

**Annual Comprehensive
Financial Report
Fiscal Year June 30, 2023**

CITY OF MURFREESBORO, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

**JENNIFER BROWN
CITY RECORDER/CITY TREASURER/FINANCE DIRECTOR**

About the Cover Photo



The cover photo, taken by Amanda DeRosia, showcases the colorful landscaping on Civic Plaza outside of City Hall. This site plays host to special events throughout the year and is available for rental by groups and individuals wanting to celebrate utilizing this space.

In addition to City Hall as a backdrop, the Civic Plaza includes fountains, public art, a park, and seating in an open amphitheater.

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INTRODUCTORY SECTION



... creating a better quality of life

January 31, 2024

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

The Annual Comprehensive Financial Report of the City of Murfreesboro, Tennessee, for the fiscal year ended June 30, 2023, is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, the Annual Comprehensive Financial Report of the City of Murfreesboro for the fiscal year ended June 30, 2023, has been completed.

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

Jobe, Hastings & Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Murfreesboro's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Murfreesboro, founded in 1811, operates under a Council-Manager form of government. The governing body is the City Council, which consists of a Mayor and six members who serve four-year terms of office. Non-partisan elections for City Council are held in even numbered years on a staggered basis. City Council members are elected at large. The City Council is responsible for adopting ordinances, the annual budget, appointing committees and establishing policies. The City Council appoints a City Manager, who is responsible for carrying out the policies and ordinances of the City Council and the day-to-day operations of the City. The City Manager appoints and supervises the various department heads of the City.

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

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

Finance and Tax Administration

111 West Vine Street * P. O. Box 1139 * Murfreesboro, Tennessee 37133-1139
* Phone 615 893 5210 * Fax 615 848 3247 * TDD 615 849 2689
www.murfreesborotn.gov

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

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

CAPITAL IMPROVEMENT

In addition to the annual operating budget, the City Manager presents the City Council a Capital Improvement Plan (CIP) annually. This plan is used to determine any future construction projects, equipment purchases and property acquisitions and is projected over a 5-year period. City Council has the opportunity through CIP workshops to amend the plan. Once approved, the CIP is used to determine the amount of future loans and/or bond issues. A new CIP plan was presented to Council in September 2021 as a part of consideration to issue debt in 2022. No additional debt was issued in 2023.

In March 2022, Moody's Investor Service provided a rating of Aa1 to the new bond issue. This rating matches the rating the City received on the two refunding bonds issued in 2020 and the bond issued in 2021. S&P raised its long-term rating to AA+ from AA on existing general obligation bonds and at the same time assigned an AA+ rating on the 2022 bond issue.

LOCAL ECONOMY

The City's strong and diverse economy has continued to propel population growth in the City and in surrounding Rutherford County. The decennial U.S. Census was conducted in March of 2020. Due to delays caused by the pandemic the population was certified in September 2021 at 152,769. This is an increase of 24.30 percent over the 2018 special census. In October, *SmartAsset* listed Murfreesboro as the seventh among cities in the U.S. with the fastest population growth between 2017-2022. Location plays a major role in the City's growth. Only 35 miles from Nashville, Murfreesboro is the geographic center of Tennessee and is at the intersection of Interstate 24 and Interstate 840. Transportation access by rail, air, or highway in any direction is excellent.

Murfreesboro is home to Middle Tennessee State University (MTSU), one of the largest undergraduate universities in Tennessee. The university offers 300+ academic majors, including business, concrete management, aerospace, recording industry, education, and many other areas of specialized interest. These courses boost the local economy through educating and training a student workforce and provide opportunities to partner with the university on projects and programs throughout the City. In 2024, Princeton Review named MTSU to their list of The Best 385 Colleges in the Nation for the fifth year in a row. MTSU also remained on the regional list as one of the top schools in the southeast.

The Murfreesboro City School System (MCS) serves Kindergarten through 6th grade. Reeves-Rogers joined Bradley Academy, Erma Siegel, Overall Creek Elementary, Black Fox, Hobgood, Salem Elementary, and Discovery School as Designated STEM schools in Tennessee. Discovery School and Salem Elementary received the designation of Tennessee Reward School, which is the top distinction a school can earn in Tennessee.

The labor market in Rutherford County has remained strong since its post-COVID recovery. The unemployment rate of 2.7% in November 2023, up just slightly from 2.6% in November 2022.

With the growth in jobs has come additional demand for housing. Commercial and residential expansion continue to exhibit a broad range of development types within major construction projects. For several years Rutherford County has been recognized as one of the top places in the country to find work and live. For FY 23, 872 new single-family building permits have been issued, down from 1,084 in FY 22. The slowdown in growth in single-family building permits can be attributed to the higher interest rates brought on by the 40-year high inflation. Although seeing a slowdown in growth, it is anticipated that the pace will increase as interest rates fall.

Murfreesboro, like most Tennessee cities, depends on the Local Option Sales Tax to provide significant budget income. Local sales taxes improved by approximately \$2.91 million or 4.3 percent in FY 23 as compared to FY 22, setting a record collection of \$70.31 million.

LONG-TERM FINANCIAL PLANNING

A major goal of the City Council is to maintain strong and sustainable financial and economic health. While preparing for growth, the City has been progressive in managing its long-term cost drivers. The City Council adopted a comprehensive set of financial policies during FY 11 and updated these policies in FY 16. The financial policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. These publicly

adopted financial policies are also intended to demonstrate to residents, the credit rating industry, municipal bond investors, auditors and the State Comptroller that the City is committed to sound financial management and fiscal integrity.

The City closed its defined benefit retirement plan and opened a defined contribution pension plan to employees hired beginning July 1, 2010 (excludes school employees). The defined contribution plan has both mandatory and voluntary contributions from employees that are matched by the City. The now-closed defined benefit plan required the City to accept all risk of investment performance, salary growth and improvements in the longevity of retirees. In the defined contribution plan, the City's employees bear all risk but offers portability for employees that leave the City's service prior to full retirement age. For the City, the new plan offers surety in the budget process for future City retirement contributions.

With the proceeds from the sale of Murfreesboro Electric Department (MED), the City established through a charter amendment, the Murfreesboro Community Investment Trust (MCIT). The purpose of MCIT is to support projects and programs of the City or other nonprofit institutions that benefit the City's residents. By-laws and the resolution to accept the proceeds of the MED sale were adopted in January 2023. On April 20, 2023, \$41,195,010 was transferred from General Fund to MCIT. Each December 31st the value of the corpus will be determined for the purpose of calculating the annual distribution of 5%, less fees and expenses. Of the 5%, 85% will be distributed to the City, with the remaining 15% being distributed as charitable contributions.

The City's first goal remains to maintain public safety. The Fire and Rescue Department provided an accelerated in-house program in conjunction with Motlow State Community College and began providing complete Basic Life Support services (medication administration and procedures) in early FY 17. Advanced life support at paramedic level was added in FY 18 at four of the busiest stations, which responds to approximately 75 percent of all medical responses. In July 2021, Murfreesboro Fire and Rescue Department became the first fire department in the State of Tennessee to simultaneously hold Commission on Fire Accreditation International (CFAI) accreditation and Insurance Service Office (ISO) Class 1 rating.

The City has made a commitment to the improvement of the public safety communication system with the construction of five equipped communication towers, radio system, and radio logger. The projected final cost is \$16.8 million.

The City's parks system is a point of pride and differentiates Murfreesboro from other communities in the livability measures. The North Greenway connecting Walter Hill Trailhead to Central Valley Trailhead has been extended an additional 2 miles with construction beginning in 2021 and the ribbon cutting opening the section happened in January 2023. This section was funded and constructed by the U.S. Army Corps of Engineers. Renovations to the Patterson Park playground and parking area are being designed. Additionally, improvements to the outdoor tennis facility at Old Fort Park are planned and construction of the City's first skate park at Old Fort Park will begin soon.

The solid waste fee rates were set at \$7.50 for residential customers and \$30 for commercial customers for FY 20 and rates had not been raised since. The rate was raised for FY 24 to \$9.50 for residential customers and \$35 for commercial customers. The fee will be evaluated annually as the City anticipates the closing of the local landfill, and eventually will fully cover the cost to perform solid waste collection.

PLANNING FOR GROWTH

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

A new comprehensive plan (Murfreesboro 2035) was approved in early FY 18. The objective of the planning includes a framework to understand and prepare for future challenges facing the City. This was a four-year project that involved City Council, City staff, and members of the community. The plan incorporated utilities and an update to the master transportation plan. Murfreesboro 2035 replaced the last comprehensive planning document completed in 1989 when Murfreesboro's population was approximately 45,000. Now with a population of over 162,000 and projections that the number of people here could grow more than 50% in the next twenty years, the need for an examination of existing service levels and a plan for service delivery to an expanded population created the impetus for a new comprehensive and fluid plan for the City. Updates to the plan began in 2020 beginning with a new Land Use Study and additional "bubble" studies are in process for localized areas where specific interests need to be accounted for.

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty-fifth consecutive year that the City of Murfreesboro has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City also received the Distinguished Budget Award for the FY 24 budget. This is the thirteenth consecutive year the City has received this prestigious award.

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

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

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

Respectfully submitted,

A handwritten signature in blue ink, reading "Jennifer Brown".

Jennifer Brown, CPA
City Recorder/Finance Director

CITY OF MURFREESBORO, TENNESSEE

CITY OFFICIALS

June 30, 2023

MAYOR

Shane McFarland

CITY COUNCIL

Bill Shacklett

Kirt Wade

Shawn Wright

Madelyn Scales Harris

Jami Averwater

Austin Maxwell

CITY OFFICERS

CITY MANAGER

Craig Tindall

CITY RECORDER / CITY TREASURER / FINANCE DIRECTOR

Jennifer Brown

CITY ATTORNEY

Adam Tucker

CITY JUDGE

Ewing Sellers

PRINCIPAL DIRECTORS AND ADMINISTRATORS

ASSISTANT CITY MANAGER -ENGINEERING AND ECONOMIC DEVELOPMENT

Sam Huddleston

ASSISTANT CITY MANAGER - UTILITY ENTERPRISES/WATER RESOURCES DIRECTOR

Darren Gore

EXECUTIVE DIRECTOR - COMMUNITY SERVICES/DIRECTOR STRATEGIC PARTNERSHIPS

Angela Jackson

EXECUTIVE DIRECTOR - DEVELOPMENT SERVICES

Greg McKnight

EXECUTIVE DIRECTOR - PUBLIC INFRASTRUCTURE

Chris Griffith

EXECUTIVE DIRECTOR - PUBLIC WORKS/STREETS

Raymond Hillis

PURCHASING DIRECTOR

Cathy Smith

FIRE AND RESCUE CHIEF

Mark McCluskey

POLICE CHIEF

Michael Bowen

AIRPORT DIRECTOR

Chad Gehrke

BUDGET DIRECTOR

Erin Tucker

MANAGER OF PROJECT DEVELOPMENT

Scott Elliott

CHIEF COURT CLERK

Vickie Ordonez

PUBLIC INFORMATION OFFICER

Mike Browning

CITY ENGINEER

Michele Emerson

DIRECTOR - BUILDING & CODES

Kevin Jones

DIRECTOR - BROADCAST COMMUNICATIONS

Alan Bozeman

DIRECTOR - COMMUNITY DEVELOPMENT

Robert Holtz

DIRECTOR - FLEET SERVICES

Jack Hyatt

DIRECTOR - GOLF

Trey Adams

DIRECTOR - EMPLOYEE SERVICES

Randolph Wilkerson

DIRECTOR - PLANNING

Vacant

DIRECTOR - PARKS AND RECREATION

Nate Williams

DIRECTOR - SCHOOLS

Trey Duke

DIRECTOR - SOLID WASTE

Russell Gossett

DIRECTOR - TRANSPORTATION

Jim Kerr

INFORMATION TECHNOLOGY MANAGER

Matt Jarratt

GIS MANAGER

Gerald Lee

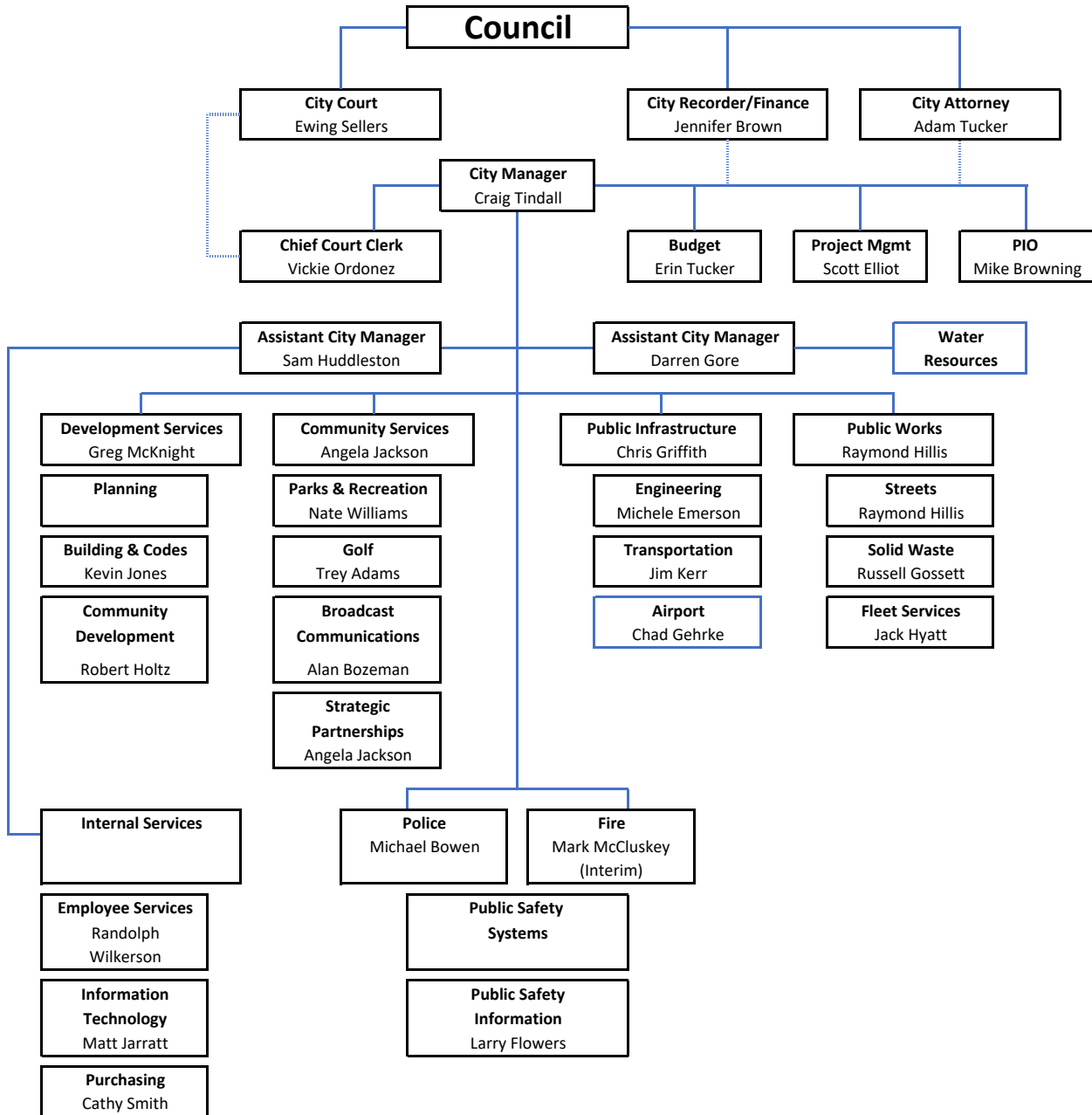
PUBLIC SAFETY PIO

Larry Flowers

PUBLIC SAFETY IT MANAGER

Scott Campbell

CITY OF MURFREESBORO, TENNESSEE
ORGANIZATIONAL CHART
JUNE 30, 2023





Government Finance Officers Association

Certificate of
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Presented to

**City of Murfreesboro
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

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James R. Jobe, CPA
C. Jared Forrester, CPA, CSEP
Andrew J. Nickerson, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Murfreesboro, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund whose financial statements reflect total assets of \$1,366,517 and total revenues of \$1,884,027. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Internal School Fund are based solely on the report of the other auditors.

Basis for Opinions

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Murfreesboro, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note A to the financial statements, in the fiscal year ended June 30, 2023, the City of Murfreesboro, Tennessee adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Murfreesboro, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Murfreesboro, Tennessee 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Murfreesboro, Tennessee 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension data, and post-employment benefit data on pages 4 through 21 and 113 through 126 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro, Tennessee's basic financial statements. The accompanying combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

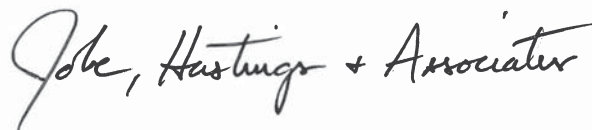
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the City of Murfreesboro, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Murfreesboro, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John, Hastings + Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

Murfreesboro, Tennessee
January 31, 2024

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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 – iv of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Murfreesboro exceeded its liabilities and deferred inflows of resources at June 30, 2023, by \$1,255,671,620. Of this amount, \$128,728,805 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$72,990,974 (6.2 percent) during the year. The governmental net position increased by \$38,141,975 (5.4 percent) and the business-type net position increased by \$34,848,999 (7.4 percent).
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$399,413,639, an increase of \$21,435,131 (5.7 percent) in comparison with the prior year. Two significant changes include the Bond Fund balance decrease of \$30,785,072 (22.9 percent) and the Other Governmental Funds balance increase of \$44,302,941 (177.0 percent). Other Governmental Funds increased due to the formation of the Community Investment Trust Fund using funds previously allocated under assigned fund balance from the General Fund as a result of the proceeds from the sale of the electric department. The Community Investment Trust Fund balance as of June 30, 2023 was \$41,519,501.
- At June 30, 2023, the unassigned fund balance for the General Fund was \$132,942,370 or 83.9 percent of the total General Fund expenditures and is available for spending at the City's discretion.
- The City of Murfreesboro's total governmental long-term liabilities increased by \$32,843,799 (4.8 percent) during the year ended June 30, 2023. The long-term portion of the general obligation bonds and loans decreased by \$36,152,211. The OPEB liability increased by \$21,439,823 and the pension liability increased \$33,570,684 from prior year due to changes in assumptions. The City adopted GASB Statement No. 96 related to subscription-based information technology resulting in a SBITA liability of \$10,388,742 and an offsetting intangible right-to-use asset (SBITA), net of amortization for \$10,356,353 as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the City's finances in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government, police, fire and rescue, city court, fleet, engineering, streets, state street aid, planning, building and codes, solid waste, transportation, strategic partners, community services, airport, recreation services, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation and a stormwater fund. The government-wide financial statements can be found on pages 22 – 23 of this report.

The *statement of net position* presents information on all of the City's financial and capital resources in the format of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equal net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Murfreesboro is improving or deteriorating.

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

Fund Financial Statements

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

Governmental Funds

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

The City of Murfreesboro maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund financial statements for the general fund, the general-purpose school fund, the debt service fund, and the bond fund which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in combining statements in the supplemental section of this report. The basic governmental fund financial statements can be found on pages 24 – 37 of this report.

Proprietary Funds

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The City's water resources department is displayed separately in the proprietary fund financial statements on pages 38 - 42 of this report. The City's other enterprise fund is shown in a single column for non-major enterprise funds. Detailed financial data for this fund can be found in the statements in the supplemental section of this report.

