	27
Final plats reviewed	140	128	111	111	89	133	156	128	144	128
Site plans reviewed	139	124	106	107	111	139	134	131	161	184
Annexations studied	19	17	11	13	22	30	35	20	19	10
Building Inspections -										
Single family home permits issued	1,001	1,058	1,110	1,053	1,514	1,689	1,814	1,922	1,391	711
Total building permits issued	1,775	1,888	1,824	1,696	2,149	2,398	2,582	2,511	2,707	1,824
Substandard and property maintenance complaint notices	862	942	1,329	1,201	1,131	1,405	2,113	2,102	3,458	3,697
Sanitation (a) -										
Refuse collected (tons per year)	23,700	24,024	25,788	29,350	32,247	31,087	32,265	34,321	36,892	35,800
Community services -										
Airport										
Gallons of fuel sold	162,809	163,594	142,508	166,037	155,895	195,512	208,875	195,244	182,641	184,423
Education -										
K-6 Enrollment	5,650	5,672	5,729	5,789	5,850	6,062	6,260	6,600	6,720	6,842
Water and Sewer -										
Water sold annually in 100 cubic feet	3,395,060	6,514,560	3,409,400	3,325,765	3,350,118	3,333,846	3,411,762	3,690,312	4,338,296	4,427,024
Sewer sold annually in 100 cubic feet	3,340,140	3,463,070	3,317,490	3,078,940	3,175,410	3,265,520	3,431,040	3,685,630	4,771,612	4,177,764
Electric -										
Number of customers	31,625	33,354	35,537	37,299	38,604	40,298	43,525	46,985	47,858	49,960
Kilowatt hours sold (in thousands)	1,074,684	1,097,397	1,159,949	1,149,358	1,236,829	1,282,229	1,321,732	1,455,524	1,485,484	1,576,120

Sources: Various city departments

Note: Operating indicators are not available for Administrative and General, Judicial, Legal (& Risk Management), Urban Environmental, Other operations (Civic Plaza, Senior Citizens, and Cable Television), Mass Transit, Recreation, Community Development, Food Service, and Cemetery Functions.

(a) Calendar year information

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

NA Information is not available

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police -										
Patrol Units	86	86	105	112	112	113	119	124	125	141
Fire -										
Fire engines	11	13	14	15	15	15	15	15	15	18
Rescue vehicles	-	-	-	-	2	2	3	3	3	3
Fire stations	6	7	7	9	9	9	9	9	9	9
Streets -										
Streets (miles)	381	398	406	417	429	458	467	485	503	513
Traffic signals	84	84	88	94	97	103	106	106	110	119
Sanitation -										
Collection trucks	19	22	24	24	28	27	34	36	36	36
Community Services -										
Airport										
Tie-downs	66	66	66	66	66	66	85	85	80	80
Hangers	59	59	59	59	59	59	59	59	59	106
Mass transit										
Buses									9	9
Recreation -										
Park acreage	506.75	806.75	928.86	951.29	1,059.11	1,059.11	1,075.07	1,202.31	1,202.31	1,202.31
Greenway trails (miles)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.1	5.1	5.1
Education -										
Elementary schools	10	10	10	10	10	10	11	11	11	12
Water and Sewer -										
Water pipe (miles)	NA	NA	NA	NA	NA	402	406	414	422	426
Water storage capacity (millions of gallons)	9.0	9.0	9.0	9.0	10.5	10.5	12.0	12.0	12.0	12.0
Water treatment capacity (millions of gallons per day)	11.75	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70
Sewer pipe (miles)	193.00	NA	NA	354.00	NA	456.00	469.00	494.00	524.00	550.00
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	16	16
Sewage pumping stations	27	31	31	32	35	35	35	38	42	45
Public fire hydrants	2,320	2,401	2,512	2,592	2,660	2,751	2,948	3,037	3,122	3,205
Electric -										
Overhead and underground primary and secondary cable (miles)	448.44	461.96	480.17	495.07	510.99	514.47	534.17	572.92	611.67	626.95
Poles	9,981	10,477	10,835	11,002	11,425	11,814	12,079	13,054	13,693	14,221
Transformers	8,842	9,388	9,735	9,896	10,205	10,804	11,320	11,954	12,594	13,226
Substations	7	7	7	8	8	9	9	10	10	10