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 – 112 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 for pension benefits can be found on pages 113 – 123 of this report. The City is also required to report the total liability and changes to the liability for other post-employment benefits (OPEB). Required supplementary information for OPEB can be found on page 124 - 126 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise fund and internal service funds are presented as supplementary information immediately following the required supplementary information on pension benefits and OPEB. Combining and individual fund financial statements and schedules can be found on pages 127 - 148 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,255,620,102 at June 30, 2023. The largest part of the City of Murfreesboro's net position (87.3 percent) reflects its net investment in capital assets (land, buildings and improvements, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in net position include a decrease of \$18,005,556 (2.0 percent) in current and other assets. The governmental activities decreased \$20,932,473 (2.8 percent) and the business-type activities increased \$2,926,917 (1.7 percent). The decrease is primarily due to decrease in net pension asset and increased cash and investment balances at year-end for the business-type activities.

There was an increase in capital assets of \$43,329,613 (3.3 percent). The governmental activities increased \$21,043,524 (2.4 percent) and the business-type activities increased \$22,286,089 (5.1 percent). The governmental activity increased primarily due to the adoption of GASB Statement No. 96 related to subscription-based information technology assets resulting in \$10,356,353 intangible right-to-use assets as of June 30, 2023. Governmental activities also increased due to the acquisition of property for \$5.3 for the Town Creek project and purchase of land for \$4.3 million for new vehicles primarily for use by public safety and solid waste departments. The business-type activities capital assets increased by \$22,286,089 primarily due to more contributed assets.

On July 1, 2020, the City sold the Murfreesboro Electric Department (MED) to Middle Tennessee Electric Membership Corporation (MTEMC) for \$245,000,000. Prior to the sale, in FY20 MED's office building, storage yard, and certain fiber optic connections were transferred to the City for \$2,134,930. Subsequent to June 30, 2020, MED no longer has any assets, liabilities, or operations. The purchase price is payable with \$43,000,000 cash on July 1, 2020, and a promissory note in the amount of \$202,000,000 payable annually over fifteen years computed at 3.3% per annum. City Council approved the creation of a Trust and a separate Trust Committee to oversee the proceeds from this sale. The amendment to the City charter was approved by Governor Lee in May 2022 and City Council passed the Resolution to approve the amendment on June 30, 2022, to begin the process for creating the Trust. The Trust was established, and the Board of Trustees met for their first meeting on January 24, 2023. Proceeds of \$41,195,010 were transferred to the Trust in accordance with the charter amendment in April 2023 from the General Fund reserve account where funds were being held until the Trust could be established. MED's pension accounts, including its net pension asset were retained by the City. The City purchased a group annuity contract in March 2023 with American National Insurance Company (ANICO), terminating the MED pension plan and transferring responsibility for benefit payments to ANICO effective May 1, 2023. The annuity premium of \$19.4 million was paid using net assets of the plan for \$16.1 million with remaining costs of \$3.3 million shared by the City and MTEMC.

NET POSITION
June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 724,168,735	\$ 745,101,208	\$ 177,461,696	\$ 174,534,779	\$ 901,630,431	\$ 919,635,987
Capital assets	900,074,860	879,031,336	460,248,038	437,961,949	1,360,322,898	1,316,993,285
Total assets	<u>1,624,243,595</u>	<u>1,624,132,544</u>	<u>637,709,734</u>	<u>612,496,728</u>	<u>2,261,953,329</u>	<u>2,236,629,272</u>
Deferred outflows of resources	90,438,562	86,347,152	10,300,484	8,214,807	100,739,046	94,561,959
Long-term liabilities outstanding	712,057,184	679,213,385	114,922,837	117,465,700	826,980,021	796,679,085
Other liabilities	49,094,503	42,571,570	5,977,996	4,687,319	55,072,499	47,258,889
Total liabilities	<u>761,151,687</u>	<u>721,784,955</u>	<u>120,900,833</u>	<u>122,153,019</u>	<u>882,052,520</u>	<u>843,937,974</u>
Deferred inflows of resources	204,876,889	278,183,135	20,142,864	26,440,994	225,019,753	304,624,129
Net position:						
Net investment in capital assets	692,699,651	664,544,232	402,972,929	372,463,964	1,095,672,580	1,037,008,196
Restricted	31,153,896	75,231,975	64,821	3,677,311	31,218,717	78,909,286
Unrestricted	24,800,034	-29,264,601	103,928,771	95,976,247	128,728,805	66,711,646
Total net position	<u>\$ 748,653,581</u>	<u>\$ 710,511,606</u>	<u>\$ 506,966,521</u>	<u>\$ 472,117,522</u>	<u>\$ 1,255,620,102</u>	<u>\$ 1,182,629,128</u>

There are restrictions on the use of 2.5 percent of the City's net position. \$12,680,276 in net position is restricted for pensions and makes up 40.6 percent of restricted net position. Funds restricted for education of \$9.3 million, highways and streets of \$6.3 million and TCRS stabilization reserve trust of \$1.4 million make up 54.5 percent of the total restricted net position. The unrestricted net position of \$128,728,805 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 balance of \$24,800,034 for governmental activities unrestricted net position, an increase of \$54,064,635, or 184.7 percent, from the prior year reported balance. A decrease in the restricted balance for pensions of \$39.1 million and increased unrestricted investment earnings of \$6.7 million are the primary reason for the increase in unrestricted net position.

The business-type activities ended the fiscal year with \$103,928,771 in unrestricted net position, which is an increase of \$7,952,524 (8.3 percent) from the prior year. The increase is due primarily to increased interest income of \$4.9 million as a result of substantial interest rate increases during the year.

Governmental Activities

Governmental activities increased the City of Murfreesboro's net position by \$38,141,995, accounting for 52.3 percent of the increase in total net position. Key elements of this increase are displayed on the Changes in Net Position table and discussed below.

Governmental charges for services increased by \$851,534 or 2.9 percent from the previous fiscal year. Selected activities within this category show revenue related to the building industry (permits, licenses and fees) reflected a decrease of \$1,064,938, recreational related program income (including golf and senior citizen's center) increased \$441,537, solid waste increased \$193,177, school nutrition programs increased \$837,229, and extended school programs increased \$333,476 from the prior year.

Operating grants and contributions revenue increased \$4,699,897, a change of 3.9 percent from the prior year. Education, extended school and school food service operating grants increased \$3,191,809, state gasoline tax allocations increased \$53,662, federal firefighter operating grants decreased \$251,959, transportation grants decreased \$86,236, planning grants increased \$2,525,830, and general government grants decreased by \$1,065,338.

Capital grants and contributions for the governmental activities of the City was \$7,215,833, a decrease of \$2,780,747, or 27.8 percent from the previous year. In FY 22, the City received \$2,551,495 from Rutherford County for the City's share of County debt which is issued on an elementary pupil average daily attendance basis. These funds are used for City education related projects. The County did not issue any additional debt in FY 23.

The City's property tax revenue increased \$1,775,697 (2.7 percent) mostly due to new properties adding to the tax roll. The City's other tax revenue experienced a combined increase of \$3,515,880 or 4.1 percent over the prior year. Of this increase, sales tax revenue increased \$2,905,243 (4.3 percent) over prior year, the gross receipts tax (also known as business license tax) increased \$503,266 (9.1 percent), alcohol taxes decreased \$114,747 (1.8 percent), and hotel/motel occupancy tax revenue increased \$304,463 or 7.7 percent.

Grants and contributions not restricted to specific programs increased \$152,085 or 0.7 percent and is composed of state shared tax allocations and a direct allocation from the state.

The category listed as Other increased \$8,757,768 from FY 22 due primarily to interest of \$12,624,252 received on unrestricted investments and the second installment payment of the note receivable from the sale of the electric utility. The City also sold property on Manson Pike that had minimal cost basis resulting in a gain on the sale of the land of \$2,717,667.

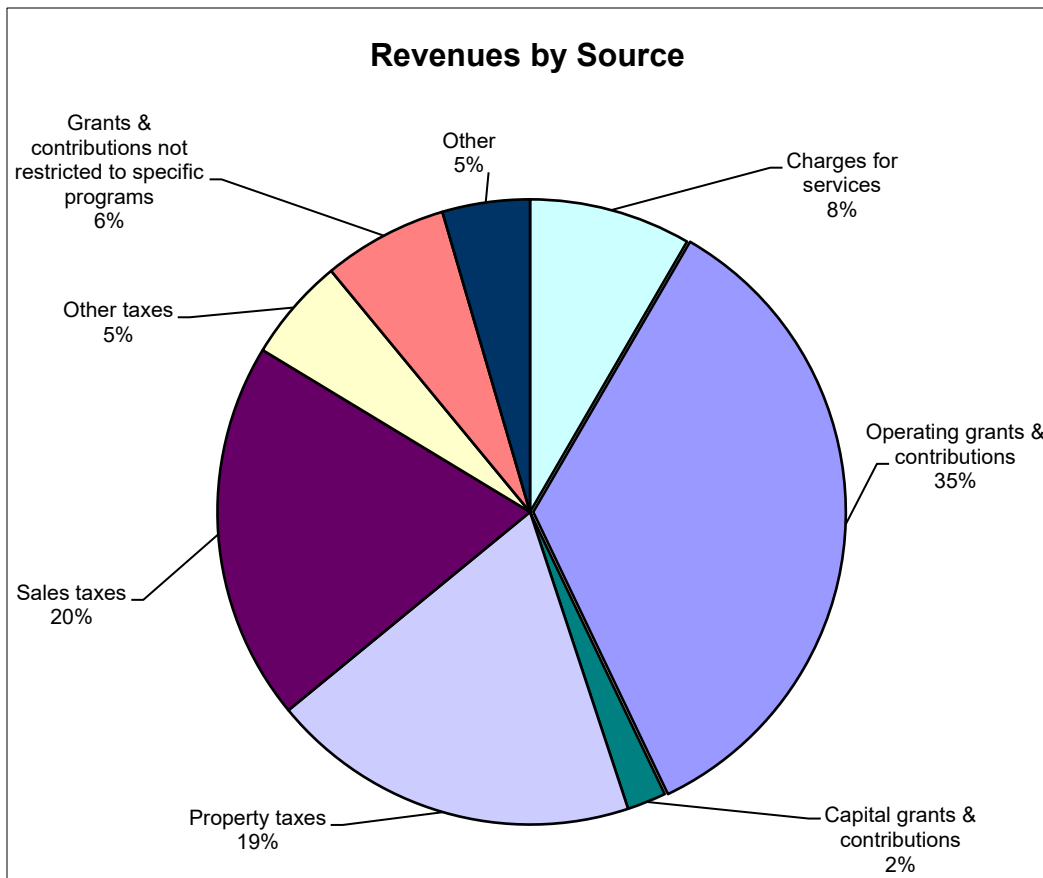
CHANGES IN NET POSITION

June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 30,011,447	\$ 29,159,913	\$ 54,679,162	\$ 53,844,445	\$ 84,690,609	\$ 83,004,358
Operating grants & contributions	123,872,748	119,172,851	4,077,230	213,455	127,949,978	119,386,306
Capital grants & contributions	7,215,833	9,996,580	19,243,681	17,559,419	26,459,514	27,555,999
General revenues:						
Property taxes	68,635,738	66,860,041			68,635,738	66,860,041
Other taxes	89,497,788	85,981,908			89,497,788	85,981,908
Grants & contributions not restricted to specific programs	23,153,252	23,001,167			23,153,252	23,001,167
Other	16,230,906	7,473,138	5,273,328	243,908	21,504,234	7,717,046
Total revenues	\$ 358,617,712	\$ 341,645,598	\$ 83,273,401	\$ 71,861,227	\$ 441,891,113	\$ 413,506,825
Expenses:						
General government	\$ 29,975,446	\$ 22,040,658			\$ 29,975,446	\$ 22,040,658
Police	53,934,277	48,914,307			53,934,277	48,914,307
Fire and Rescue	34,171,339	31,200,008			34,171,339	31,200,008
City Court	906,021	885,890			906,021	885,890
Engineering	11,762,704	11,161,161			11,762,704	11,161,161
Streets	7,468,366	6,319,017			7,468,366	6,319,017
State street aid	5,050,884	4,698,456			5,050,884	4,698,456
Planning	3,305,223	2,692,725			3,305,223	2,692,725
Building and codes	2,527,097	2,518,174			2,527,097	2,518,174
Solid waste	9,650,252	8,844,657			9,650,252	8,844,657
Transportation	4,279,769	4,326,088			4,279,769	4,326,088
Strategic Partners	1,668,659	1,715,785			1,668,659	1,715,785
Community services	6,487,975	5,313,177			6,487,975	5,313,177
Airport	4,393,276	4,616,647			4,393,276	4,616,647
Recreation services	24,007,564	22,736,078			24,007,564	22,736,078
Education	105,878,889	95,489,430			105,878,889	95,489,430
Food service	6,975,303	5,963,040			6,975,303	5,963,040
Interest on long-term debt	8,032,693	8,438,083			8,032,693	8,438,083
Water and sewer and stormwater			\$ 48,424,402	\$ 47,162,773	48,424,402	47,162,773
Cemetery				460,209		460,209
Total expenses	\$ 320,475,737	\$ 287,873,381	\$ 48,424,402	\$ 47,622,982	\$ 368,900,139	\$ 335,496,363
Increase in net position before contributions and transfers	\$ 38,141,975	\$ 53,772,217	\$ 34,848,999	\$ 24,238,245	\$ 72,990,974	\$ 78,010,462
Contributions to permanent funds				138,114		138,114
Transfers		1,323		(1,323)		
Special item - Loss on transfer		(3,442,001)		(1,689,435)		(5,131,436)
Change in net position	\$ 38,141,975	\$ 50,331,539	\$ 34,848,999	\$ 22,685,601	\$ 72,990,974	\$ 73,017,140
Net position - beginning, as previously reported	710,511,606	869,701,588	472,117,522	486,103,074	1,182,629,128	1,355,804,662
Prior period adjustment		(209,521,521)		(36,671,153)		(246,192,674)
Net position - beginning	710,511,606	660,180,067	472,117,522	449,431,921	1,182,629,128	1,109,611,988
Net position at end of year	\$ 748,653,581	\$ 710,511,606	\$ 506,966,521	\$ 472,117,522	\$ 1,255,620,102	\$ 1,182,629,128

The cost of all governmental activities was \$320,475,737. However, as shown in the Net Program Cost to Taxpayers table, 50.3 percent (\$161,100,028) of these costs were paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions. The City paid for the remaining “public benefit” portion of governmental activities with taxes, general grants and contributions, and other miscellaneous revenue. Each program’s net cost to taxpayers is presented on page 10.

The largest variances for cost of governmental activities from FY 22 to FY 23 included an update to the City's pay plan which increased for the general fund and airport fund employees. This increase in pay also increased costs for the defined benefit pension and defined contribution retirement plans of the City. The increases of salary and benefits for FY 23 are approximately \$10 million. Depreciation and amortization costs for the governmental activities increased \$776,456 over the prior year.



In comparison to the previous year, the percentages noted above remained relatively flat. Charges for services remained the same at 8 percent, operating grants and contributions remained the same at 35 percent, capital grants and contributions decreased from 3 percent to 2 percent, property taxes decreased from 20 percent to 19 percent, sales taxes remained the same at 20 percent, other taxes remained the same at 5 percent, grants and contributions not restricted to specific programs decreased from 7 percent to 6 percent, and other revenue sources increased from 2 percent to 5 percent. More information regarding key revenue types is discussed in the Financial Analysis of the Government's Funds beginning on page 12.

Net Program Cost to Taxpayers

Governmental activities:			Net (Expense)
	Revenue	Expense	Revenue
General government	\$ 4,163,470	\$ 29,975,446	\$ (25,811,976)
Police	955,486	53,934,277	(52,978,791)
Fire and rescue	1,665,479	34,171,339	(32,505,860)
City Court	1,335,053	906,021	429,032
Engineering	2,873,091	11,762,704	(8,889,613)
Streets	674,009	7,468,366	(6,794,357)
State street aid	5,307,109	5,050,884	256,225
Planning	3,787,179	3,305,223	481,956
Building and codes	3,699,604	2,527,097	1,172,507
Solid waste	5,391,496	9,650,252	(4,258,756)
Transportation	2,527,210	4,279,769	(1,752,559)
Strategic Partners		1,668,659	(1,668,659)
Community services	9,551,751	6,487,975	3,063,776
Airport	4,203,545	4,393,276	(189,731)
Recreation services	6,467,346	24,007,564	(17,540,218)
Education	101,740,022	105,878,889	(4,138,867)
Food service	6,758,178	6,975,303	(217,125)
Interest on long-term debt		8,032,693	(8,032,693)
Total governmental activities	\$ <u>161,100,028</u>	\$ <u>320,475,737</u>	\$ <u>(159,375,709)</u>

Governmental net position for FY 23 increased by \$38,141,995 after payment of governmental activities expenses of \$320,475,737 with program revenues of \$161,100,028, and general revenues of \$197,517,684. Governmental net position at June 30, 2023 was \$748,653,581.

Program Expenses Governmental Activities

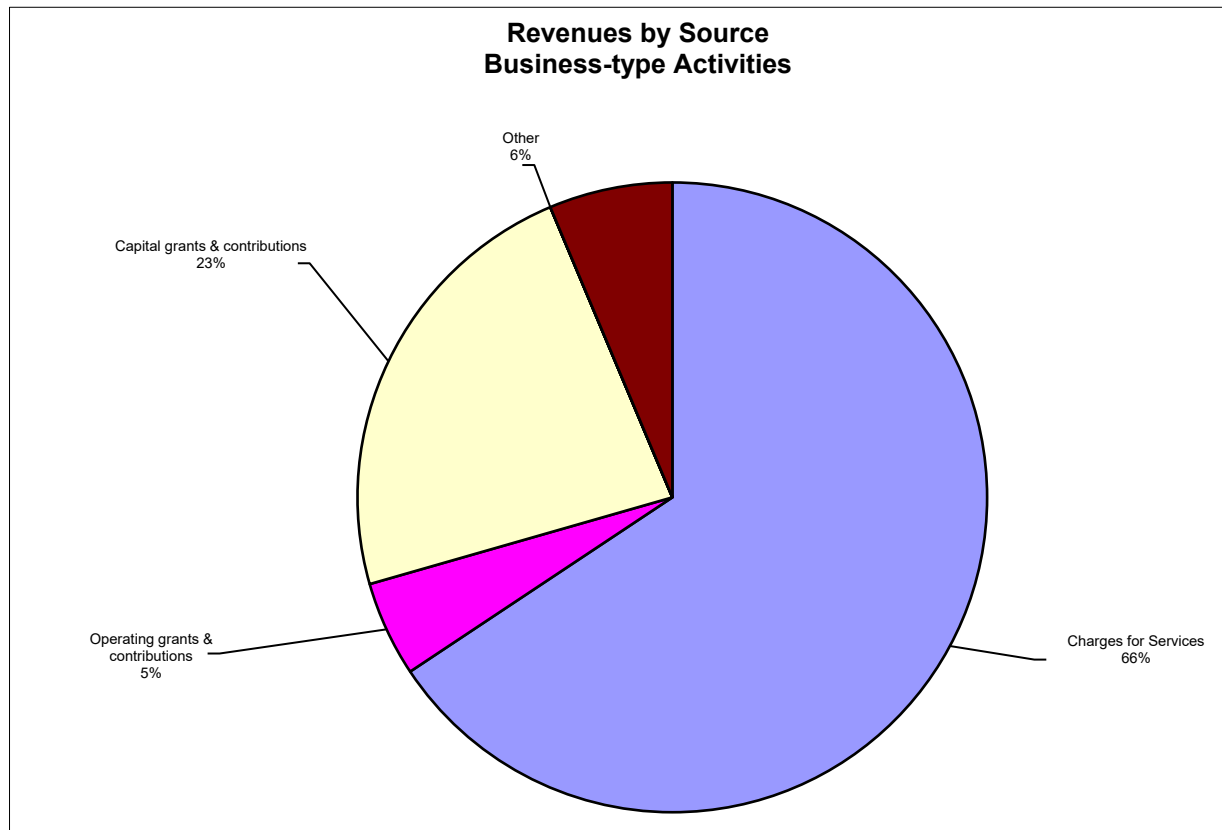
Governmental activities:	Total	Percent		Total	Percent
	Expense	of Total		Expense	of Total
General government	\$ 29,975,446	9%	Solid waste	9,650,252	3%
Police	53,934,277	17%	Transportation	4,279,769	1%
Fire and rescue	34,171,339	11%	Strategic Partners	1,668,659	1%
City Court	906,021	0%	Community services	6,487,975	2%
Engineering	11,762,704	4%	Airport	4,393,276	1%
Streets	7,468,366	2%	Recreation services	24,007,564	7%
State street aid	5,050,884	2%	Education	105,878,889	33%
Planning	3,305,223	1%	Food service	6,975,303	2%
Building and codes	2,527,097	1%	Interest on long-term debt	8,032,693	3%
Total governmental activities			\$ <u>320,475,737</u>	<u>100%</u>	

Business-type Activities

The business-type activities increased the City of Murfreesboro's net position by \$34,848,999 due to the Water Resources department. The business-type activities include water and sewer operations and a stormwater system. The cost of all business-type activities this year was \$48,424,402. As shown in the Changes in Net Position table, the amounts paid by users of the operations were \$54,679,162. The additional revenue sources included operating grants and contributions of \$4,077,230, capital grants and contributions of \$19,243,681, unrestricted investment earnings of \$5,164,618, and gain on sale of assets of \$108,710.

Expenses and Program Revenues

	Business-type Activities		
	Expenses	Program Revenue	Expense as a Percent of Revenue
Water, sewer and stormwater	\$ 48,424,402	\$ 78,000,073	62%
	<u>\$ 48,424,402</u>	<u>\$ 78,000,073</u>	62%



Revenues by source remained relatively flat for Business-type Activities as compared to FY 22.

Operating expenses for the Water Resources Fund increased by \$1,975,273 (4.6 percent), which can be attributed to increased costs for both water and sewer system operations, including increased personnel costs. The increase in net position before capital contributions was \$14,880,139 for FY 23, an increase of \$8,280,441 from FY 22. This increase can be primarily attributed to a larger increase in revenues from connection fees, federal grants, and increased interest income, while operating expenses increased by a smaller proportion.

Non-operating revenues primarily consist of interest income of \$4,943,033 and grant revenue of \$4,077,230 of the Water Resources fund.

Capital contributions from developers totaled \$19,243,681 for FY 23. This is an increase from FY 22 of \$1,684,262. Developer contributed assets increased substantially from FY 22.

The Stormwater Fund is primarily financed from charges to property owners based on the amount of impervious surface on their property and its resulting stormwater. The charges collected by the Stormwater Fund were \$3,376,441, which were relatively flat as compared to last year. Operating and maintenance expenses decreased \$54,169 (1.7 percent). This is primarily attributed to a decrease in depreciation expense.

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

Contribution Plan for employees hired on or after July 1, 2010. These plans are discussed in the Financial Analysis of the Government's Funds and in Note H.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2023, the City of Murfreesboro's governmental funds reported combined ending fund balances of \$399,413,639, an increase of \$21,435,131 in comparison with FY 22's ending fund balance. Information regarding significant funds or variances is listed below.

General Fund

The General Fund is the chief operating fund of the City of Murfreesboro. At June 30, 2023, the fund balance was \$200,804,607, an increase of \$2,526,586 from FY 22.

The Real and Personal property tax revenue increased \$2,242,460, or 3.6 percent over FY 22. The 2022 tax roll (for taxes collected in FY 23) received from the Rutherford County Assessor's office, indicated an increase in assessment value on property of \$1,967,196,477, a 39.8 percent increase, as compared to the 2021 tax roll (for taxes collected in FY 22). The assessor reappraised all property in Rutherford County for the 2022 tax roll, resulting in a certified tax rate of \$.9526 per \$100 of assessment as compared to \$1.2894 per \$100 of assessment in the prior year. City Council accepted the certified tax rate and used it as a part of the FY 23 budget.

Additionally, in the tax category, the local option sales tax revenue increased \$2,905,243 or 4.3 percent over FY 22. This large increase is due primarily to continued demand for goods. The gross receipts tax increased \$503,266 or 9.1 percent over FY 22 consistent with the increase in sales tax revenue and increases in business. The hotel/motel occupancy tax collected increased \$304,463, or 7.7 percent over FY 22 primarily due to conferences and events held in the City.

The licenses, permits, and fines revenue category decreased by \$1,057,888 from FY 22. The construction related categories had a net decrease of \$1,059,246, primarily due to a decrease in building permits by \$746,092 from FY 22. Plumbing permits also decreased by \$196,198 and electrical permits decreased by \$105,845 from FY 22. Court and red-light camera fines decreased \$13,772, primarily from a decrease of \$10,978 in traffic violations from FY 22.

Intergovernmental Revenues increased \$3,920,359 from FY 22, of which \$1,013,658 was an increase in the state shared sales tax allocation. The federal funds increased \$3,478,138 from FY 22. This was offset by a decrease in state funds of \$1,310,635.

Charges for Services increased \$279,232 in FY 23 as compared to FY 22. The largest variable was the increase of parks and recreation department program income, primarily due to increased activity with the senior center as events returned to normal and the reopening of the outdoor pool at the end of FY 22 and beginning of FY 23. An additional variance included a solid waste program income increase of \$193,177, primarily due to new customers and a rate increase.

Miscellaneous revenues, interest and investment earnings, and donations increased \$2,930,978 from FY 22. This is primarily due to substantial interest rate increases during the fiscal year resulting increased investment earnings compared to the prior year loss on investment and increased interest earnings.

FY 23 expenditures of the General Fund totaled \$158,502,796, which is an increase of \$28,404,392 or 21.8 percent over FY 22 expenditures.

As a service-based organization, the City's largest expense is for wages and related benefits, which equaled 66.7 percent of FY 23 expenditures. In the General Fund, labor and related accounts totaled \$99,464,264 for FY 23, versus \$86,830,909 for FY 22. This is an increase of \$12,633,355 or 14.6 percent and is a result of a new pay plan which went into effect on July 1, 2022, which also caused an increase to costs for the defined benefit and defined contribution plans. Of this increase \$6,133,117, or 48.6 percent, of the increase is attributed to public safety, as the pay plan included a higher percentage increase for public safety and new positions were added in FY 23. City management carefully monitors expenditures and hiring requests for all departments to ensure funds are being allocated appropriately. Departments are tasked with monitoring spending, looking for areas to improve efficiency, and to control expenses through the year to be sure services are delivered efficiently and effectively.

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

- 1) Other General Government had an increase of \$1,015,584 for County Shared Costs for the City's share of the costs for reappraisal work performed for the 2022 tax roll. Unforeseen miscellaneous and contingencies also increased \$1,214,249 due to the purchase of an annuity contract with American National Insurance Company to terminate the Murfreesboro Electric Department Pension Plan.
- 2) Police had an increase in capital outlay of \$11,973,757 primarily from the purchase of new vehicles for \$1.5 million, a new in car and body camera package for \$321,229, AEDs for the patrol cars for \$328,985, and a new public safety camera system \$272,112. In addition, there was an increase of \$9,736,948 related to subscription-based information technology arrangements due to the adoption of GASB Statement No. 96 in FY 23.
- 3) Community Development had an increase in public facilities improvement of \$2,171,133 for the purchase of Lot 82 Evergreen Farms to be used as a pre-K by the Murfreesboro City Schools. Public service grants for Community Development increased \$1,332,103 for new grant award funds expended under the CDBG CARES Act grant.

Net Other Financing Uses increased \$29,048,569 from FY 22. The Murfreesboro Community Investment Trust was formed in January 2023 with the initial transfer of Trust proceeds for \$41,195,010 in April 2023. Other significant changes include an increase to transfers to Debt Service for debt payments by \$4,431,877, offset by a transfer in from the Bond fund for \$4,601,131, a decrease in the transfers to the airport fund of \$1,372,037. In addition, the City adopted GASB Statement No. 96 in FY 23 resulting in recognizing \$9,736,948 related to SBITA in other financing sources.

Debt Service Fund

The Debt Service Fund experienced a small increase in fund balance of \$75,006 from FY 22.

The financed debt balance decreased \$34,487,540 for governmental activities, including school debt service, from FY 22. The City made all scheduled principal payments on time for all debt. The final variable rate loan was paid off in December of FY 21.

In March 2022 Moody's and Standard and Poor's provided a rating of Aa1 and AA+ to the City's \$48.7 million General Obligation Bonds, Series 2022 issue.

The City has committed to a shorter debt payback period by maintaining a 15-year debt amortization schedule for each issue and based on this timeframe, will pay back 89.2 percent of debt within 10 years of debt owed at June 30, 2023.

The City presented an updated Capital Improvement plan for FY 23, and the decision was made to not issue any new debt in 2023. The City will move forward with a bond issue late in calendar year 2024.

The city school's debt service and capital outlay paid by the City of Murfreesboro is recorded on the schools' department-wide report. On page 26, under Other Governmental Funds, \$4,936,839 is included for debt principal and interest costs for debt that was issued by the City and used for school buildings and equipment. Of this amount, \$4,668,134 of debt service was paid by the debt service fund and \$268,705 was paid by the general purpose school fund. The separately issued school system report includes the buildings (which are titled to the City of Murfreesboro) and equipment financed with their own asset and capital outlay information. The City's government-wide financial statements include these assets.

Special Revenue Funds

General Purpose School Fund

The General Purpose School Fund ended FY 23 with a fund balance of \$24,457,958, of which \$19,150,024 was committed. As a measure of liquidity, the unassigned fund balance represents 4.1% of total General Purpose School Fund expenditures. Revenues and Other Financing Sources exceeded expenditures for the fiscal year, which resulted in an increase to fund balance of \$5,315,670. This was mainly a result of increases in operating grants, sales tax revenue, and State funds, which offset the increase in expenditures of \$4,318,597.

School Federal Programs Fund

The fund balance for the School Federal Programs Fund remained the same at \$1,600,000 as compared to FY 22. Federal program revenues recognized in FY 23 decreased \$463,925.

Extended School Program

The fund balance for the Extended School Program is \$6,647,046, an increase of \$2,976,760 from the previous year. This increase is due primarily to an increase in grant funding for tutoring and after school programs.

School Nutrition Fund

The school district operates a school nutrition program in each of its thirteen schools. The School Nutrition Fund's fund balance decreased \$297,600 due to a decrease in USDA funding for school nutrition. Revenues consist of meal and a-la-carte sales as well as reimbursements from the U.S. Department of Agriculture School Nutrition Program and Department of Human Services. Expenditures consist of food and supply costs in addition to employee labor and benefits.

Airport Fund

The Airport Fund's State and Federal funding increased \$2,231,549 and capital outlay decreased \$1,791,480 from FY 22 due primarily to a hangar project that completed with revenue reimbursements recognized from prior period deferrals. The fund balance increased \$1,426,255 from FY 22 as previously reported due to modest changes throughout the other expenditure and revenue accounts.

Murfreesboro Community Investment Trust

The Murfreesboro Community Investment Trust was formed in FY 23 with proceeds from the sale of the Murfreesboro Electric Department. The initial funding transfer in April 2023 to the Trust was \$41,195,010. The Trust will receive a portion of the annual installment payment on the note receivable from Middle Tennessee Electric each year. Expenses of the Trust for FY 23 are administrative costs. The Trust received \$396,749 of interest and investment earnings for FY 23. The fund balance for the Trust was \$41,519,501 as June 30, 2023.

Capital Projects Funds

Bond Fund

Unspent fixed rate loan proceeds at June 30, 2023, from the Public Building Authority of Sevier County loan, borrowed March 1, 2019, were \$2,401,426. The majority of the FY 23 expenditures were for land acquisitions, street projects, pre-K building purchase, renovations at the fire and parks admin building, police renovations, solid waste trucks, and parks facilities.

Unspent fixed rate bond and premium proceeds at June 30, 2023, from the bond issued February 26, 2021, were \$57,629,983. The majority of the FY 23 expenditures were for debt interest payments and street projects.

Unspent fixed rate bond and premium proceeds at June 30, 2023, from the bond issued April 22, 2022, were \$47,216,386. The majority of the FY 23 expenditures were for debt interest payments.

Capital Improvement and Contingency Fund

In FY 22 the City received \$2,132,998 as the City School's share, based on average daily attendance, from Rutherford County's bond issue to be used for education. In FY 23 a portion of these funds were spent towards the cost of reroofing, ceiling repairs, a cooling tower replacement, floor covering and abatement, and to purchase stage curtains, bleachers, cargo vans and new buses. The fund balance at June 30, 2023, of \$8,362,436 includes \$7,900,896 in restricted funds to be used towards school projects.

Internal Service Funds

Insurance Fund

The Insurance Fund recognized an increase in net position of \$399,416 in FY 23. The premiums for the employees' group health plan is a four-tier system that differentiates the family portion of the premium for an employee with child, spouse or both. The City works with a consultant to evaluate opportunities for savings and cost containment within our benefits while still offering employees excellent coverage. A wellness program began in FY 13 to assist in maintaining employees' health and controlling claims costs and was enhanced in FY 17 by adding a reward program through Humana titled Go365. The program was transitioned to Wellspark in January 2023. Rewards claimed through Go365 had an increase in FY23 as employees cashed out their remaining balances before the transition to Wellspark. After transitioning to Wellspark, rewards claimed decreased. The total rewards claimed under both totaled \$116,076 in FY 23 and \$63,532 in FY 22. The City's insurance consultant was Lockton; Delta Dental continues as the dental provider and Blue Cross Blue Shield continues as the plan administrator for claims in FY 23.

The insurance premium rates are determined on a calendar year basis. Claims and Administrative expense decreased \$300,590 in FY 23. Of this, pharmacy claims increased \$194,167, medical claims decreased \$620,810 and dental claims increased \$24,662.

Risk Management Fund

The Risk Management Fund had a \$868,533 increase in net position from FY 22. In FY 19 the City moved all premiums to a fiscal year basis, when some in the past were on calendar year, and began adding premium-based products and moving away from being fully self-insured.

Claims and administrative expense decreased \$27,002 from FY 22 to FY 23. The City continued to manage the claims originating before coverage was switched to a premium-based product. The decrease in overall expense is due primarily to settlement on workers compensation claims paid in FY 22 offset by savings from the new third-party premium-based policies and timing differences for these policies switching to a fiscal year from the previous self-insured calendar year basis.

Workers compensation claims paid in FY 23 originated before July 1, 2019, as the City moved to a premium based product on that date. The cost of workers compensation claims and insurance policy was \$471,803 less in FY 23 than for FY 22 due to settlement of older claims. As older claims are settled, they will have less effect on annual costs. The accrual for Claims and Judgments Payable increased in FY 23, \$194,176 from FY 22.

Pension Trust Funds (Discretely Presented Component Units)

The City's Pension Fund, a defined benefit plan, had an increase of \$9,588,721 net position restricted for pensions through June 30, 2023. This is a 6.2 percent increase from the previous year. The net investment income for FY 23 was \$11,582,036, which is 153.8 percent more than FY 22's loss of \$21,545,295. The volatility of the investment market continued in FY 23, and the upswing from the beginning of the year aided in the re-coop of some of the losses recorded as of June 30, 2022. Payments of benefits to participants was \$8,312,435, an increase of 10.3 percent from FY 22. There were an additional 18 retirees and beneficiaries receiving benefits in FY 23 from the prior year.

The Pension Committee works with third-party consultants and investment managers to closely monitor the stock market and to ensure the plan is properly diversified and that investment managers are meeting set benchmarks. The City's actuary recommends the actuarially determined contribution (ADC) rate based on the annual actuary report. The City receives this rate after the budget has been set for the following year, so the rate is implemented one year later in the following budget year. The rate contributed for qualifying wages was 18.73 percent for FY 23 and FY 22, and the City met all funding obligations. The rate for FY 24 is 19.79 percent.

The Pension Committee, a seven-member board, met with the actuary and third-party investment consultant in FY 19 to hear recommendations on plan assumptions and how these changes would affect recommended investment policy decisions to assist in attaining projected earnings. During FY 19 the long-term rate of return assumption was lowered from 7.25 percent to 7 percent.

In determining the funding rate for FY 24, the actuary valuation as of July 1, 2022, noted these changes; the salary increase was higher than the assumption which resulted in a loss in the ADC computation and decreased the ADC by 2.1 percent. The actuarial asset return for the year was 5.5 percent and was less than the 7 percent assumption, resulting in a loss which increased the ADC by 1.9 percent. Other demographic gains decreased the ADC for the year by 0.2 percent with changes in payroll, expenses and normal cost making up the other ADC changes.

The actuary will continue monitoring the assumptions each year to see if additional changes should be implemented and will work with the committee to review and implement suggested changes.

A funding policy was initially adopted June 4, 2016, by City Council, per State requirements, with amendments made to it as needed, the last amendment is dated August 18, 2022. Additionally, an investment policy was initially approved by the Pension Committee in FY 15, which was updated February 19, 2021.

The defined benefit plan was closed to new participants as of June 30, 2010, and a defined contribution plan was implemented for new hires beginning July 1, 2010. The defined contribution plan has a 3 percent mandatory employee contribution with the option of contributing an additional amount up to IRS limitations. The City matches 100 percent of employee contributions up to 8 percent. The City's administrative involvement is limited to transmitting amounts withheld from payroll, as well as the City's match, to the plan administrator who performs investing functions as directed by the participant.

Murfreesboro Electric Department was sold on July 1, 2020 and the City of Murfreesboro assumed responsibility for the administration of the Plan. The Electric Department Pension Plan's net position decreased by \$26,156,635 or 100.0

percent during FY 23. The City terminated the plan in FY 23 and purchased an annuity contract to transfer remaining net assets and responsibility of payment to American National Insurance Company effective May 1, 2023.

Additional information regarding the pension plans can be found in Note H on pages 70 - 90, including the pension plan information for the city schools which is administered by the State of Tennessee.

Proprietary Funds

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

The net position of the Murfreesboro Water Resources Department at June 30, 2023 was \$482,792,325, an increase of \$34,123,820, over the prior year. The net position for the other proprietary funds at June 30, 2023 was \$9,793,162, an increase of \$534,203, over the prior year.

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

Seven budget amendments were presented to Council to be approved by ordinance for the General Fund during the fiscal year ended June 30, 2023.

Overall, general fund revenues were less than budget by \$6,239,769 and expenditures and other financing sources/uses were less than budget by \$84,152,836. The budget anticipated a \$75,386,481 shortfall to be funded from available fund balance, but instead fund balance was increased by \$2,526,586. This is primarily due to a decrease in capital outlay from the general funds as expenditures were processed from the bond fund as a result of bond proceeds received in 2021 and 2022. This was offset by a significant transfer out of \$41.2 million to the Community Investment Trust in FY 23 to establish the Trust Fund and transfer initial payment of funds owed to the Trust from the first three installment payments received from Middle Tennessee Electric Corporation.

Budgeted federal funds were over actual by \$17,608,526. Funds budgeted for the American Rescue Plan Act, transportation, Cherry Lane and the Adaptive Signal Project, did not progress as budgeted in FY 23, and expenses were under budget \$15,322,539 for the federal share. Budgeted revenues did not include the payment from Middle Tennessee Electric Corporation for \$17.3 million. This over budget amount was offset by amounts included in miscellaneous income for \$5.0 million for the portion of funds that were deposited into a separate transportation bank account and \$3.5 million for the amount to be reimbursed from Middle Tennessee Electric for their share of costs from the annuity purchase agreement. No revenue was recognized on the reimbursement as it was a reduction of the City's costs. Investment gains were over budget by \$2,431,464 due to substantial increases in interest rates during FY 23.