Sources: Various city departments

Note: Capital asset statistics are not available for Administrative and General, Judicial, Legal (& Risk Management), Personnel, Planning and Engineering, Building Inspections, Urban Environmental, Other Operations (Civic Plaza, Fleet Services, Senior Citizens, and Cable Television), Mass Transit, 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, 2008

Murfreesboro Water and Sewer Department

As of June 30, 2008, Murfreesboro Water and Sewer Department serves approximately 24,850 water customers and 36,128 sewer customers. The following rate structure was in place during 2007/2008 fiscal year:

Water:

\$2.74 per 100 cubic feet of consumption (\$.0274 per cubic foot)

The following minimum monthly water charges apply:

<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>
5/8"	\$ 8.22	300 cubic feet
1"	19.18	700 cubic feet
1.5"	41.10	1,500 cubic feet
2"	65.76	2,400 cubic feet
3"	164.40	6,000 cubic feet
4"	328.80	12,000 cubic feet
6"	685.00	25,000 cubic feet

Sewer:

100% of the above water rates is charged for sewerage service fee plus \$.0070 per cubic foot is charged for operation and maintenance fee.

Murfreesboro Electric Department

As of June 30, 2008, Murfreesboro Electric Department serves approximately 49,960 customers and had the following rate structure in place:

Residential:

Customer Charge - \$9.55 per month (also minimum bill)

Energy Charge - \$.07906 per KWH up to 800 KWH, \$.07243 over 800 KWH

Commercial:

General Power (GSA)

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

Customer Charge	\$14.77
Energy Charge	\$.08456 per KWH

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2008

Murfreesboro Electric Department (continued)

Commercial (continued):

- (2) Greater than 50 KWD but not more than 1,000 KWD or less than 50 KWD with KWH over 15,000

Customer Charge \$35.89

Energy Charge

1st 15,000 \$.08565 per KWH
over 15,000 \$.04529 per KWH

Demand Charge

1st 50 No Charge
over 50 \$11.95 per KWH

- (3) Greater than 1,000 KWD but not more than 5000 KWD

Customer Charge \$102.55

Energy Charge \$.04584 per KWH

Demand Charge

1st 1,000 KWD \$11.56 per KW
over 1,000 KWH \$13.42 per KW

General Power (GSB)

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

Customer Charge \$1,500.00

Energy Charge

Up to 620 hrs.
use of metered
demand per
month \$.03667 per KWH

Additional KWH \$.02992 per KWH

Demand Charge \$13.78 per K

CITY OF MURFREESBORO, TENNESSEE

Schedule of Unaccounted for Water

June 30, 2008

(All amounts in gallons)

Water Treated and Purchased:		
Water Pumped	3,967,695,000	
Water Purchased		
Total Water Treated and Purchased		3,967,695,000
Accounted for Water:		
Water sold	3,037,773,880	
Metered for Consumption	497,906	
Fire Department(s) Usage	3,781,831	
Flushing	22,505,694	
Tank Cleaning/Filling	9,000,000	
Street Cleaning	41,400	
Bulk Sales	-	
Water Bill Adjustments	-	
Other (explain)	22,302,000	
Total Accounted for Water		3,095,902,711
Unaccounted for Water		871,792,289
Percent Unaccounted for Water		22%
Cost per 1,000 gallons of water		\$2.75
Cost of Unaccounted for Water		\$2,397,428.79

Explain Other:

Water exchanged between Smyrna and Murfreesboro emergency connection to keep water available for immediate use.