Savings in budgeted wages and benefits totaled approximately \$9.7 million mainly due to vacancies spread throughout the departments incurred due to the tight labor market and timing delays in filling vacant positions. Capital outlay in infrastructure was under budget by \$19,757,641 primarily due to additional funds budgeted for \$9,000,000 for the Town Creek project using American Rescue Act funds that were not spent during FY 23 and additional \$5,000,000 for Transportation's portion of MED sale proceeds that were for road projects that were not expended during FY 23. Administration was also under budget by \$10,811,779 due to budgeted funds for Town Creek that were spent from the Bond fund during FY 23. Federal expenses budgeted for public service grants and The American Rescue Plan Act budgeted balances in community development, Finance contractual, police capital outlay, parks capital outlay, and fire capital outlay all resulted in budgeted balances more than actual as projects did not proceed as initially budgeted.

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, 2023, totaled \$1,360,322,898 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, certain infrastructure, and utility distribution systems. The total increase in the City of Murfreesboro's investment in capital assets for the current fiscal year was 3.3 percent (a 2.4 percent increase for governmental activities and a 5.1 percent decrease for business-type activities).

Governmental activities:

Net increase to land totaled \$7,312,854 in FY 23. The increase included neighborhood streets and right-of-way \$1,433,152 and purchase of property for daylighting Town Creek \$5,312,122.

Construction in progress at June 30, 2023, totaled \$49,390,185. Some of the larger projects in this total include construction of a Police communication tower \$2,320,862, Rover transit center \$2,783,106, Parks/Fire Administration building \$1,945,514, and various parks and recreation upgrades and renovations of \$1,671,791. Road projects account for \$31,539,390 or 63.9 percent of construction in progress, of which Phases 2 and 3 of Cherry Lane account for 20.6 percent of the road projects, Brinkley Road accounts for 15.5 percent, and Gateway Boulevard accounts for 14.3 percent.

Government buildings had a net increase of \$10,277,022 (before depreciation), which included the additions of the Indoor Soccer Facility \$3,726,707, a Hangar at the Airport \$4,280,150, restrooms at Jordan Farms Soccer \$878,104, as well as improvements to various government buildings.

Net increase to government improvements other than buildings (before depreciation) totaled \$6,326,002. Of this increase, \$4,382,185 is for installation of outdoor lighting and artificial turf at Richard Siegel Soccer Complex.

Net increase to equipment (before depreciation) totaled \$7,276,883. Some of the more significant additions include the purchase of forty police vehicles \$1,490,335, an aerial fire truck \$987,743, two pumper fire trucks \$1,011,920, and three garbage trucks \$859,661.

Infrastructure had additions (before depreciation) of \$769,302 relating to road projects, curb and gutter, sidewalks, traffic signals, street lighting and landscaping.

The City adopted GASB Statement No. 96 regarding subscription-based information technology arrangements (SBITAs) during FY 23 resulting in recording intangible right-to-use assets (SBITA), net of amortization of \$10,356,353. Additional information on the SBITAs can be found in Note Q on pages 111 – 112 of this report.

Business-type activities:

The business-type activities saw an overall increase in capital assets of \$22,286,089.

Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Non-Depreciable Assets:						
Land	\$ 294,311,887	\$ 286,999,033	\$ 16,621,559	\$ 15,686,359	\$ 310,933,446	\$ 302,685,392
Construction in progress	49,390,185	42,129,832	26,106,783	8,641,276	75,496,968	50,771,108
Other Capital Assets:						
Buildings	189,248,235	184,696,725	70,221,412	73,148,974	259,469,647	257,845,699
Improvements other than buildings	63,066,424	62,190,637			63,066,424	62,190,637
Transmission & distribution mains			305,088,712	296,796,407	305,088,712	296,796,407
Equipment	54,546,736	55,318,829	42,209,572	43,688,933	96,756,308	99,007,762
Computer Software	956,076	1,176,777			956,076	1,176,777
Infrastructure	238,198,964	246,519,503			238,198,964	246,519,503
Intangible right-to-use asset (SBITA)	10,356,353				10,356,353	
Total	\$ 900,074,860	\$ 879,031,336	\$ 460,248,038	\$ 437,961,949	\$ 1,360,322,898	\$ 1,316,993,285

Additional information on the City of Murfreesboro's capital assets can be found in Note F on pages 64 - 66 of this report.

Long-term Liabilities

Long-term liabilities of the City include debt, such as general obligation bonds, public building authority loans and revenue bonds as well as compensated absences, net pension liabilities, and OPEB obligations. Total long-term liabilities for the City of Murfreesboro increased \$33,912,797 during the year ended June 30, 2023. Long-term liabilities from governmental activities increased \$32,843,799 (4.8 percent) and business-type activities long-term liabilities increased \$1,068,998 (.9 percent).

For the governmental activities, there is \$107,247,795 remaining to be spent from loans/bonds and premiums received for current and prior years issues, of which \$60,031,409 was for debt issued in FY 19, and FY 21. Additional new debt is anticipated to be issued in late 2024.

The Murfreesboro Water Resources Department has five revolving loan agreements with the State of Tennessee for various capital projects. The total outstanding balance of the revolving loans at June 30, 2023 is \$39,950,173. These loans bear interest at an annual interest rate ranging from 0.93 percent to 1.3 percent. Interest is due and payable on a monthly basis. Under terms of the revolving loans, the Department has agreed to defer principal payments until the projects are substantially completed. Upon substantial completion, the loans will be converted to term loans with repayment to be made over a 20-year period.

The City adopted GASB Statement No. 96 regarding subscription-based information technology arrangements (SBITAs) during FY 23 resulting in SBITA liabilities of \$10,388,742. Additional information on the SBITAs can be found in Note Q on pages 111 – 112 of this report.

Additional information on the City of Murfreesboro's long-term liabilities can be found in Note G on pages 66 – 70 of this report.

The City has adopted GASB Statement No. 75 regarding post-employment benefits. Together with current benefits earned, the liability recognized through June 30, 2023, is \$366,231,510 an increase of \$24,679,692 (7.2 percent) from the previous year. The business-type activities liability was \$52,596,046 an increase of \$3,239,869 or 6.2 percent from the previous year balance. The governmental activities are made up of three groups, the school employees, the retirees at the time of the sale of the electric department, and the City governmental employees. The school liability was \$6,671,489 for a decrease of \$433,330 or 6.1 percent. The City liability is \$306,963,975 an increase of \$21,873,153 or 7.7 percent from the previous year balance. The benefits offered to the governmental and water resources employees are on an annual basis, with an option to cancel, modify or reduce benefits by authority of the City Council and are currently funded on a current basis only. As a part of the budget process, the Council decides if these benefits will be offered to retirees, and in FY 23 and FY 22 continued the pay-as-you-go basis.

The City maintains a defined benefit pension plan for all employees of the City hired before June 30, 2010 except the school system employees. The city schools' plan is administered by the State of Tennessee. The City transferred the administration and liability of the Electric Department pension plan as of May 1, 2023 with the purchase of an annuity and terminated the plan. The net pension liability increased for the City by \$39,361,309. Additional information on the City of Murfreesboro's post-employment benefits can be found in Note J on pages 91 - 102 of this report.

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

Long-term Liabilities
June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 245,930,000	\$ 273,570,000			\$ 245,930,000	\$ 273,570,000
Add: Premium on bonds	24,429,807	27,612,777			24,429,807	27,612,777
Local Government Public Improvement	44,835,000	48,265,000			44,835,000	48,265,000
Energy Efficient School Loan	1,064,705	1,299,275			1,064,705	1,299,275
Revenue bonds			\$ 16,135,000	\$ 21,050,000	16,135,000	21,050,000
Add: Premium on refunding			1,241,426	1,922,696	1,241,426	1,922,696
Matured bonds payable			36,000	36,000	36,000	36,000
State revolving loans			39,950,173	42,682,837	39,950,173	42,682,837
Estimated landfill closure costs	1,010,500	1,013,500			1,010,500	1,013,500
Compensated absences	19,775,409	18,034,495	2,785,428	2,417,990	22,560,837	20,452,485
OPEB Liability	313,635,464	292,195,641	52,596,046	49,356,177	366,231,510	341,551,818
SBITA Liability	10,388,742				10,388,742	
Claims and judgements	947,666	753,490			947,666	753,490
Net pension liability (asset)	50,039,891	16,469,207	2,178,764	(3,611,861)	52,218,655	12,857,346
	<u>\$ 712,057,184</u>	<u>\$ 679,213,385</u>	<u>\$ 114,922,837</u>	<u>\$ 113,853,839</u>	<u>\$ 826,980,021</u>	<u>\$ 793,067,224</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the country and among the fastest growing cities in the State of Tennessee. The US Census Bureau's certified the 2021 population at 157,519. This is substantially higher than the Census Bureau's estimates, which shows how difficult it can be to predict the fast-growing population in the City. The US Census Bureau reports, using statistics from 2017-2021, that of Murfreesboro residents (age 25 or older) at least 93.5 percent have a high school degree, and 41.4 percent have a bachelor's or higher degree.

Murfreesboro is the home of Middle Tennessee State University (MTSU), with an undergraduate enrollment of over 17,000. In 2024, MTSU was named among the nation's best universities by the Princeton Review for the fifth time. The City enjoys a good working relationship with the leaders of the University and partners with the University in many community projects to benefit the welfare of its students and our citizens. Historically, MTSU athletic facilities are used to draw tourism dollars to Murfreesboro when the City hosts State of Tennessee high school tournaments through a contract with Tennessee Secondary School Athletic Association (TSSAA) and the Chamber of Commerce. These athletic events have a significant impact on the local economy and lead to increased awareness of Rutherford County as being known as the Sports Capital of Tennessee.

SmartAsset ranked Murfreesboro as the seventh best job market in the U.S. in September 2023. They determined that Murfreesboro had an income-to-affordability ratio of 19.2%, and that the median income had increased 13.5% between 2019 and 2021.

In October 2023, SmartAsset compared 344 of the largest cities in America to determine where the fastest growth has occurred over the last five years. It listed Murfreesboro, as the twelfth fastest growing boomtown in America with a growth rate of 15.5% from 2017 to 2022.

Governmental Activities

Solid waste considerations have been at the forefront of discussions within the City and other Rutherford County communities. The current landfill utilized by the middle Tennessee area is located in Rutherford County and is expected to reach capacity within the next eight years. In December 2016, the Rutherford County Solid Waste Advisory/Steering Council (SWAC) was appointed to consider solid waste options for the future. The committee includes representatives from all communities within the county - Rutherford County government, Murfreesboro, Smyrna, LaVergne and Eagleville. Local residents have paid no tipping fees to use the landfill, at an annual savings of at least \$4 million county-wide, but when Middle Point reaches capacity, that will no longer be possible. In FY 23 the City budgeted a Solid Waste monthly fee of \$9.50 per container, for residential customers and \$35 per container, for non-residential/multi-family. Rates increased by \$2 for residential customers and \$5 for commercial customers from FY 22 in recognition of the need to move Solid Waste towards self-sufficiency. Working in conjunction with Consolidated Utility District and the Murfreesboro Water Resources Department, billing for the fee is included on the monthly water bill.

In December 2022 the City was presented with a future solution to reduce the City's waste that must be shipped out of the county to another landfill once Middle Point closes. This solution could allow up to 90% of waste to be diverted from landfills and converted into biomass fuels. The City is working with WasteAway to develop a center on Butler Drive to process waste into the biomass fuels.

The City is working with the State of Tennessee to widen Bradyville Pike (State Route 99) from SE Broad Street (US 41) to Rutherford Boulevard and to extend Cherry Lane to connect US 41/70 (NW Broad Street) to US 231 (Memorial Boulevard) including construction of a new interchange with SR-840. The Cherry Lane project has completed the design phase and has begun the acquisition of right of way phase. The Bradyville Pike Project continues in the right-of-way phase, which is anticipated to take approximately 24 months in total. The actual construction date will depend upon the State of Tennessee Department of Transportation getting funding in place.

The Murfreesboro Airport terminal, originally constructed in 1952, had long since outgrown its space due to the increase in air traffic. In December 2018 plans for airport terminal building were unveiled. The terminal has been replaced with a new modern 15,200 square foot facility as part of Phase I of the airport's renovations. The budget for the new terminal building is \$4.5 million and construction took just over a year. The new terminal includes office space for airport staff, classroom and office space for the MTSU aerospace program, multiple conference rooms to rent, an outdoor observation area including balcony, and a kitchen for catering. During the early summer of 2019 the old terminal building was demolished to make way for the new terminal which opened in August 2021.

Phase II of the airport renovations were announced in January 2019 with the award of a \$2 million grant from the Tennessee Department of Transportation Aeronautics Economic Development Fund. This grant is allowing the airport to replace an old Quonset hut being used as a hanger with a larger 19,000 sq. ft. modern hanger with office space. The new hanger will also be located in a better position which will improve site lines for taxiing aircraft. Construction began in late 2021 with completion anticipated in the summer of 2023.

Phase III of the airport renovations include taxiway, runway, and apron rehabilitation. The runway was constructed in 2015 and is due for repair, seal coating, and repainting. Design work for the simultaneous projects began in the fall of 2022 and work is anticipated to start in the summer of 2024.

Phase IV of the airport renovations is moving the fuel farm to a better position for access. It will have both Jet A and Avgas fuel and will be going out to bid in 2023 with construction anticipated to start in 2024.

Ascension Saint Thomas Rutherford Hospital was granted permission to expand with a satellite hospital near the Westlawn community. This new facility is a two story 32,000-foot building with eight inpatient beds, eight ER treatment rooms, laboratory, and imaging services. The new neighborhood hospital opened in March 2023. In November 2022, the hospital had a ribbon cutting to open the eighth floor, which includes 36 patient rooms, on their main campus. Additional hospital projects at the main campus include an addition to the operating suite on the second floor, a new parking garage, which opened in late 2023, and a cardiovascular surgery program. It was announced in December 2022, that Ascension Saint Thomas Cancer Center will be built on the Ascension Saint Thomas Rutherford campus. The \$60 million, 102,000 sq. ft. multi-story medical building will house a new cancer diagnosis and treatment center in partnership with Tennessee Oncology and is expected to be completed in 2025. In order to meet continued healthcare demands a new ambulance drop-off point is being constructed as well as expanding the critical care unit from 32 beds to 50 beds.

In 2017, the Fountains at Gateway, Phase I opened for business. This new 31-acre Class A office and retail development was designed as a walkable corporate office campus and retail district on Murfreesboro's ever-growing Medical Center Parkway. Plans also include residential apartments and a hotel. Phase I includes a four-story 105,500 square-foot office building with retail on the first floor and two adjacent retail buildings totaling 32,000 square-feet. More than a dozen restaurants and retail tenants occupy space in the first phase. Phase II is a mirror image of Phase I and will also include a mid-sized business class hotel and structured parking. Phase III will complete the development with a marquee office building that can be customized for tenants. This phase will include the 100-unit residential apartment community. The Fountains at Gateway also boasts an outdoor ice-skating rink in the wintertime and an amphitheater for additional outdoor activities. In 2023 it played host to the City's 4th of July fireworks display.

In December 2022 City Council approved the conveyance of Phase 2A property to Fountains at Gateway for the continuation of the development project. Initial construction will include excavation for underground parking and construction of a four-story, mixed-use building. A second building will include office and retail space along with two floors of for-sale residential condos.

Notes Live, Inc. unveiled plans to open a 4,500-seat state of the art open-air amphitheater, which will host large touring acts, in the Murfreesboro Gateway in May 2022. The \$40 million 18-acre music, entertainment, and dining project also include a Bourbon Brothers Smokehouse & Tavern, an upscale, casual dining restaurant. There will also be a Boot Barn Hall that will hold up to 1,400 people indoors. Together the venues are expected to hire 200 full and part-time employees and feature weekly concerts with approximately 800,000 patrons yearly. Construction is anticipated to start in 2024.

McNeilus Truck and Manufacturing, Inc. announced in August 2022 that they would be investing more than \$50 million to expand its manufacturing presence. The investment is anticipated to create 230 new jobs over the next five years.

Clari Park, a new \$65-million mixed-use development has broken ground on Medical Center Parkway across from The Avenues. The new development has already had its first restaurant, Firebirds Woodfired Grill, open in 2023. The 78-acre project is anticipated to have additional dining options such as P.F. Chang's, Raising Cane's Chicken Fingers, Drakes, and Cava. The development, once complete, will feature office and retail space, 300 apartments, 282 townhomes, and 38 single family units with small parks and greenways running throughout the "Garden District".

Business-Type Activities

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

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

In preparing the FY 24 budget, these trends were considered. Sales projections for water and sewer were shown to increase from the previous year. Growth within the City of Murfreesboro and Rutherford County has continued to afford MWRD a surplus in budgeted revenues. MWRD staff is recommending a nominal water rate increase, and a sewer rate increase for 5/8" meter sizes only.

The MWRD was provided with a cost of service study (COSS) from Jackson Thornton Utilities Consultants for FY 2021. Jackson Thornton has also provided a pro forma for FY 2026. This pro forma was run using two scenarios:

- 1) Scenario "A" scenario assuming no new debt was added between FY 21 and FY 26. This assumes using reserves on hand to pay for \$45,000,000 in capital projects.
- 2) Scenario "B" where \$45,000,000 in debt (20-yr @ 4%) is incurred to pay for projects such as the Northeast Regional Pumping Station and Force main and the full scale biosolids drying at the Water Recovery Facility (WRRF).

Although the minimum monthly charge is recommended to increase, the water rate is recommended to remain at \$3.66 per 1,000 gallons (\$0.00366 per gallon) and the sewer rate is recommended to decrease to \$5.50 per 1,000 gallons (\$0.00567 per gallon). The average monthly bill for an MWRD customer that uses 4,900 gallons per month for water and 5,730 gallons per month of sewer will increase to \$70.60 per month.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Murfreesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1139, Murfreesboro, TN 37133-1139.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 185,344,646	\$ 155,025,114	\$ 340,369,760
Certificates of deposit	235,755		235,755
Investments	109,089,411		109,089,411
Receivables, net of allowance for uncollectibles	117,762,519	6,169,494	123,932,013
Internal balances	(13,303,683)	13,303,683	-
Inventories	1,106,817	2,245,539	3,352,356
Notes receivable, net of allowance for uncollectibles	183,668,136		183,668,136
Net pension asset	12,680,276		12,680,276
Prepaid items and other assets	331,353	653,046	984,399
Restricted assets -			
Cash and cash equivalents	20,427,603	64,820	20,492,423
Certificate of deposit	500,000		500,000
Investments, at fair value	106,325,902		106,325,902
Capital assets -			
Land and construction in progress	343,702,072	42,728,342	386,430,414
Other capital assets, net of depreciation	546,016,435	417,519,696	963,536,131
Intangible right-to-use asset (SBITA), net of amortization	10,356,353		10,356,353
Total Assets	\$ 1,624,243,595	\$ 637,709,734	\$ 2,261,953,329
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	\$ 82,883	\$ 87,490	\$ 170,373
Deferred outflows related to pensions	44,302,171	4,285,675	48,587,846
Deferred outflows related to OPEB	46,053,508	5,927,319	51,980,827
Total Deferred Outflows of Resources	\$ 90,438,562	\$ 10,300,484	\$ 100,739,046
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 19,837,065	\$ 4,402,537	\$ 24,239,602
Unearned revenue	23,840,912		23,840,912
Deposits held	5,189,113	1,575,459	6,764,572
Other deposits	46,029		46,029
Other liabilities	181,384		181,384
Long-term liabilities -			
Due within one year - Debt	32,969,244	8,000,104	40,969,348
Due within one year - Other	4,173,270	338,331	4,511,601
Due within one year - OPEB liability	4,972,871	1,021,727	5,994,598
Due in more than one year - Debt	283,290,268	49,362,495	332,652,763
Due in more than one year - Other	27,949,047	2,447,097	30,396,144
Due in more than one year - OPEB liability	308,662,593	51,574,319	360,236,912
Due in more than one year - net pension liability	50,039,891	2,178,764	52,218,655
Total Liabilities	\$ 761,151,687	\$ 120,900,833	\$ 882,052,520
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred current property taxes	\$ 69,124,387		\$ 69,124,387
Deferred other revenue	13,691,014		13,691,014
Funds received in advance	67,667		67,667
Deferred inflows related to pensions	4,228,600	\$ 1,383,702	\$ 5,612,302
Deferred inflows related to OPEB	117,765,221	18,759,162	136,524,383
Total Deferred Inflows of Resources	\$ 204,876,889	\$ 20,142,864	\$ 225,019,753
<u>NET POSITION</u>			
Net investment in capital assets	\$ 692,699,651	\$ 402,972,929	\$ 1,095,672,580
Restricted for -			
Education	9,264,069		9,264,069
Capital activity and debt service		37,018	37,018
Highways and streets	6,326,712		6,326,712
Law enforcement	1,002,501		1,002,501
Pensions	12,680,276		12,680,276
TCRS stabilization reserve trust	1,428,140		1,428,140
Other purposes	452,198	27,803	480,001
Unrestricted	24,800,034	103,928,771	128,728,805
Total Net Position	\$ 748,653,581	\$ 506,966,521	\$ 1,255,620,102

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities -							
General government	\$ 29,975,446	\$ 220,100	\$ 609,913	\$ 3,333,457	\$ (25,811,976)		\$ (25,811,976)
Police	53,934,277	227,748	687,738	40,000	(52,978,791)		(52,978,791)
Fire and rescue	34,171,339	1,359,493	282,310	23,676	(32,505,860)		(32,505,860)
City court	906,021	1,335,053			429,032		429,032
Engineering	11,762,704	18,075		2,855,016	(8,889,613)		(8,889,613)
Streets	7,468,366	411,540	262,469		(6,794,357)		(6,794,357)
State street aid	5,050,884		5,307,109		256,225		256,225
Planning	3,305,223	281,842	3,505,337		481,956		481,956
Building and codes	2,527,097	3,699,604			1,172,507		1,172,507
Solid waste	9,650,252	5,356,257	35,239		(4,258,756)		(4,258,756)
Transportation	4,279,769	53,201	2,265,568	208,441	(1,752,559)		(1,752,559)
Strategic Partners	1,668,659				(1,668,659)		(1,668,659)
Community services	6,487,975	4,555,673	4,996,078		3,063,776		3,063,776
Airport	4,393,276	3,739,187	97,000	367,358	(189,731)		(189,731)
Recreation services	24,007,564	5,768,704	626,974	71,668	(17,540,218)		(17,540,218)
Education	105,878,889	2,045,852	99,377,953	316,217	(4,138,867)		(4,138,867)
Food service	6,975,303	939,118	5,819,060		(217,125)		(217,125)
Interest on long-term debt	8,032,693				(8,032,693)		(8,032,693)
Total governmental activities	\$ 320,475,737	\$ 30,011,447	\$ 123,872,748	\$ 7,215,833	\$ (159,375,709)		\$ (159,375,709)
Business-type activities -							
Water, sewer, and stormwater	\$ 48,424,402	\$ 54,679,162	\$ 4,077,230	\$ 19,243,681		\$ 29,575,671	\$ 29,575,671
Total business-type activities	\$ 48,424,402	\$ 54,679,162	\$ 4,077,230	\$ 19,243,681		\$ 29,575,671	\$ 29,575,671
Total primary government	\$ 368,900,139	\$ 84,690,609	\$ 127,949,978	\$ 26,459,514	\$ (159,375,709)	\$ 29,575,671	\$ (129,800,038)
General revenues -							
Taxes -							
Property taxes					\$ 68,635,738		\$ 68,635,738
Sales taxes					70,308,782		70,308,782
Beer and liquor taxes					6,097,075		6,097,075
Gross receipts tax					6,011,364		6,011,364
Hotel/motel tax					4,234,263		4,234,263
Gas and cable franchise taxes					2,846,304		2,846,304
Grants and contributions not restricted to specific programs					23,153,252		23,153,252
Unrestricted investment earnings					12,624,252	\$ 5,164,618	17,788,870
Miscellaneous					967,835		967,835
Gain (loss) on sale of assets					2,638,819	108,710	2,747,529
Total general revenues, contributions, and transfers					\$ 197,517,684	\$ 5,273,328	\$ 202,791,012
Change in net position					\$ 38,141,975	\$ 34,848,999	\$ 72,990,974
Net position - beginning					710,511,606	472,117,522	1,182,629,128
Net position - ending					\$ 748,653,581	\$ 506,966,521	\$ 1,255,620,102

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 131,731,104	\$ 23,389,354	\$ 796,289		\$ 20,417,811	\$ 176,334,558
Certificates of deposit					235,755	235,755
Investments	65,542,008				41,385,479	106,927,487
Receivables, net of allowance for uncollectibles -						
Taxes	69,155,854					69,155,854
Accounts		1,462			113,050	114,512
Other	3,782,409			\$ 63,836		3,846,245
Due from others	2,040,482					2,040,482
Due from other funds	5,804,697	591,376	83,363		204,654	6,684,090
Due from other governments	20,662,867	18,732,340			2,190,795	41,586,002
Program receivables, net	592,920					592,920
Lease receivable					211,844	211,844
Prepaid items and deposits	273,121				30,000	303,121
Other assets					28,232	28,232
Inventories	889,683				217,134	1,106,817
Restricted assets -						
Cash and cash equivalents	5,954,476			6,360,643	8,112,484	20,427,603
Investments, at fair value		1,428,140		104,897,762		106,325,902
Total Assets	\$ <u>306,429,621</u>	\$ <u>44,142,672</u>	\$ <u>879,652</u>	\$ <u>111,322,241</u>	\$ <u>73,147,238</u>	\$ <u>535,921,424</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 2,731,573	\$ 294,634		\$ 2,525,031	\$ 728,655	\$ 6,279,893
Accrued liabilities	3,572,586	6,516,245			650,944	10,739,775
Deposits held	5,189,113					5,189,113
Due to other funds	207,520	51,420		4,688,924	659,640	5,607,504
Unearned revenue	22,330,107				1,510,805	23,840,912
Other deposits					46,029	46,029
Other liabilities	69,035			112,349		181,384
Total Liabilities	\$ <u>34,099,934</u>	\$ <u>6,862,299</u>	\$ <u>-0-</u>	\$ <u>7,326,304</u>	\$ <u>3,596,073</u>	\$ <u>51,884,610</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	\$ 68,504,387					\$ 68,504,387
Unavailable revenue - in lieu of taxes	620,000					620,000
Unavailable revenue - court fines	1,277,215					1,277,215
Unavailable revenue - other taxes	3,463					3,463
Unavailable revenue - intergovernmental	459,428	\$ 12,822,415				13,281,843
Unavailable revenue - developer assessments				\$ 63,836		63,836
Unavailable revenue - program income	592,920					592,920
Unavailable revenue - leases					\$ 211,844	211,844
Funds received in advance of timing requirements	67,667					67,667
Total Deferred Inflows of Resources	\$ <u>71,525,080</u>	\$ <u>12,822,415</u>	\$ <u>-0-</u>	\$ <u>63,836</u>	\$ <u>211,844</u>	\$ <u>84,623,175</u>
<u>FUND BALANCES</u>						
Nonspendable	\$ 891,262				\$ 217,134	\$ 1,108,396
Restricted	7,513,470	\$ 1,431,487		\$ 103,932,101	9,528,663	122,405,721
Committed	21,136	19,150,024			55,718,766	74,889,926
Assigned	59,436,369	3,876,447	\$ 879,652		3,874,758	68,067,226
Unassigned	132,942,370					132,942,370
Total Fund Balances	\$ <u>200,804,607</u>	\$ <u>24,457,958</u>	\$ <u>879,652</u>	\$ <u>103,932,101</u>	\$ <u>69,339,321</u>	\$ <u>399,413,639</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>306,429,621</u>	\$ <u>44,142,672</u>	\$ <u>879,652</u>	\$ <u>111,322,241</u>	\$ <u>73,147,238</u>	\$ <u>535,921,424</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2023

Total Governmental Fund Balances	\$ 399,413,639
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	900,074,860
Internal service funds are used by management to charge costs of employee health insurance, workers' compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	8,986,316
Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.	(14,190,059)
Net pension assets are not available for current-period expenditures and, therefore, are not reported in the funds.	12,680,276
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of the related expense in future years as follows:	
Pensions	40,073,571
OPEB	(71,711,713)
Other assets and notes receivable are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	185,491,126
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.	(712,164,435)
Net Position of Governmental Activities	<u>\$ 748,653,581</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, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues-						
Taxes	\$ 155,287,222					\$ 155,287,222
Intergovernmental	40,982,811	\$ 90,012,350			\$ 22,674,876	153,670,037
Charges for services	13,038,818	161,825			11,115,366	24,316,009
Donations	115,049					115,049
Interest and investment earnings (losses)	2,917,547		\$ 3,813	\$ 2,646,602	684,904	6,252,866
Licenses and permits	5,019,839					5,019,839
Miscellaneous	3,483,927	803,430		404,244	384,196	5,075,797
Revenue from prior sale of a department	17,290,134					17,290,134
	<u>\$ 238,135,347</u>	<u>\$ 90,977,605</u>	<u>\$ 3,813</u>	<u>\$ 3,050,846</u>	<u>\$ 34,859,342</u>	<u>\$ 367,026,953</u>
Expenditures-						
Current -						
General government	\$ 25,279,075					\$ 25,279,075
Police	53,255,171				\$ 44,399	53,299,570
Fire and rescue	26,575,213					26,575,213
City court	728,194					728,194
Engineering	1,284,869					1,284,869
Streets	6,724,798					6,724,798
State street aid	5,128,273					5,128,273
Planning	6,249,098					6,249,098
Building and codes	2,043,311					2,043,311
Solid waste	7,764,944					7,764,944
Transportation	3,880,670					3,880,670
Strategic Partners	1,592,605					1,592,605
Community services					6,487,975	6,487,975
Airport					3,553,361	3,553,361
Recreation services	16,934,936					16,934,936
Education		\$ 93,680,678			10,714,296	104,394,974
Food Service					7,055,778	7,055,778
Capital outlay	986,359	80,468		\$ 28,817,250	3,597,813	33,481,890
Debt service -						
Principal		257,048	\$ 27,562,831		3,741,739	31,561,618
Interest	75,280	849	10,440,157		1,195,100	11,711,386
Other			12,170			12,170
	<u>\$ 158,502,796</u>	<u>\$ 94,019,043</u>	<u>\$ 38,015,158</u>	<u>\$ 28,817,250</u>	<u>\$ 36,390,461</u>	<u>\$ 355,744,708</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 79,632,551</u>	<u>\$ (3,041,438)</u>	<u>\$ (38,011,345)</u>	<u>\$ (25,766,404)</u>	<u>\$ (1,531,119)</u>	<u>\$ 11,282,245</u>
Other Financing Sources (Uses)-						
Issuance of SBITA liability	\$ 9,736,948					\$ 9,736,948
Transfers in	4,656,813	\$ 8,625,813	\$ 42,754,485		\$ 46,365,412	102,402,523
Transfers out	(91,835,189)	(268,705)	(4,668,134)	\$ (5,018,668)	(611,827)	(102,402,523)
Proceeds from sale of capital assets	335,463					335,463
	<u>\$ (77,105,965)</u>	<u>\$ 8,357,108</u>	<u>\$ 38,086,351</u>	<u>\$ (5,018,668)</u>	<u>\$ 45,753,585</u>	<u>\$ 10,072,411</u>
Net change in fund balances	\$ 2,526,586	\$ 5,315,670	\$ 75,006	\$ (30,785,072)	\$ 44,222,466	\$ 21,354,656
Fund Balances at beginning of year	198,278,021	19,142,288	804,646	134,717,173	25,036,380	377,978,508
Change in reserve for inventory					80,475	80,475
Fund Balances at end of year	<u>\$ 200,804,607</u>	<u>\$ 24,457,958</u>	<u>\$ 879,652</u>	<u>\$ 103,932,101</u>	<u>\$ 69,339,321</u>	<u>\$ 399,413,639</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**

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 21,354,656
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 and amortization in the current period.	19,404,647
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.	3,997,034
The repayment of principal on the note receivable is revenue in the governmental funds. This transaction, however has no effect on net position. This is the amount of the repayment.	(10,974,730)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues received in the current year that were accrued in the statement of activities in prior years are reported as revenues in the funds.	(1,821,462)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	24,977,487
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Other items such as contributions to pension funds are expensed in the funds while an actuarially determined expense amount is included in the statement of activities.	(19,872,631)
Internal service funds are used by management to charge costs of employee health insurance, workers' compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	1,076,974
Change in Net Position of Governmental Activities	\$ <u><u>38,141,975</u></u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	\$ 64,006,991	\$ 64,328,881	\$ 64,380,780	\$ 51,899
Property in lieu of taxes -				
Public utilities	2,310,000	2,310,000	1,976,250	(333,750)
Murfreesboro Housing Authority	108,300	108,300	123,471	15,171
Other tax equivalents	500,000	696,000	617,709	(78,291)
Recovery of taxes deemed uncollectible	900,000	900,000	1,313,917	413,917
Penalty and interest on taxes	175,000	175,000	223,611	48,611
Other local taxes -				
Sales tax	69,642,000	70,980,500	70,308,782	(671,718)
Beer tax	4,000,000	4,000,000	3,698,940	(301,060)
Liquor tax	2,100,000	2,100,000	2,218,794	118,794
Gross receipts tax	4,680,000	4,680,000	6,011,364	1,331,364
Beer privilege tax	35,000	35,000	35,742	742
Liquor privilege tax	141,000	141,000	143,599	2,599
Hotel/motel tax	3,740,000	4,349,000	4,234,263	(114,737)
	<u>\$ 152,338,291</u>	<u>\$ 154,803,681</u>	<u>\$ 155,287,222</u>	<u>\$ 483,541</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 70,000	\$ 70,000	\$ 78,720	\$ 8,720
Gas and mechanical licenses	4,500	4,500	3,335	(1,165)
Building permits	2,500,000	2,500,000	2,627,204	127,204
Electrical permits	390,000	390,000	354,010	(35,990)
Plumbing permits	430,000	430,000	305,253	(124,747)
Excavating permits	33,000	33,000	51,150	18,150
Mechanical permits	180,000	180,000	193,890	13,890
Gas permits	48,000	48,000	55,532	7,532
Fireworks permits	6,000	6,000	9,500	3,500
Beer application fees	13,000	13,000	20,550	7,550
Court fines	1,450,100	1,450,100	1,253,633	(196,467)
Red light camera fees	5,000	5,000	1,192	(3,808)
Burglar alarm permits	60,000	60,000	59,720	(280)
Other fines and fees	2,700	2,700	6,150	3,450
	<u>\$ 5,192,300</u>	<u>\$ 5,192,300</u>	<u>\$ 5,019,839</u>	<u>\$ (172,461)</u>
Intergovernmental Revenues -				
Rutherford County	\$ 767,400	\$ 767,400	\$ 739,610	\$ (27,790)
State sales tax allocation	17,358,000	18,206,000	18,247,077	41,077
State beer tax allocation	80,000	80,000	69,757	(10,243)
State gasoline tax allocation	5,280,000	5,280,000	5,586,983	306,983
State mixed drink tax	1,700,000	1,700,000	1,837,826	137,826
TVA gross receipts tax	1,700,000	1,700,000	1,837,713	137,713
State income tax allocation			6,925	6,925
State sportsbetting tax	175,000	175,000	272,364	97,364
State excise tax	600,000	600,000	553,501	(46,499)
State funds	3,567,000	3,567,000	1,437,089	(2,129,911)
Federal funds	26,622,620	28,002,492	10,393,966	(17,608,526)
	<u>\$ 57,850,020</u>	<u>\$ 60,077,892</u>	<u>\$ 40,982,811</u>	<u>\$ (19,095,081)</u>
Charges for services -				
Planning department	\$ 25,000	\$ 25,000	\$ 18,975	\$ (6,025)
Police department	55,300	55,300	59,566	4,266
Fire department	1,276,000	1,276,000	1,359,493	83,493
Street department	366,261	366,261	411,540	45,279
Building department	60,000	60,000	30,510	(29,490)
Public Transit fares	66,000	66,000	53,201	(12,799)
Recreation - program income	2,182,450	2,182,450	3,073,991	891,541
Public Golf department - program income	2,253,500	2,253,500	2,370,071	116,571
Solid Waste department	5,200,000	5,200,000	5,356,257	156,257
Community Development program income			48,635	48,635
Other charges for services	455,000	455,000	256,579	(198,421)
	<u>\$ 11,939,511</u>	<u>\$ 11,939,511</u>	<u>\$ 13,038,818</u>	<u>\$ 1,099,307</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous Revenues -				
Interest	\$ 103,850	\$ 103,850	\$ 486,083	\$ 382,233
Charges for use of property	326,032	326,032	432,475	106,443
Gas franchise revenue	1,200,000	1,200,000	1,549,278	349,278
Cable franchise revenue	1,350,000	1,350,000	1,297,026	(52,974)
Other agencies	500,000	600,000	984	(599,016)
Miscellaneous revenue	36,050	8,536,050	204,164	(8,331,886)
Donations received	245,800	245,800	115,049	(130,751)
Investment gains			2,431,464	2,431,464
	<u>\$ 3,761,732</u>	<u>\$ 12,361,732</u>	<u>\$ 6,516,523</u>	<u>\$ (5,845,209)</u>
Revenue from prior sale of a department			\$ 17,290,134	\$ 17,290,134
TOTAL REVENUES	<u>\$ 231,081,854</u>	<u>\$ 244,375,116</u>	<u>\$ 238,135,347</u>	<u>\$ (6,239,769)</u>
Expenditures -				
General Government -				
Legislative Department -				
Salaries and wages	\$ 80,400	\$ 80,400	\$ 80,400	
Employee benefits	139,079	139,079	132,256	\$ 6,823
Contractual services	79,800	79,800	66,742	13,058
Utility services			1,285	(1,285)
Professional services	55,000	55,000	50,000	5,000
Training and travel	25,000	25,000	3,883	21,117
Administrative supplies	1,000	1,000	118	882
Other supplies	1,000	1,000	21	979
Capital outlay	500	500		500
Other miscellaneous	15,500	15,500	5,519	9,981
Total Legislative Department	<u>\$ 397,279</u>	<u>\$ 397,279</u>	<u>\$ 340,224</u>	<u>\$ 57,055</u>
Administration Department -				
Salaries and wages	\$ 1,571,146	\$ 1,730,280	\$ 1,620,785	\$ 109,495
Employee benefits	633,787	647,705	627,143	20,562
Contractual services	218,100	169,186	67,256	101,930
Utility services	38,100	38,100	31,503	6,597
Professional services	252,500	252,500	1,452	251,048
Repairs and maintenance	7,540	7,540	4,275	3,265
Training and travel	35,870	35,870	11,685	24,185
Administrative supplies	21,250	21,250	4,108	17,142
Other supplies	18,400	18,400	12,300	6,100
Insurance	100	100		100
Capital outlay	2,014,700	10,814,700	2,921	10,811,779
Other miscellaneous	21,000	21,000	8,605	12,395
Economic development	800,750	892,100	868,332	23,768
Tourist oriented	65,000	65,000	65,000	
Public health, education and welfare	2,700	2,700	2,700	
Total Administration Department	<u>\$ 5,700,943</u>	<u>\$ 14,716,431</u>	<u>\$ 3,328,065</u>	<u>\$ 11,388,366</u>
Finance Department -				
Salaries and wages	\$ 1,521,550	\$ 1,575,430	\$ 1,409,092	\$ 166,338
Employee benefits	511,083	520,701	453,688	67,013
Contractual services	39,500	1,139,500	68,383	1,071,117
Utility services	3,100	3,100	2,000	1,100
Professional services	183,700	173,038	168,500	4,538
Repairs and maintenance	34,800	34,800	32,714	2,086
Training and travel	17,600	17,600	2,743	14,857
Administrative supplies	58,800	58,800	44,670	14,130
Other supplies	200	200	41	159
Insurance			50	(50)
Capital outlay	10,300	20,962	17,377	3,585
Other miscellaneous	2,500	2,500	2,702	(202)
Reimbursements from other funds	(9,000)	(9,000)	(9,804)	804
Total Finance Department	<u>\$ 2,374,133</u>	<u>\$ 3,537,631</u>	<u>\$ 2,192,156</u>	<u>\$ 1,345,475</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government (continued) -				
Purchasing Department -				
Salaries and wages	\$ 215,201	\$ 223,747	\$ 213,186	\$ 10,561
Employee benefits	75,310	77,070	73,645	3,425
Contractual services	6,800	6,800	4,086	2,714
Utility services	900	900	644	256
Repairs and maintenance	1,200	1,200	726	474
Training and travel	3,000	1,000	122	878
Administrative supplies	7,900	7,900	6,365	1,535
Insurance			50	(50)
Capital outlay	1,900	3,900	2,395	1,505
Other miscellaneous	500	500		500
Total Purchasing Department	\$ 312,711	\$ 323,017	\$ 301,219	\$ 21,798
Legal Department -				
Salaries and wages	\$ 1,057,252	\$ 1,092,783	\$ 1,076,465	\$ 16,318
Employee benefits	368,827	376,996	352,027	24,969
Contractual services	64,100	64,100	50,197	13,903
Utility services	6,100	6,100	4,822	1,278
Professional services	837,400	837,400	692,434	144,966
Repairs and maintenance	2,700	2,700	2,524	176
Training and travel	19,000	19,000	14,485	4,515
Administrative supplies	50,300	57,315	53,005	4,310
Other supplies	1,000	1,000		1,000
Insurance	100	100	150	(50)
Capital outlay	20,380	20,380	14,433	5,947
Other miscellaneous	1,100	1,100	407	693
Reimbursements from other funds	(731,050)	(731,050)	(723,810)	(7,240)
Total Legal Department	\$ 1,697,209	\$ 1,747,924	\$ 1,537,139	\$ 210,785
Information Technology Department -				
Salaries and wages	\$ 1,766,467	\$ 1,828,820	\$ 1,581,641	\$ 247,179
Employee benefits	697,709	710,543	633,888	76,655
Contractual services	5,890	5,890	51,406	(45,516)
Utility services	286,300	286,300	221,998	64,302
Repairs and maintenance	1,507,200	1,507,200	1,026,664	480,536
Training and travel	29,000	29,000	17,908	11,092
Administrative supplies	464,050	464,050	496,557	(32,507)
Other supplies	200	200		200
Capital outlay	732,700	732,700	492,833	239,867
Other miscellaneous	6,000	6,000	355	5,645
Reimbursements from other funds	(80,000)	(80,000)		(80,000)
Total Information Technology Department	\$ 5,415,516	\$ 5,490,703	\$ 4,523,250	\$ 967,453
Employee Services Department -				
Salaries and wages	\$ 808,598	\$ 840,964	\$ 826,048	\$ 14,916
Employee benefits	276,736	282,615	295,154	(12,539)
Contractual services	22,500	22,500	9,782	12,718
Utility services	4,200	4,200	3,598	602
Professional services	84,300	84,300	41,731	42,569
Repairs and maintenance	12,600	12,600	9,814	2,786
Training and travel	11,300	11,300	10,969	331
Administrative supplies	114,330	114,330	110,032	4,298
Other supplies	3,300	3,300	2,852	448
Insurance	100	100	50	50
Capital outlay	4,900	4,900	2,205	2,695
Other miscellaneous	37,100	37,100	17,331	19,769
Total Employee Services Department	\$ 1,379,964	\$ 1,418,209	\$ 1,329,566	\$ 88,643