From Murfreesboro: 76,133,000

To Murfreesboro: 53,831,000

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2007 (Receivable)/Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2008 (Receivable)/Deferred Revenue</u>
U.S. DEPARTMENT OF AGRICULTURE							
Passed through the Tennessee Department of Education -							
National School Breakfast Program	10.553	N/A	\$ (51,555)	\$ 390,316	\$ 448,824		\$ (110,063)
National School Lunch Program	10.555	N/A	(145,780)	1,132,520	1,274,114		(287,374)
Summer Food Service Program	10.559	N/A	30,488	152,098	210,424		(27,838)
Emergency Food Assistance Program (Food Commodities)	10.569	N/A		116,937	116,937		
			<u>\$ (166,847)</u>	<u>\$ 1,791,871</u>	<u>\$ 2,050,299</u>		<u>\$ (425,275)</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grant	14.218	B-05-MC-47-0009	\$ (89,360)	\$ 89,360			
Community Development Block Grant	14.218	B-06-MC-47-0009	(31,772)	400,309	\$ 594,897		\$ (226,360)
Community Development Block Grant	14.218	B-07-MC-47-0009			23,924		(23,924)
Passed through the Tennessee Department of Human Services -							
Emergency Shelter Grant	14.231	Z-07031500	(8,576)	8,576			
Emergency Shelter Grant	14.231	Z-08022627		36,449	47,560		(11,111)
Passed through the Tennessee Housing Development Agency -							
HOME Program	14.239	DG0820729		84,386	125,321		(40,935)
Passed through the Murfreesboro Housing Authority -							
Capital Fund Program	14.872	TN43P02050106	(6,784)	51,034	44,250		
			<u>\$ (136,492)</u>	<u>\$ 670,114</u>	<u>\$ 835,952</u>		<u>\$ (302,330)</u>
U.S. DEPARTMENT OF JUSTICE							
Edward Byrne Memorial Justice Assistance Grant	16.579	2005-DJ-BX-1235	\$ 38,421				\$ 38,421
Edward Byrne Memorial Justice Assistance Grant	16.579	2006-DJ-BX-0702	22,367		\$ 15,163		7,204
Edward Byrne Memorial Justice Assistance Grant	16.579	2007-DJ-BX-1407		\$ 39,806	39,806		
Bulletproof Vest Program	16.607	N/A	(4,086)		7,989		(12,075)
C.O.P.S. Universal Hiring (Parks)	16.710	96-UM-WX-1299	18,631			\$ (18,631) (1)	
C.O.P.S. MORE 2000	16.710	00-CM-WX-0476	55,833			(55,833) (1)	
Passed through the Tennessee Department of Finance and Administration							
STOP Violence Against Women Grant Program	16.588	Z000143901	(9,853)	9,853			
			<u>\$ 121,313</u>	<u>\$ 49,659</u>	<u>\$ 62,958</u>	<u>\$ (74,464)</u>	<u>\$ 33,550</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2008

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2007 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2008 (Receivable)/ Deferred Revenue
DEPARTMENT OF TRANSPORTATION							
Passed through the Tennessee Department of Transportation -							
Airport Safety Improvement Project	20.106	Z-06-02-9467-00	\$ (493,449)	\$ 493,449			
Airport Safety Improvement Project	20.106	Z-03-01-4249-00		11		\$ (11) (2)	
TEA-21 Highway Planning and Construction	20.205	132-97	(172,675)	172,675			
TEA-21 Highway Planning and Construction	20.205	1999879	(123,622)		\$ 53,676		\$ (177,298)
TEA-21 Highway Planning and Construction	20.205	040145	(100,303)	40,523	442,517		(502,297)
TEA-21 Highway Planning and Construction	20.205	070075			2,792,427		(2,792,427)
Section 5303 Transit Planning	20.505	GG-06-12559	(22,498)	31,282	8,784		
Section 5303 Metro Planning	20.505	GG-07-26349				(1,305) (3)	(1,305)
Section 5303 Short-range Transit Planning	20.505	GG-08-26388			21,742		(21,742)
Section 5307 Urbanized Area Formula	20.507	TN-90-X277-00			372,428	(677,619) (3)	(1,050,047)
Section 5307 Urbanized Area Formula	20.507	N/A			123,128		(123,128)
			\$ (912,547)	\$ 737,940	\$ 3,814,702	\$ (678,935)	\$ (4,668,244)
U.S. DEPARTMENT OF EDUCATION							
Passed through Tennessee Department of Education -							
Title I 05.01	84.010	N/A	\$ 94,789	\$ 1,362,622	\$ 1,352,122		\$ 105,289
IDEA, Part B Program	84.027	N/A	(429,305)	1,319,521	1,134,507		(244,291)
Preschool Grant Program 05.01	84.173	N/A	(7,283)	25,265	47,420		(29,438)
Title IVA	84.186	N/A	(9,930)	29,609	33,132		(13,453)
Title IV 21st Century ATLAS	84.287	Z-0401592800	(81,416)	221,804	160,365		(19,977)
Title IV 21st Century Odyssey	84.287	Z-019011009	(67,108)	90,088	43,125		(20,145)
Title IVE 21st Century Project Eagles	84.287	Z-0401594700	(66,344)	187,839	200,933		(79,438)
Title IV 21st Century Triton	84.287	Z-0410154700	(66,494)	139,602	119,274		(46,166)
Title V Program 05.01	84.298	N/A	(5,676)	11,102	10,714		(5,288)
Title II Part D 05.01	84.318	N/A	593	15,549	10,184		5,958
Title III ELL Program 05.01	84.365	N/A	(32,730)	123,365	112,222		(21,587)
Title II Part A 05.01	84.367	N/A	(147,811)	299,604	258,818		(107,025)
Hurricane Relief Funds	84.938	N/A		81,000	81,000		
			\$ (818,715)	\$ 3,906,970	\$ 3,563,816		\$ (475,561)