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government (continued) -				
Communications Department -				
Salaries and wages	\$ 532,132	\$ 553,152	\$ 523,321	\$ 29,831
Employee benefits	227,807	232,836	208,317	24,519
Contractual services	2,400	2,400	2,188	212
Utility services	5,050	5,050	2,617	2,433
Professional services	1,000	1,000		1,000
Repairs and maintenance	46,315	46,315	32,279	14,036
Training and travel	8,500	8,500	4,745	3,755
Administrative supplies	9,600	9,600	9,551	49
Other supplies	27,500	27,500	14,039	13,461
Insurance	500	500	1,080	(580)
Grants and contributions		100,000		100,000
Capital outlay	143,500	143,500	105,389	38,111
Other miscellaneous	21,500	21,500	14,238	7,262
Total Communications Department	\$ 1,025,804	\$ 1,151,853	\$ 917,764	\$ 234,089
Fleet Services Department -				
Salaries and wages	\$ 1,283,536	\$ 1,302,991	\$ 1,159,164	\$ 143,827
Employee benefits	542,502	551,707	455,990	95,717
Contractual services			62	(62)
Utility services	60,700	60,700	75,354	(14,654)
Professional services			50	(50)
Repairs and maintenance	639,000	739,000	731,604	7,396
Training and travel	33,400	33,400	15,363	18,037
Administrative supplies	3,500	3,500	1,651	1,849
Other supplies	1,497,400	1,747,400	1,451,204	296,196
Insurance	239	239	239	
Capital outlay	146,715	171,715	160,091	11,624
Other miscellaneous	1,000	1,000		1,000
Allocation to other general fund departments	(3,459,065)	(3,459,065)	(3,319,671)	(139,394)
Reimbursements from other funds	(725,000)	(725,000)	(731,101)	6,101
Total Fleet Services Department	\$ 23,927	\$ 427,587	\$ -	\$ 427,587
General Government Buildings Department -				
Salaries and wages	\$ 637,370	\$ 660,914	\$ 638,114	\$ 22,800
Employee benefits	232,324	236,617	232,781	3,836
Contractual services	35,000	35,000		35,000
Utility services	246,100	246,100	207,031	39,069
Professional services	5,000	5,000		5,000
Repairs and maintenance	218,285	218,285	176,387	41,898
Training and travel	15,000	15,000	3,846	11,154
Administrative supplies	1,000	1,000		1,000
Other supplies	55,500	55,500	38,089	17,411
Fixed charges - other	1,000	1,000	1,357	(357)
Insurance	5,104	5,104	5,104	
Capital outlay	19,115	44,615	13,225	31,390
Other miscellaneous	500	500		500
Total General Government Buildings Department	\$ 1,471,298	\$ 1,524,635	\$ 1,315,934	\$ 208,701
Other General Government -				
Employee benefits	\$ 4,406,003	\$ 4,406,003	\$ 4,283,418	\$ 122,585
Utility services	1,500	1,500	269	1,231
County shared costs	1,116,000	1,116,000	1,027,417	88,583
Gateway	30,000	30,000		30,000
Insurance	1,404,276	1,404,276	1,404,276	
Mixed drink tax allocation	850,000	850,000	910,028	(60,028)
Unforeseen miscellaneous and contingencies	7,321,521	9,996,252	1,542,144	8,454,108
Other miscellaneous	450,000	772,455	326,206	446,249
Total Other General Government	\$ 15,579,300	\$ 18,576,486	\$ 9,493,758	\$ 9,082,728
Total General Government	\$ 35,378,084	\$ 49,311,755	\$ 25,279,075	\$ 24,032,680

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Department -				
Salaries and wages	\$ 26,357,237	\$ 27,609,207	\$ 24,793,174	\$ 2,816,033
Employee benefits	11,063,905	11,328,956	9,527,501	1,801,455
Contractual services	122,805	110,305	104,951	5,354
Utility services	959,300	959,300	920,744	38,556
Professional services	110,000	110,000	60,795	49,205
Repairs and maintenance	2,730,460	2,730,460	2,561,852	168,608
Training and travel	530,500	530,500	288,391	242,109
Administrative supplies	133,000	133,000	171,901	(38,901)
Other supplies	1,551,200	1,551,200	1,289,654	261,546
Chemicals	15,000	15,000	13,060	1,940
Insurance	103,389	103,389	103,139	250
Grants and contributions	237,500	341,842	398,382	(56,540)
Capital outlay	5,497,100	6,928,170	12,548,361	(5,620,191)
Program activity	10,000	10,000	7,535	2,465
Other miscellaneous	400,000	400,000	203,539	196,461
Strategic partnerships	100,000	612,940	262,192	350,748
Total Police Department	\$ 49,921,396	\$ 53,474,269	\$ 53,255,171	\$ 219,098
Fire and Rescue Department -				
Salaries and wages	\$ 16,459,984	\$ 17,369,565	\$ 16,747,068	\$ 622,497
Employee benefits	7,294,544	7,485,950	6,877,061	608,889
Contractual services	97,850	97,850	88,074	9,776
Utility services	370,500	370,500	271,214	99,286
Professional services	112,300	112,300	90,642	21,658
Repairs and maintenance	890,050	918,532	825,341	93,191
Training and travel	156,915	706,915	156,235	550,680
Administrative supplies	97,100	97,100	78,929	18,171
Other supplies	1,009,500	1,009,500	878,932	130,568
Chemicals	6,200	6,200	7,231	(1,031)
Fixed charges			140	(140)
Insurance	105,740	105,740	105,790	(50)
Grants and contributions			59,859	(59,859)
Capital outlay	660,567	810,362	356,310	454,052
Other miscellaneous	59,600	59,600	32,387	27,213
Total Fire and Rescue Department	\$ 27,320,850	\$ 29,150,114	\$ 26,575,213	\$ 2,574,901
City Court Department -				
Salaries and wages	\$ 439,468	\$ 454,782	\$ 411,044	\$ 43,738
Employee benefits	207,861	211,454	195,595	15,859
Contractual services	6,950	6,950	5,713	1,237
Utility services	900	900	830	70
Professional services	225,000	225,000	7,891	217,109
Repairs and maintenance	79,000	79,000	84,729	(5,729)
Training and travel	2,000	2,000		2,000
Administrative supplies	19,600	19,600	7,157	12,443
Bad debt expense	1,000	1,000	201	799
Capital outlay	5,700	5,700	3,940	1,760
Other miscellaneous			11,094	(11,094)
Total City Court Department	\$ 987,479	\$ 1,006,386	\$ 728,194	\$ 278,192

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineering Department -				
Salaries and wages	\$ 1,088,004	\$ 1,126,695	\$ 1,070,231	\$ 56,464
Employee benefits	436,214	444,218	411,330	32,888
Contractual services	3,500	3,500	491	3,009
Utility services	18,400	18,400	15,858	2,542
Professional services	40,000	40,000	2,311	37,689
Repairs and maintenance	14,335	14,335	14,670	(335)
Training and travel	9,500	9,500	1,640	7,860
Administrative supplies	16,700	16,700	13,884	2,816
Other supplies	32,500	32,500	25,907	6,593
Insurance	1,050	1,050	1,050	
Capital outlay	54,600	54,600	44,250	10,350
Other miscellaneous	112,200	112,200	83,247	28,953
Reimbursements from other funds	(400,000)	(400,000)	(400,000)	
Total Engineering Department	\$ 1,427,003	\$ 1,473,698	\$ 1,284,869	\$ 188,829
Street Department -				
Salaries and wages	\$ 2,934,560	\$ 3,028,220	\$ 2,608,423	\$ 419,797
Employee benefits	1,232,609	1,248,944	1,080,566	168,378
Contractual services	132,250	132,250	65,727	66,523
Utility services	2,308,250	2,308,250	2,338,014	(29,764)
Professional services	26,600	26,600	10,550	16,050
Repairs and maintenance	552,040	557,040	512,250	44,790
Training and travel	20,000	20,000	1,775	18,225
Administrative supplies	50,700	50,700	25,339	25,361
Other supplies	952,900	952,900	518,535	434,365
Chemicals	56,500	56,500	18,041	38,459
Fixed charges other	20,000	20,000	5,470	14,530
Insurance	21,368	21,368	21,368	
Capital outlay	510,394	536,394	308,774	227,620
Other miscellaneous	155,500	155,500	105,270	50,230
Reimbursements from other funds	(757,000)	(757,000)	(895,304)	138,304
Total Street Department	\$ 8,216,671	\$ 8,357,666	\$ 6,724,798	\$ 1,632,868
Infrastructure Department				
Capital outlay	\$ 6,744,000	\$ 20,744,000	\$ 986,359	\$ 19,757,641
Total Infrastructure Department	\$ 6,744,000	\$ 20,744,000	\$ 986,359	\$ 19,757,641
State Street Aid Department -				
Utility services	\$ 25,000	\$ 25,000	\$ 26,019	\$ (1,019)
Professional services	75,000	75,000	81,539	(6,539)
Repairs and maintenance	4,925,500	5,775,500	5,020,715	754,785
Total State Street Aid Department	\$ 5,025,500	\$ 5,875,500	\$ 5,128,273	\$ 747,227
Planning Department -				
Planning -				
Salaries and wages	\$ 1,246,688	\$ 1,292,099	\$ 1,089,704	\$ 202,395
Employee benefits	535,806	544,613	468,446	76,167
Contractual services	81,400	81,400	30,543	50,857
Utility services	7,250	7,250	6,400	850
Professional services	150,000	150,000	18,272	131,728
Repairs and maintenance	9,175	9,175	10,323	(1,148)
Training and travel	17,000	17,000	7,765	9,235
Administrative supplies	11,400	11,400	9,386	2,014
Other supplies	4,500	4,500	1,911	2,589
Insurance	200	200	100	100
Capital outlay	11,500	11,500	4,933	6,567
Other miscellaneous	4,100	4,100	4,779	(679)
Total Planning	\$ 2,079,019	\$ 2,133,237	\$ 1,652,562	\$ 480,675

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning Department (continued) -				
Community Development -				
Administration	\$ 202,000	\$ 398,296	\$ 325,336	\$ 72,960
Housing rehabilitation	150,000	300,000	135,230	164,770
Affordable housing assistance	100,000	624,768	76,328	548,440
Emergency Solutions Grant	161,500	214,528	219,481	(4,953)
Homeless assistance		25,000	25,000	
Healthcare		50,000	50,000	
Public facilities improvement	2,800,500	2,283,885	2,283,885	
Public service grants	555,000	3,610,609	1,481,276	2,129,333
Economic development	150,000	50,000		50,000
Total Community Development	\$ 4,119,000	\$ 7,557,086	\$ 4,596,536	\$ 2,960,550
Total Planning Department	\$ 6,198,019	\$ 9,690,323	\$ 6,249,098	\$ 3,441,225
Building and Codes Department -				
Salaries and wages	\$ 1,597,140	\$ 1,653,474	\$ 1,360,453	\$ 293,021
Employee benefits	666,010	677,115	529,510	147,605
Contractual services	89,150	89,150	43,919	45,231
Utility services	13,500	13,500	12,215	1,285
Repairs and maintenance	29,785	29,785	24,687	5,098
Training and travel	57,200	57,200	31,642	25,558
Administrative supplies	27,600	27,600	17,378	10,222
Other supplies	17,750	17,750	9,905	7,845
Insurance	3,553	3,553	3,603	(50)
Capital outlay	14,400	14,400	9,396	5,004
Other miscellaneous	1,400	1,400	603	797
Reimbursements from other funds	(40,000)	(40,000)		(40,000)
Total Building and Codes Department	\$ 2,477,488	\$ 2,544,927	\$ 2,043,311	\$ 501,616
Solid Waste Department -				
Salaries and wages	\$ 2,523,035	\$ 2,615,991	\$ 2,472,781	\$ 143,210
Employee benefits	1,133,207	1,153,186	1,117,578	35,608
Contractual services	1,203,000	1,308,000	1,336,791	(28,791)
Utility services	78,800	78,800	113,775	(34,975)
Professional services	3,950	3,950	651	3,299
Repairs and maintenance	1,788,193	1,676,964	1,677,425	(461)
Training and travel	11,000	11,000	3,601	7,399
Administrative supplies	41,400	41,400	27,734	13,666
Other supplies	1,051,000	1,051,000	743,365	307,635
Insurance	166,654	166,654	166,654	
Fixed charges	55,500	25,500	3,853	21,647
Capital outlay	15,000	170,229	97,873	72,356
Other miscellaneous	2,000	2,000	2,863	(863)
Total Solid Waste Department	\$ 8,072,739	\$ 8,304,674	\$ 7,764,944	\$ 539,730
Transportation Department -				
Traffic Division -				
Salaries and wages	\$ 836,221	\$ 865,121	\$ 665,081	\$ 200,040
Employee benefits	347,387	353,205	251,166	102,039
Contractual services	4,100	4,100	2,013	2,087
Utility services	10,350	10,350	4,861	5,489
Repairs and maintenance	32,725	32,725	13,242	19,483
Training and travel	9,000	9,000	2,738	6,262
Administrative supplies	19,200	19,200	25,561	(6,361)
Other supplies	70,800	70,800	42,674	28,126
Insurance	5,104	5,104	5,104	
Capital outlay	23,000	23,000	5,232	17,768
Other miscellaneous	25,500	25,500	21,388	4,112
Total Traffic Division	\$ 1,383,387	\$ 1,418,105	\$ 1,039,060	\$ 379,045

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Transportation Department (continued)-				
Public Transit Division -				
Salaries and wages	\$ 1,079,818	\$ 1,110,055	\$ 1,100,827	\$ 9,228
Employee benefits	329,282	334,449	350,262	(15,813)
Contractual services	47,100	47,100	42,393	4,707
Utility services	22,850	22,850	39,773	(16,923)
Professional services	35,800	35,800	4,608	31,192
Repairs and maintenance	405,500	405,500	338,099	67,401
Training and travel	17,000	17,000	1,981	15,019
Administrative supplies	15,300	15,300	8,013	7,287
Other supplies	199,600	199,600	168,463	31,137
Insurance	4,008	4,008	4,008	
Capital outlay	6,488,200	6,488,200	755,861	5,732,339
Other miscellaneous	29,400	29,400	22,322	7,078
Strategic partnerships	5,000	5,000	5,000	
Total Public Transit Division	\$ 8,678,858	\$ 8,714,262	\$ 2,841,610	\$ 5,872,652
Total Transportation Department	\$ 10,062,245	\$ 10,132,367	\$ 3,880,670	\$ 6,251,697
Strategic Partners -				
Linebaugh Public Library	\$ 1,204,256	\$ 1,204,256	\$ 1,204,256	
Rutherford County Paws	80,000	80,000	80,000	
DHS - Rehabilitation Service	52,530	52,530	52,530	
Rutherford County Health Department	11,000	11,000	11,000	
Rutherford County Soil Conservation	2,500	2,500	2,500	
Other funding partners	262,319	262,319	242,319	\$ 20,000
Total Strategic Partners	\$ 1,612,605	\$ 1,612,605	\$ 1,592,605	\$ 20,000
Recreation Services -				
Parks and Recreation Department -				
Parks and Recreation -				
Salaries and wages	\$ 7,321,192	\$ 7,518,624	\$ 6,839,514	\$ 679,110
Employee benefits	2,171,029	2,206,566	2,008,899	197,667
Contractual services	309,350	309,350	241,927	67,423
Utility services	1,068,300	1,068,300	1,285,349	(217,049)
Professional services	124,100	223,075	108,447	114,628
Repairs and maintenance	1,237,870	1,237,870	962,574	275,296
Training and travel	41,000	41,000	20,923	20,077
Administrative supplies	38,675	38,675	26,981	11,694
Other supplies	446,975	446,975	434,935	12,040
Fixed charges	51,700	51,700	77,148	(25,448)
Insurance	16,694	16,694	16,694	
Grants and contributions	156,300	156,300	364,877	(208,577)
Capital outlay	5,793,985	5,765,210	389,896	5,375,314
Program activity	345,500	345,500	282,227	63,273
Strategic partnerships	58,000	58,000	58,000	
Other miscellaneous	75,100	75,100	64,853	10,247
Total Parks and Recreation	\$ 19,255,770	\$ 19,558,939	\$ 13,183,244	\$ 6,375,695
Senior Citizens Center -				
Salaries and wages	\$ 751,229	\$ 771,895	\$ 702,695	\$ 69,200
Employee benefits	237,100	240,796	234,859	5,937
Contractual services	46,700	46,700	40,883	5,817
Utility services	62,200	62,200	64,269	(2,069)
Professional services	2,500	2,500		2,500
Repairs and maintenance	56,085	56,085	28,607	27,478
Training and travel	5,400	5,400	1,347	4,053
Administrative supplies	12,250	12,250	7,531	4,719
Other supplies	40,600	40,600	41,964	(1,364)
Fixed charges	2,400	2,400	1,329	1,071
Insurance	3,659	3,659	3,659	
Grants and contributions	1,800	1,800		1,800
Capital outlay	7,000	7,000	9,934	(2,934)
Program activity	61,000	61,000	36,029	24,971
Other miscellaneous	1,700	1,700	426	1,274
Total Senior Citizens Center	\$ 1,291,623	\$ 1,315,985	\$ 1,173,532	\$ 142,453
Total Parks and Recreation Department	\$ 20,547,393	\$ 20,874,924	\$ 14,356,776	\$ 6,518,148

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Budget and Actual

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation Services (continued) -				
Public Golf Department -				
Salaries and wages	\$ 1,218,006	\$ 1,247,154	\$ 1,183,540	\$ 63,614
Employee benefits	405,946	407,466	394,012	13,454
Contractual services	7,800	7,800	6,736	1,064
Utility services	92,700	86,723	74,775	11,948
Professional services	500	500	3,123	(2,623)
Repairs and maintenance	125,707	114,155	88,938	25,217
Training and travel	7,500	7,500	7,409	91
Administrative supplies	14,300	14,109	7,428	6,681
Other supplies	450,400	519,691	467,468	52,223
Chemicals	119,000	109,939	109,206	733
Fixed charges	51,500	51,360	48,539	2,821
Insurance	1,000	1,000	637	363
Capital outlay	95,000	64,889	52,898	11,991
Program activity	39,900	38,329	35,513	2,816
Other miscellaneous	93,100	92,143	97,938	(5,795)
Total Public Golf Department	\$ 2,722,359	\$ 2,762,758	\$ 2,578,160	\$ 184,598
Total Recreation Services	\$ 23,269,752	\$ 23,637,682	\$ 16,934,936	\$ 6,702,746
Debt Service -				
Interest on SBITA liability			\$ 75,280	\$ (75,280)
Total Debt Service			\$ 75,280	\$ (75,280)
TOTAL EXPENDITURES	\$ 186,713,831	\$ 225,315,966	\$ 158,502,796	\$ 66,813,170
Excess of Revenues Over (Under) Expenditures	\$ 44,368,023	\$ 19,059,150	\$ 79,632,551	\$ 60,573,401
Other Financing Sources (Uses) -				
Transfers in (out) -				
Bond Fund			\$ 4,601,131	\$ 4,601,131
Community Investment Trust		\$ 55,682	55,682	
Debt service fund	\$ (42,533,150)	(42,533,150)	(42,186,948)	346,202
General purpose school fund	(7,885,103)	(8,385,103)	(8,219,668)	165,435
Drug fund	(55,000)	(55,000)	(38,231)	16,769
Airport fund	(1,430,500)	(1,430,500)	(195,332)	1,235,168
Insurance fund	(1,000,000)	(1,000,000)		1,000,000
Community Investment Trust		(41,195,010)	(41,195,010)	
Issuance of SBITA liability			9,736,948	9,736,948
Proceeds from sale of capital assets	97,450	97,450	335,463	238,013
Total Other Financing Sources (Uses)	\$ (52,806,303)	\$ (94,445,631)	\$ (77,105,965)	\$ 17,339,666
Net change in fund balance	\$ (8,438,280)	\$ (75,386,481)	\$ 2,526,586	\$ 77,913,067
Fund Balance at beginning of year	198,278,021	198,278,021	198,278,021	
Fund Balance at end of year	\$ 189,839,741	\$ 122,891,540	\$ 200,804,607	\$ 77,913,067

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

General Purpose School Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Local intergovernmental revenues	\$ 32,546,800	\$ 31,061,800	\$ 34,328,412	\$ 3,266,612
State program revenues	52,288,464	56,093,262	55,376,506	(716,756)
Federal program revenues	25,000	516,921	307,432	(209,489)
Charges for services	150,000	150,000	161,825	11,825
Restricted donations			45	45
Other local revenues	448,000	805,926	803,385	(2,541)
	<u>\$ 85,458,264</u>	<u>\$ 88,627,909</u>	<u>\$ 90,977,605</u>	<u>\$ 2,349,696</u>
Expenditures -				
Regular instruction	\$ 51,800,350	\$ 54,131,308	\$ 51,789,009	\$ 2,342,299
Special education	10,875,450	11,069,380	10,699,666	369,714
Attendance	182,175	182,175	156,196	25,979
Health services	452,020	618,920	306,278	312,642
Other student support	2,977,270	3,310,196	2,985,540	324,656
Regular instruction - support	2,394,965	2,391,127	1,961,003	430,124
Special education - support	1,764,185	1,826,392	1,720,107	106,285
Technology	2,384,180	2,464,180	2,139,553	324,627
Board of education	1,750,350	1,751,350	1,622,885	128,465
Office of superintendent	423,750	423,750	374,356	49,394
Office of principal	5,154,780	5,217,780	5,003,959	213,821
Fiscal services	686,685	754,345	681,923	72,422
Personnel services	505,320	505,320	432,700	72,620
Operation of plant	6,661,130	6,691,130	6,321,700	369,430
Maintenance of plant	2,951,282	3,092,033	2,553,200	538,833
Transportation	3,783,120	4,092,271	3,486,788	605,483
Community services	444,655	444,655	402,113	42,542
Early childhood education	1,166,640	1,166,640	1,038,971	127,669
Indigent children			4,731	(4,731)
Capital outlay	130,000	130,000	80,468	49,532
Debt service -				
Principal - SBITAs			257,048	(257,048)
Interest - SBITAs			849	(849)
	<u>\$ 96,488,307</u>	<u>\$ 100,262,952</u>	<u>\$ 94,019,043</u>	<u>\$ 6,243,909</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (11,030,043)</u>	<u>\$ (11,635,043)</u>	<u>\$ (3,041,438)</u>	<u>\$ 8,593,605</u>
Other Financing Sources and (Uses) -				
Transfers in	\$ 8,335,103	\$ 8,835,103	\$ 8,625,813	\$ (209,290)
Transfers out	(276,800)	(776,800)	(268,705)	508,095
	<u>\$ 8,058,303</u>	<u>\$ 8,058,303</u>	<u>\$ 8,357,108</u>	<u>\$ 298,805</u>
Net change in fund balance	\$ (2,971,740)	\$ (3,576,740)	\$ 5,315,670	\$ 8,892,410
Fund Balance, beginning of year,	19,142,288	19,142,288	19,142,288	
Fund Balance at end of year	<u>\$ 16,170,548</u>	<u>\$ 15,565,548</u>	<u>\$ 24,457,958</u>	<u>\$ 8,892,410</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Proprietary Funds

June 30, 2023

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Murfreesboro Water Resources</u>	<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
 <u>ASSETS</u>				
Current Assets -				
Cash and cash equivalents	\$ 148,347,692	\$ 6,677,422	\$ 155,025,114	\$ 9,010,088
Investments				2,161,924
Accounts receivable - net	1,748,967		1,748,967	
Other receivables	333,908		333,908	
Grants receivable, net	4,086,619		4,086,619	
Due from others				214,660
Due from other funds	9,574		9,574	765
Inventories	2,245,539		2,245,539	
Prepaid items and other assets	629,915	23,131	653,046	
Total Current Assets	\$ 157,402,214	\$ 6,700,553	\$ 164,102,767	\$ 11,387,437
Noncurrent Assets -				
Restricted assets -				
Cash and cash equivalents	\$ 64,820		\$ 64,820	
Certificates of deposit				\$ 500,000
Capital assets -				
Land and construction in progress	39,488,396	\$ 3,239,946	42,728,342	
Other capital assets, net of depreciation	414,874,397	2,645,299	417,519,696	
Total Noncurrent Assets	\$ 454,427,613	\$ 5,885,245	\$ 460,312,858	\$ 500,000
Total Assets	\$ 611,829,827	\$ 12,585,798	\$ 624,415,625	\$ 11,887,437
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources related to pensions	\$ 4,069,825	\$ 215,850	\$ 4,285,675	
Deferred outflows of resources related to OPEB	5,775,329	151,990	5,927,319	
Deferred charge on refunding	87,490		87,490	
Total deferred outflows of resources	\$ 9,932,644	\$ 367,840	\$ 10,300,484	
Total assets and deferred outflows of resources	\$ 621,762,471	\$ 12,953,638	\$ 634,716,109	\$ 11,887,437
 <u>LIABILITIES</u>				
Current Liabilities -				
Accounts payable	\$ 3,512,107	\$ 173,215	\$ 3,685,322	\$ 1,762,480
Accrued and withheld liabilities	686,625	30,590	717,215	
Due to other funds	729,170	357,755	1,086,925	
Deposits held	1,575,459		1,575,459	
Compensated absences	329,923	8,408	338,331	
Claims and judgments payable				315,889
Total OPEB liability - current	995,360	26,367	1,021,727	
Bonds and loans payable	8,000,104		8,000,104	
Total Current Liabilities	\$ 15,828,748	\$ 596,335	\$ 16,425,083	\$ 2,078,369
Noncurrent Liabilities -				
Compensated absences	\$ 2,405,782	\$ 41,315	\$ 2,447,097	
Claims and judgments payable				\$ 631,777
Net pension liability	2,069,030	109,734	2,178,764	
Total OPEB liability, net of current portion	49,733,908	1,840,411	51,574,319	
Bonds and loans payable	49,362,495		49,362,495	
Total Noncurrent Liabilities	\$ 103,571,215	\$ 1,991,460	\$ 105,562,675	\$ 631,777
Total Liabilities	\$ 119,399,963	\$ 2,587,795	\$ 121,987,758	\$ 2,710,146

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position (continued)

Proprietary Funds

June 30, 2023

	Business-Type Activities			Governmental
	Murfreesboro	Nonmajor		Activities
	Water	Enterprise		Internal
	Resources	Fund	Totals	Service
				Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources related to pensions	\$ 1,314,011	\$ 69,691	\$ 1,383,702	
Deferred inflows of resources related to OPEB	18,256,172	502,990	18,759,162	
Total deferred inflows of resources	<u>\$ 19,570,183</u>	<u>\$ 572,681</u>	<u>\$ 20,142,864</u>	
<u>NET POSITION</u>				
Net investment in capital assets	\$ 397,087,684	\$ 5,885,245	\$ 402,972,929	
Restricted for matured bonds	37,018		37,018	
Restricted for employee benefits	27,803		27,803	
Unrestricted	85,639,820	3,907,917	89,547,737	\$ 9,177,291
Total Net Position	<u>\$ 482,792,325</u>	<u>\$ 9,793,162</u>	<u>\$ 492,585,487</u>	<u>\$ 9,177,291</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 621,762,471</u>	<u>\$ 12,953,638</u>	<u>\$ 634,716,109</u>	<u>\$ 11,887,437</u>
Total Proprietary Fund Net Position			\$ 492,585,487	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds			14,190,058	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			190,976	
Net Position of Business-Type Activities			<u>\$ 506,966,521</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	Murfreesboro Water Resources	Nonmajor Enterprise Fund	Totals	Internal Service Funds
Operating Revenues -				
Charges for services	\$ 51,302,721	\$ 3,376,441	\$ 54,679,162	\$ 25,656,751
Other revenues				472,217
	<u>\$ 51,302,721</u>	<u>\$ 3,376,441</u>	<u>\$ 54,679,162</u>	<u>\$ 26,128,968</u>
Operating Expenses -				
Other operating expenses	\$ 28,454,107	\$ 2,672,797	\$ 31,126,904	\$ 850,704
Claims and administrative				24,066,297
Depreciation and amortization	16,310,708	391,026	16,701,734	
	<u>\$ 44,764,815</u>	<u>\$ 3,063,823</u>	<u>\$ 47,828,638</u>	<u>\$ 24,917,001</u>
Operating Income (Loss)	<u>\$ 6,537,906</u>	<u>\$ 312,618</u>	<u>\$ 6,850,524</u>	<u>\$ 1,211,967</u>
Nonoperating Revenues -				
Grant revenue	\$ 4,077,230		\$ 4,077,230	
Interest	4,943,033	\$ 221,585	5,164,618	\$ 13,249
Investment gains				42,733
Gain on disposal of assets	108,710		108,710	
	<u>\$ 9,128,973</u>	<u>\$ 221,585</u>	<u>\$ 9,350,558</u>	<u>\$ 55,982</u>
Nonoperating Expenses -				
Interest	\$ 785,819		\$ 785,819	
Bond costs	921		921	
	<u>\$ 786,740</u>		<u>\$ 786,740</u>	
Income Before Capital Contributions, Transfers and Special Items	<u>\$ 14,880,139</u>	<u>\$ 534,203</u>	<u>\$ 15,414,342</u>	<u>\$ 1,267,949</u>
Capital contributions	<u>\$ 19,243,681</u>		<u>\$ 19,243,681</u>	
	<u>\$ 19,243,681</u>		<u>\$ 19,243,681</u>	
Change in Net Position	\$ 34,123,820	\$ 534,203	\$ 34,658,023	\$ 1,267,949
Net Position at beginning of year	448,668,505	9,258,959	457,927,464	7,909,342
Net Position at end of year	<u>\$ 482,792,325</u>	<u>\$ 9,793,162</u>	<u>\$ 492,585,487</u>	<u>\$ 9,177,291</u>
Change in Net Position			\$ 34,658,023	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			190,976	
Change in Net Position of Business-Type Activities			<u>\$ 34,848,999</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2023

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Murfreesboro Water Resources</u>	<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities -				
Cash received from customers	\$ 51,888,103		\$ 51,888,103	
Reimbursements from Murfreesboro Stormwater fund	3,272,458		3,272,458	
Reimbursements to the Murfreesboro Water Resources Department		\$ (3,272,458)	(3,272,458)	
Cash payments to suppliers	(12,816,397)		(12,816,397)	
Cash payments to employees	(14,158,070)		(14,158,070)	
Cash received from interfund services provided				\$ 25,638,519
Cash payments of claims and administrative expenses				(23,775,240)
Transfer of stormwater fees to the Murfreesboro Stormwater Fund	(3,056,260)		(3,056,260)	
Transfers of stormwater fees from the Murfreesboro Water Resources Department		3,056,260	3,056,260	
Other receipts (payments)				(162,737)
Net Cash Provided (Used) by Operating Activities	\$ 25,129,834	\$ (216,198)	\$ 24,913,636	\$ 1,700,542
Cash Flows from Capital and Related Financing Activities -				
Acquisition and construction of capital assets	\$ (25,059,978)		\$ (25,059,978)	
Proceeds from sale of capital assets	312,707		312,707	
Principal payment on bonds and loans	(7,647,664)		(7,647,664)	
Bond costs and debt service expenses	(921)		(921)	
Proceeds from tap fees and special assessments	5,896,775		5,896,775	
Interest paid on bonds and loans	(1,381,510)		(1,381,510)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (27,880,591)		\$ (27,880,591)	
Cash Flows From Investing Activities -				
Interest received	\$ 4,943,033	\$ 221,585	\$ 5,164,618	\$ 742
Net Cash Provided (Used) by Investing Activities	\$ 4,943,033	\$ 221,585	\$ 5,164,618	\$ 742
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,192,276	\$ 5,387	\$ 2,197,663	\$ 1,701,284
Cash and Cash Equivalents at Beginning of Year	146,220,236	6,672,035	152,892,271	7,308,804
Cash and Cash Equivalents at End of Year	\$ 148,412,512	\$ 6,677,422	\$ 155,089,934	\$ 9,010,088

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2023

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Murfreesboro Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 6,537,906	\$ 312,618	\$ 6,850,524	\$ 1,211,967
Adjustments to reconcile net earnings to net cash				
provided (used) by operating activities -				
Depreciation and amortization	16,310,708	391,026	16,701,734	
Provision for doubtful accounts	176,000		176,000	
Construction in progress expensed in current year	1,154,395		1,154,395	
Changes in assets and deferred outflows, and liabilities and deferred inflows -				
Accounts receivable	110,789		110,789	
Other receivable	396,755		396,755	
Due from other funds	382,674		382,674	(145)
Inventory	(748,090)		(748,090)	
Prepaid items and other current assets	(109,964)	(3,999)	(113,963)	(102,927)
Net pension asset	3,423,532	188,329	3,611,861	
Deferred outflows of resources related to pensions	(2,884,539)	(150,647)	(3,035,186)	
Deferred outflows of resources related to OPEB	821,862	21,589	843,451	
Accounts payable	8,819	6,776	15,595	397,471
Claims and judgments payable				194,176
Due to other funds	156,202	(931,438)	(775,236)	
Accrued and withheld liabilities	(59,267)	11,821	(47,446)	
Net pension liability	2,069,030	109,734	2,178,764	
Total OPEB liability	3,156,260	83,609	3,239,869	
Deposits	(98,162)		(98,162)	
Accrued compensated absences	361,032	6,406	367,438	
Deferred inflows of resources related to pensions	(3,366,285)	(187,774)	(3,554,059)	
Deferred inflows of resources related to OPEB	(2,669,823)	(74,248)	(2,744,071)	
Net Cash Provided (Used) by Operating Activities	\$ <u>25,129,834</u>	\$ <u>(216,198)</u>	\$ <u>24,913,636</u>	\$ <u>1,700,542</u>
Non-Cash Capital and Related Financing Activities -				
Developer contributions of systems	\$ 13,346,906		\$ 13,346,906	
Construction in progress included in accounts payable	2,720,831	\$ 150,000	2,870,831	
Capital asset transfers and acquisitions from other funds		505,528	505,528	
	\$ <u>16,067,737</u>	\$ <u>655,528</u>	\$ <u>16,723,265</u>	
Non-Cash Investing Activities -				
Reinvested investment earnings				\$ <u>12,507</u>
Reconciliation to Cash and Cash Equivalents				
Presented in Statement of Net Position -				
Cash and Cash Equivalents	\$ 148,347,692	\$ 6,677,422	\$ 155,025,114	\$ 9,010,088
Cash and Cash Equivalents - Restricted	64,820		64,820	
Cash and Cash Equivalents at End of Year	\$ <u>148,412,512</u>	\$ <u>6,677,422</u>	\$ <u>155,089,934</u>	\$ <u>9,010,088</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Fiduciary Funds

June 30, 2023

	Extended School Program Private Purpose Trust Fund	Component Unit Pension Trust Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,074	\$ 3,256,524
Certificates of deposit	171,348	193,652
Investments, at fair value -		
Mutual funds		115,637,286
US government and municipal obligations		3,132,093
Corporate notes and bonds		12,384,379
Common/preferred stock		28,806,047
Foreign bonds and debentures		448,055
Accrued investment income		251,364
Other receivables		407,993
	\$ <u>174,422</u>	\$ <u>164,517,393</u>
<u>LIABILITIES</u>		
Due to others		\$ <u>49,543</u>
		\$ <u>49,543</u>
<u>NET POSITION</u>		
Net Position -		
Restricted for pensions and other purposes	\$ <u><u>174,422</u></u>	\$ <u><u>164,467,850</u></u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Net Position
Fiduciary Funds

Year Ended June 30, 2023

	Extended School Program Private Purpose Trust Fund	Component Unit Pension Trust Funds
Additions -		
Contributions -		
Employer		\$ 9,157,479
Investment income-		
Net appreciation (depreciation) in fair value of investments		\$ 4,658,253
Interest	\$ 2,092	1,182,156
Dividends		6,426,343
Total investment income	\$ 2,092	\$ 12,266,752
Less investment expenses		(580,318)
Net investment income	\$ 2,092	\$ 11,686,434
Total additions	\$ 2,092	\$ 20,843,913
Deductions -		
Benefits to participants		\$ 18,466,890
Administrative expenses		137,062
Annuity purchase		18,807,875
Total deductions		\$ 37,411,827
Net Increase (Decrease)	\$ 2,092	\$ (16,567,914)
Net Position Held in Trust for Pension Benefits and Other-		
Beginning of year	172,330	181,035,764
End of year	\$ 174,422	\$ 164,467,850

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Murfreesboro, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. The City of Murfreesboro reports two fiduciary component units. The Employees’ Pension Trust Fund and the Electric Department Employee Pension Fund meet the criteria for discretely presented component units of the City. They are combined and reported in a separate column in the Fiduciary Fund Statements to emphasize that they are legally separate from the City. The Employees’ Pension Trust Fund and the Electric Department Employee Pension Fund do not issue separate financial statements from those of the City.