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2008

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2007 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2008 (Receivable)/ Deferred Revenue</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through the Greater Nashville Regional Council							
Aging Services - Title IIID	93.043	2006-23	\$ (209)	\$ 1,459	\$ 2,500		\$ (1,250)
Aging Services - Title IIIB	93.044	2006-23	(1,834)	12,834	22,000		(11,000)
Adult Day Care Respite - Title IIIE	93.052	2008-34		3,648	6,198		(2,550)
			<u>\$ (2,043)</u>	<u>\$ 17,941</u>	<u>\$ 30,698</u>		<u>\$ (14,800)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Assistance to Firefighters Grant Program	97.044	EMW-2006-FG-16627		\$ 308,791	\$ 308,791		
				<u>\$ 308,791</u>	<u>\$ 308,791</u>		
			<u>\$ (1,915,331)</u>	<u>\$ 7,483,286</u>	<u>\$ 10,667,216</u>	<u>\$ (753,399)</u>	<u>\$ (5,852,660)</u>

Notes -

- (1) A Department of Justice audit of this program was closed during the year ended June 30, 2008 resulting in no amount due back to the Department. This amount has been reclassified as revenue.
- (2) Reimbursement for overpayment of matching portion paid in advance for a prior year grant.
- (3) At June 30, 2007, expenditures had been incurred for the new public transportation program of the City; however, a grant contract for these amounts had not been awarded at that date. In the fiscal year ended June 30, 2008, the grant was awarded and accordingly federal revenue was recognized for these prior year expenditures.

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

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards

Year Ended June 30, 2008

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2007 (Receivable/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2008 (Receivable/ Deferred Revenue</u>
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council -						
Aging Services	GR 0214294-00	\$ (920)	\$ 920			
Aging Services	GG-0712724-00		5,500	\$ 11,000		\$ (5,500)
		\$ (920)	\$ 6,420	\$ 11,000		\$ (5,500)
TENNESSEE DEPARTMENT OF EDUCATION						
Basic Education Program	N/A	\$ (496,000)	\$ 26,215,500	\$ 26,037,000		\$ (317,500)
School Food Service	N/A		39,977	39,977		
Career Ladder Program	N/A	10,528	330,864	320,973		20,419
Career Ladder Extended Contract	N/A	65,257	130,789	135,489		60,557
Lottery PreSchool	N/A	(109,876)	283,584	378,037		(204,329)
Family Resource Center	N/A	(33,300)	58,275	33,300		(8,325)
ESP Safe Schools Grant	N/A	(25,353)	25,353	38,600		(38,600)
Nutrition Grant	N/A	(66,458)	135,916	110,785		(41,327)
Bradley Arts Grant	N/A	856	39,850	46,670		(5,964)
Pilot Lottery (BCB)	N/A	(61,028)	294,420	309,780		(76,388)
Lottery	N/A	(79,154)	79,426	325,034		(324,762)
		\$ (794,528)	\$ 27,633,954	\$ 27,775,645		\$ (936,219)
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	Z-07-03-5614-00	\$ (10,000)	\$ 10,000			
Airport Maintenance	Z-08-02-1605-00		10,000	\$ 10,000		
Airport T-Hangars - Engineering and Design	Z-06-02-9464-00	4,844	13,176	33,111	\$ (5,400) (1)	\$ (20,491)
Install Fillet for Taxiway	Z-06-02-9523-00	(58,395)	94,147	32,177	(3,575) (1)	
Strengthen Haul Road	Z-07-03-7623-00	(66,467)	66,467			
Aircraft Wash Area	Z-07-03-7536-00	(26,999)	26,900		(1) (2)	(100)
State Match - Section 5303 Transit Planning	GG-06-12559-00	(2,812)	3,910	1,098		
State Match - Section 5303 Metro Planning	GG-07-26349-00				(163) (3)	(163)
State Match - Section 5303 Short-range Transit Planning	GG-08-26388-00			2,718		(2,718)
State Match - Section 5307 Urbanized Area Formula	TN-90-X277-00		55,138	184,731	(121,863) (3)	(251,456)
State Match - Section 5307 Urbanized Area Formula	N/A			25,675		(25,675)
		\$ (159,829)	\$ 279,738	\$ 289,510	\$ (131,002)	\$ (300,603)
TENNESSEE ARTS COMMISSION						
ABC Matching Grant	2702703		\$ 3,000	\$ 3,000		
Arts Project Support	FY2007-13407		700	700		
			\$ 3,700	\$ 3,700		

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards (continued)

Year Ended June 30, 2008

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2007 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2008 (Receivable)/ Deferred Revenue</u>
TENNESSEE SECRETARY OF STATE						
Community Enhancement Grant	4812648		\$ 5,000	\$ 5,000		
Community Enhancement Grant	4883740		5,000	5,000		
Community Enhancement Grant	4865646		4,500	4,500		
			\$ 14,500	\$ 14,500		
		\$ (955,277)	\$ 27,938,312	\$ 28,094,355	\$ (131,002)	\$ (1,242,322)

Notes -

- (1) The State required the City to pay a 10% local match to the Tennessee Department of Transportation for this project.
- (2) Rounding difference
- (3) At June 30, 2007, expenses had been incurred for the new public transportation program of the City; however, a grant contract for these amounts had not been awarded at that date. In the fiscal year ended June 30, 2008, the grant was awarded and accordingly state revenue was recognized.

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



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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

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

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 the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2008 which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2009. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission as described in our report on the City of Murfreesboro's financial statements. This report does include our consideration of the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Murfreesboro's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Murfreesboro's financial statements that is more than inconsequential will not be prevented or detected by the City of Murfreesboro's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. (2008-1, 2008-2, 2008-3, 2008-4)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Murfreesboro's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described above are material weaknesses.

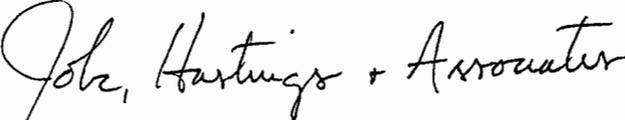
Compliance and Other Matters

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

We also noted certain other matters that we reported to management of the City of Murfreesboro in a separate letter dated January 30, 2009.

The City of Murfreesboro, Tennessee's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Murfreesboro, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

Murfreesboro, Tennessee
January 30, 2009



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET • BELMONT PARK
P.O. BOX 1175 • MURFREESBORO, TN 37133-1175
615-893-7777 • FAX 615-896-5990
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Compliance

We and other auditors have audited the compliance of the City of Murfreesboro, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility and the responsibility of the other auditors is to express an opinion on the City of Murfreesboro, Tennessee's compliance based on our audit.

We and the other auditors 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 and the audit of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance with those requirements.

In our opinion and that of the other auditors, the City of Murfreesboro, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

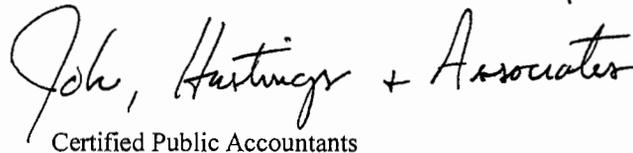
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-5 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs to be a material weakness.

The City of Murfreesboro, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Murfreesboro, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

Murfreesboro, Tennessee
January 30, 2009

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Murfreesboro, Tennessee.
2. Four significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*. All of the conditions are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unqualified opinion on all major federal programs.
6. One audit finding required to be reported in accordance with Section 510(a) of OMB Circular A-133 was disclosed during the audit.
7. The programs tested as major programs include the TEA-21 Highway Planning and Construction, CFDA No. 20.205, Section 5307 Urbanized Area Formula, CFDA No. 20.507, Assistance to Firefighters Grant Program, CFDA No. 97.044, Child Nutrition Cluster: National School Breakfast Program, CFDA No. 10.553, National School Lunch Program, CFDA No. 10.555, Summer Food Service Program, CFDA No. 10.559.
8. The threshold for distinguishing 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

2008-1. Evergreen Cemetery Commission – Separation of Duties

Condition: One employee is currently responsible for executing, recording and controlling all cash transactions.

Criteria: Proper separation of duties requires that no one employee be responsible for an entire transaction cycle from beginning to end.

Effect: An unauthorized cash transaction could be executed and not be promptly discovered by the Commission's internal controls.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

2008-1. Evergreen Cemetery Commission – Separation of Duties (continued)

Recommendation: To the extent possible, management should separate the duties of executing, recording and controlling cash transactions.

Response: Management believes the cost of maintaining this control would exceed its benefits.

2008-2. Evergreen Cemetery Commission – Detailed Inventory

Condition: The Cemetery's inventory is currently not subject to periodic inventory observations. Some of the inventory is maintained on maps with colored lots representing lots sold, which could result in errors in the available lots which make up the Cemetery's inventory.

Criteria: Periodic physical inventory observations should be performed to ensure the accuracy of the available lots which make up the Cemetery's inventory.

Effect: Cemetery inventory could be misstated due to lack of controls in this area.

Recommendation: Periodic physical inventory observations should be performed.

Response: Management concurs with the finding and is in the process of implementing a new software system that was purchased during the 2007 fiscal year to track the Cemetery's inventory. All inventory has not yet been entered into this system. The software package is expected to be fully operational for the year ended June 30, 2009.

2008-3. Billings for Shared Road Project Costs

Condition: Due to the retirement of key personnel in the engineering department, billings of other entities for their share of road projects did not occur on a timely basis in the later part of the fiscal year.

Criteria: A system should be developed that will ensure that billings to other entities for their share of road projects are prepared on a timely basis.

Effect: By not receiving payments timely, the City may be unable to maximize their earnings on cash in the bank and meet other obligations.

Recommendation: Billings for shared road project costs should be performed on a timely basis.

Response: Staff is creating an excel spreadsheet which provides billing details on all shared road project costs to be reviewed and updated on a monthly basis. The projects will include both developer agreements and joint projects with the County. In addition, amounts received will be logged in the spreadsheet to make sure payments are received in a timely manner.

2008-4. Donations of Capital Assets

Condition: Certain donated assets were not added to the capital asset listing at June 30, 2008.

Criteria: All capital assets whether donated or purchased should be included in the City's capital asset listing on a timely basis.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

2008-4. Donations of Capital Assets (continued)

Effect: Capital assets owned by the City may be omitted from the City's records and the City's financial statements.

Recommendation: To the extent possible, donated assets should be recorded on the capital asset listing as information is received. Additionally, a person other than the capital asset manager with knowledge of donated assets should review those assets added for the period and verify their completeness.

Response: The Assistant City Recorder and the Fixed Asset Manager will periodically review the capital asset listings for completeness. The Assistant City Recorder will verify that all new deeds are included on the listings as well as any other known donated items that should be capitalized.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF TRANSPORTATION

Section 5307, Urbanized Area Formula – CFDA No. 20.507

2008-5. Timely Application for Grant Funds, Reimbursement Requests, and Follow-up

Condition: Application for grants from the State and Federal government, as well as, requests for reimbursement of grant expenditures were not filed on a timely basis which delayed the receipt of grant funds.

Criteria: Application for grants should be filed timely and follow-up should be performed as necessary to ensure that all required information is submitted for State or Federal approval to prevent possible loss or delay of funding. Requests for reimbursement of grant expenditures should be completed as often as allowed to aid in meeting cash flow requirements.

Effect: As grants have specific periods of availability, untimely application for grant funds may result in the State or Federal government's denial of the grant awards. Additionally, delayed requests for reimbursement of expenditures could cause difficulties in meeting program obligations.

Recommendation: Establish a reminder system to track important application deadlines and to ensure the timely request of funds once an award has been granted.

Response: Management concurs that regular reimbursement requests and a tracking system will ensure that the City is properly reimbursed. The subject grant covered the City's newly formed transit system. As a result, there were a number of start-up items, such as establishing a computer draw-down account, before a grant reimbursement could be requested. The Transit Director is prioritizing the completion of these start-up issues so that past-due amounts are collected. Additionally, he will implement checklists for 1) grant approval requirements to be completed by the City and 2) grant reimbursement requests.