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

Murfreesboro City Schools Central Office
2552 South Church Street
Murfreesboro, Tennessee

Murfreesboro Water Resources Department
300 Northwest Broad Street
Murfreesboro, Tennessee

Basis of Presentation - Government-wide Financial Statements

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

General Purpose School Fund – The General-Purpose School fund is a special revenue fund used to account for the local, state, and federal revenue sources that are restricted, committed or assigned to expenditures for education.

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

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

The City reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

Internal Service Funds – The internal service funds consist of a *risk management fund* that accounts for revenues and costs associated with the City's self-funded liability and workers' compensation insurance programs, and an *insurance fund* that accounts for revenues and costs associated with the City's self-funded group health insurance plan.

Pension Trust Funds – The pension trust funds account for assets held on behalf of City employees. As discussed above, the pension trust funds meet the criteria of discretely presented component units and are presented as such in the City's financial statements.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation – Fund Financial Statements (continued)

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or up to 180 days for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under finance leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including timing requirements, and the amount is received during the period or within the period of availability for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes and accounts receivable are reduced by an allowance for uncollectible accounts.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The proprietary, pension funds, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Resources fund and of the City's internal service funds are charges to customers for sales and services. The Water Resources fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Basis of Accounting

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

Budgets have been adopted for the following funds:

General Fund

Debt Service Funds – Debt Service Fund and School Debt Service Fund

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Funds without annual budgets are as follows:

Internal Service Funds

Internal School Fund (Special Revenue Fund)

Pension Trust Funds (component units)

Permanent Fund

Extended School Private Purpose Trust Fund

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. All unencumbered and unexpended appropriations lapse at the end of the fiscal year. The budget amounts presented in the accompanying required supplemental information reflect the original and final amounts as revised and approved by the City Council.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Basis of Accounting (continued)

Encumbrances – Encumbrances represent commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriation, is used by the General Purpose School Fund, the School Nutrition Fund, the School Federal and State Program Fund, and the Extended School Program Fund. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

Adoption of New Accounting Standards

Implementation of GASB Statement No. 96 - During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The Statement provides guidance on accounting and financial reporting for subscription-based technology arrangements (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability. The subscription liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. As a result of implementing this standard, the City recognized a SBITA asset and liability of \$908,842 as of July 1, 2022, as well as a SBITA asset and liability of \$9,736,948 that occurred during the year ended June 30, 2023.

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

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

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

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

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. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

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

	Governmental Funds				Proprietary Funds
	General Fund	General Purpose School Fund	Bond Fund	Other Governmental Funds	Murfreesboro Water Resources
Restricted assets -					
Cash and cash equivalents	\$ 5,954,476		\$ 6,360,643	\$ 8,112,484	\$ 64,820
Investments		\$ 1,428,140	104,897,762		
	<u>\$ 5,954,476</u>	<u>\$ 1,428,140</u>	<u>\$ 111,258,405</u>	<u>\$ 8,112,484</u>	<u>\$ 64,820</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets – Governmental Activities – Certain proceeds from outside sources have been classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by outside sources. The general fund maintains separate bank accounts for the following restricted funds: Equitable sharing, police, 125 plan contributions, and deposits in a local government investment pool for the City's portion of the cost of the construction of a road. The amount of funds restricted for these purposes in the general fund at June 30, 2023 is \$1,122,338. Additionally, \$4,832,138 is restricted for state street aid. The total amount restricted in the general fund was \$5,945,476 as of June 30, 2023.

The Murfreesboro City School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for benefit of each member. Each member's funds are restricted for payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the Murfreesboro City School Department. At June 30, 2023, the balance of the investments restricted in this manner was \$1,428,140.

Amounts received from outside sources have been classified as restricted assets on the balance sheets of the major and nonmajor capital projects funds. These amounts are maintained in separate bank accounts and their use is limited by outside sources. Proceeds from Bond Fund loans are required by the loan agreement to be kept separate and apart from all other funds of the City and to be spent for capital projects as outlined in the loan agreements. The amount of these restricted funds at June 30, 2023 is \$6,360,643. In addition, proceeds from the Series 2016, 2018, 2019, 2021, and 2022 General Obligation Bonds have been invested in U.S securities and municipal bonds and notes and are restricted for capital projects. At June 30, 2023, the balance of the investments restricted in this manner was \$104,897,762.

In addition, included in restricted cash in the Capital Improvement and Contingency Fund is \$8,112,484 in county shared bond proceeds that are restricted for use solely to acquire property for and construct, equip and improve city schools. The funds are also required to be spent within three years of the date of its receipt.

Restricted Assets – Business-type Activities – The Water Resources Department has \$64,820 in cash restricted by outside sources. Of this amount \$27,803 is restricted for employee benefits and \$37,017 is restricted for the payment of matured bonds.

Restricted Assets – Internal Service Funds – As a self-insured employer for the City's workers' compensation obligation, the City of Murfreesboro is required to comply with Tennessee Code Annotated 50-6-405(b) and any applicable rules. As of January 1, 2005, all self-insured employers are required to maintain security in an amount not less than five hundred thousand (\$500,000) pursuant to Tennessee Code Annotated 50-6-405(b)(1). Accordingly at June 30, 2023, the City of Murfreesboro's Risk Management Fund has \$500,000 in a certificate of deposit which is restricted in this manner.

Capital Assets and Depreciation – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets or donated works of art and similar items are valued at acquisition value on the date donated. Capital assets received in a service concession arrangement are reported at acquisition value. The City currently has no service concession arrangements. The City capitalizes assets using a \$5,000 capitalization threshold.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Total depreciation and amortization expense for proprietary funds amounted to \$16,701,734 for the year ended June 30, 2023.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	5-50 years
Improvements other than buildings	10-50 years
Structures and improvements	5-50 years
Transmission and distribution mains	15-50 years
Equipment	3-25 years
Computer software	3-15 years
Infrastructure	10-50 years

Allowance for Uncollectible Accounts – The City's allowance for estimated uncollectible receivables at June 30, 2023 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>General Fund</u>	<u>Water Resources</u>
Allowance for -				
Taxes Receivable	\$ 2,606,197		\$ 2,606,197	
Other	1,304,255		1,304,255	
Accounts Receivable		\$ 225,299		\$ 225,299
Notes Receivable	-0-			

Long-term Debt – In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond and loan issuance costs, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (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 debt service expenditures.

Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charge on refunding in this category. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to pensions and other post-employment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category. One arises only under a modified accrual basis of accounting and that qualifies for reporting in this category. Accordingly, these types of unavailable revenue are reported only in the governmental funds balance sheet. Property taxes; however, which are levied on January 1, 2023, will not be available for collection until fiscal year 2024, beginning October 2023, and qualifies for reporting as deferred current property taxes on the statement of net position. In addition, other amounts such as developer fees, program income and certain other amounts are not available until future periods and therefore are reported as deferred inflows in the statement of net position as well as on the governmental funds balance sheet. The third item arises due to amounts received in advance of meeting timing requirements, such as from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available (unavailable revenue) and when the timing requirements are met (amounts received in advance). The last item relates to certain amounts related to pensions and other post-employment benefits that must be deferred.

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

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

Restricted Net Position – Restricted net position consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. The government-wide Statement of Net Position reports \$31,218,717 of restricted net position for the primary government, of which \$213,819 is restricted by enabling legislation.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	General Fund	General Purpose School Fund	Debt Service Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Fuel inventory	\$ 134,913					\$ 134,913
Recreation inventory	165,100					165,100
Fleet inventory	589,670					589,670
Airport inventory					\$ 36,897	36,897
School nutrition inventory					180,237	180,237
Prepays	1,579					1,579
Restricted						
State road projects	842,353					842,353
Law enforcement	734,560				267,941	1,002,501
Recreation projects	33,294					33,294
State street aid	5,484,359					5,484,359
Sportsbetting	418,904					418,904
Capital projects				\$ 103,932,101		103,932,101
Retirement fund		\$ 1,428,140				1,428,140
Education		3,347			7,900,896	7,904,243
School activity					1,359,826	1,359,826
Committed						
State street aid	21,053					21,053
Law enforcement					461,013	461,013
Airport					2,067,717	2,067,717
Community development	83					83
Community Investment trust					41,519,501	41,519,501
Education		19,150,024			1,600,000	20,750,024
School nutrition					3,394,661	3,394,661
Capital improvement					461,540	461,540
Extended school program					6,214,334	6,214,334
Assigned						
Recreation projects	251,711					251,711
Capital projects	9,913,254					9,913,254
Budgetary assignment	12,501,800	3,876,447			3,874,758	20,253,005
Transportation projects	20,394,863					20,394,863
Parks projects	4,873,439					4,873,439
Debt service			\$ 879,652			879,652
MED sale proceeds	11,330,908					11,330,908
Other	170,394					170,394
Unassigned	132,942,370					132,942,370
	<u>\$ 200,804,607</u>	<u>\$ 24,457,958</u>	<u>\$ 879,652</u>	<u>\$ 103,932,101</u>	<u>\$ 69,339,321</u>	<u>\$ 399,413,639</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund balance classifications at June 30, 2023 are as follows:

	General Fund	General Purpose School Fund	Debt Service Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Summary for Governmental Funds						
Nonspendable	\$ 891,262				\$ 217,134	\$ 1,108,396
Restricted	7,513,470	\$ 1,431,487		\$ 103,932,101	9,528,663	122,405,721
Committed	21,136	19,150,024			55,718,766	74,889,926
Assigned	59,436,369	3,876,447	\$ 879,652		3,874,758	68,067,226
Unassigned	132,942,370					132,942,370
Total fund balances	\$ <u>200,804,607</u>	\$ <u>24,457,958</u>	\$ <u>879,652</u>	\$ <u>103,932,101</u>	\$ <u>69,339,321</u>	\$ <u>399,413,639</u>

Revenues and Expenditures/Expenses

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

City Pension Plan and Murfreesboro Electric Department Pension Plan – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Pension Plan and the Murfreesboro Electric Department Pension Plan and additions to/deductions from the respective plan's fiduciary net position have been determined on the same basis as the City's Pension Fund and the Murfreesboro Electric Department Pension Fund (component units of the City of Murfreesboro). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the respective plans. Investments of the plans are reported at fair value. The Murfreesboro Electric Department Pension plan was terminated March 31, 2023.

Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits, (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

Teacher Retirement Plan of the Tennessee Consolidated Retirement System – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds to employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources to pensions, and pension expense, information about the fiduciary net position of the Murfreesboro City Schools' participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Murfreesboro City Schools' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

The governmental fund balance sheet includes a reconciliation between *total governmental fund balances* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Other assets and notes receivable are not available to pay current-period expenditures and therefore are deferred or not reported in the funds.” The details of this \$185,491,126 difference are as follows:

Notes receivable - MED sale	\$ 180,401,136
Notes receivable - Notes Live sale	3,267,000
Deferred outflow on refunding	82,883
Unavailable revenue	1,740,107
Net adjustment	<u>\$ 185,491,126</u>

A second 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 \$(712,164,435) difference are as follows:

General Government -	
General Obligation refunding bonds	\$ (245,930,000)
Add: Unamortized Premium	(24,429,807)
Local government public improvement bonds	(44,835,000)
Accrued interest payable	(1,054,917)
Energy Efficient School Loans	(1,064,705)
Landfill post-closure costs	(1,010,500)
Compensated absences	(19,775,409)
Net pension liability	(50,039,891)
OPEB liability	(313,635,464)
SBITA liabilities	(10,388,742)
Net adjustment	<u>\$ (712,164,435)</u>

Another element of that reconciliation explains that “amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of the related expense in future years.” The details of the pension’s \$40,073,571 difference are as follows:

Contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position in addition to certain other items:	
Contributions to pension plans	\$ 10,838,206
Deferred experience income or (loss) on pension plans	8,831,457
Net difference between projected and actual earnings on investments	12,805,754
Changes in assumptions	11,688,371
Changes in proportion of net pension liability (asset)	138,383
Deferred outflows related to pensions	<u>\$ 44,302,171</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

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

Deferred experience income or (loss) on pension plans	\$ (4,036,427)
Changes in proportion of net pension liability (asset)	<u>(192,173)</u>
Deferred inflows related to pensions	\$ <u>(4,228,600)</u>
Net adjustment	\$ <u><u>40,073,571</u></u>

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

The details of this \$19,404,647 difference are as follows:

Capital outlay	\$ 49,874,425
Depreciation and amortization	<u>(30,469,778)</u>
Net adjustment	\$ <u><u>19,404,647</u></u>

Another element of that reconciliation states that “The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net position.” The details of this \$3,997,034 difference are as follows:

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

	\$ (5,426,591)
--	----------------

Land sold to a third party for a note receivable is income on the statement of activities but not in the governmental funds.

	3,267,000
--	-----------

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

	<u>6,156,625</u>
Net adjustment	\$ <u><u>3,997,034</u></u>

Another element of that reconciliation states that “The issuance of long-term debt and other long-term obligations (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$24,977,487 difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Amortization of premium	\$ 3,182,970
Amortization of deferred outflow-refunding	(33,153)
Change in landfill liability	3,000
Issuance of SBITA liability	(9,736,948)
Principal repayments	<u>31,561,618</u>
Net adjustment	<u>\$ 24,977,487</u>

In addition, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Other items such as contributions to pension funds are expensed in the funds while an actuarially determined expense amount is included in the statement of activities.” The details of this \$ (19,872,631) difference are as follows:

Change in compensated absences	\$ (1,740,914)
Change in accrued interest	465,766
Change in inventory - purchase method	80,475
Change in pension expense	
Actuarially determined pension expense/negative pension expense	(20,422,004)
Other changes to pension liability (asset)	(741)
Contributions expensed per fund statements	13,638,565
Change in OPEB expense	
Actuarially determined OPEB expense	(16,912,739)
OPEB benefits expensed per fund statements	<u>5,018,961</u>
Net adjustment	<u>\$ (19,872,631)</u>

Note C – RELATED ORGANIZATIONS

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

Note D – CASH AND INVESTMENTS

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

TCRS Stabilization Trust – Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retirement Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note D – CASH AND INVESTMENTS (continued)

Custodial credit risk - investments – For an investment, this is the risk that, in the event of the failure of a counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of Tennessee. The investments in corporate bonds and notes and municipal bonds and notes, as shown in the table below are uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent, but not in the City's name.

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

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. In order to minimize custodial credit risk, all deposits with the financial institution are required to be secured in one or a combination of a) FDIC coverage, b) by designated collateral securities under a collateral agreement with the institution, or c) by the institution's participation in the Tennessee Collateral Pool. At June 30, 2023, 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, 2023.

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

At June 30, 2023, the City had investments in bonds and notes rated by Standard and Poor's as follows:

Standard and Poor's Rating	Fair Value: U.S. Government Bonds & Notes				Component Unit
	General Fund	Bond Fund	Risk Management Fund	Nonmajor Special Revenue Fund	City's Pension Plan
AA+	\$ 63,111,113	\$ 101,437,410	\$ 2,161,924	\$ 41,385,479	\$ 1,604,604
NR	2,113,945				
	<u>\$ 65,225,058</u>	<u>\$ 101,437,410</u>	<u>\$ 2,161,924</u>	<u>\$ 41,385,479</u>	<u>\$ 1,604,604</u>

At June 30, 2023, the City had investments in obligations of U.S. government agencies that are only implicitly guaranteed by the U.S. government. The Standard and Poor's rating for these obligations is AA+.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note D – CASH AND INVESTMENTS (continued)

Fair Value: Corporate Bonds & Notes

Standard and Poor's Rating	Component Unit	
		City's Pension Plan
A	\$	2,962,188
A+		1,030,533
A-		4,489,972
AA		317,013
AA-		406,509
BBB		194,193
BBB+		2,855,490
NR		128,481
	\$	<u>12,384,379</u>

Fair Value: Municipal Bonds & Notes

Standard and Poor's Rating	Component Unit		
	General Fund	Bond Fund	City's Pension Plan
A			\$ 286,278
A-		\$ 806,873	
AA			196,566
AA+		1,568,591	199,134
AA-	\$ 316,950		
AAA			545,511
NR		1,084,888	300,000
	\$ <u>316,950</u>	\$ <u>3,460,352</u>	\$ <u>1,527,489</u>

NR=not rated

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note D – CASH AND INVESTMENTS (continued)

Investments – As of June 30, 2023, the City had the following investments in bonds and notes and their maturities:

	Fair Value	Investment Maturities in Years			
		<1	1-5	6-10	>10
General Fund -					
Municipal Bonds	\$ 316,950	\$ 316,950			
U.S. Government Bonds & Notes	65,225,058	60,760,417	\$ 4,464,641		
	<u>\$ 65,542,008</u>	<u>\$ 61,077,367</u>	<u>\$ 4,464,641</u>		
Bond Fund -					
Municipal Bonds	\$ 3,460,352	\$ 1,891,761	\$ 1,568,591		
U.S. Government Bonds & Notes	101,437,410	81,460,210	19,977,200		
	<u>\$ 104,897,762</u>	<u>\$ 83,351,971</u>	<u>\$ 21,545,791</u>		
Risk Management Fund -					
U.S. Government Bonds & Notes	<u>\$ 2,161,924</u>	<u>\$ 2,161,924</u>			
Community Investment Trust -					
U.S. Government Bonds & Notes	<u>\$ 41,385,479</u>	<u>\$ 41,385,479</u>			
Component Unit Fiduciary Fund -					
Employee Pension Plan -					
Municipal Bonds	\$ 1,527,489	\$ 395,700	\$ 586,278	\$ 396,652	\$ 148,859
U.S. Government Bonds and Notes	1,604,604	199,536	68,186	1,212,423	124,459
Corporate Bonds and Notes	12,384,379	1,150,822	5,460,209	5,773,348	
Foreign Bonds and Debentures	448,055			448,055	
	<u>\$ 15,964,527</u>	<u>\$ 1,746,058</u>	<u>\$ 6,114,673</u>	<u>\$ 7,830,478</u>	<u>\$ 273,318</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note E – RECEIVABLES AND PAYABLES

Receivables, net of allowance for uncollectible accounts are aggregated on the face of the Statement of Net Position. The details of this aggregated amount are as follows:

	Governmental Activities	Business-Type Activities
Property taxes	\$ 71,762,051	
Accounts	114,512	\$ 1,974,266
Other taxes	2,196,781	
City court fines	2,590,603	
Developers	63,836	
Intergovernmental	41,586,002	4,086,619
Lease receivable	211,844	
Due from others	2,235,507	333,908
Due from others - ISF	214,660	
Program receivables	697,175	
Gross receivables	\$ 121,672,971	\$ 6,394,793
Less: Allowance for uncollectible accounts		
Property taxes	(2,606,197)	
Accounts		\$ (225,299)
City Court Fines	(1,200,000)	
Program receivables	(104,255)	
Total allowance for uncollectible accounts	\$ (3,910,452)	\$ (225,299)
Net receivables	\$ 117,762,519	\$ 6,169,494

Notes receivable, net of allowance for uncollectible accounts of \$0, are aggregated on the face of the Statement of Net Position. The notes receivable arose from the sale of the Murfreesboro Electric Department (MED) in July 2020 to Middle Tennessee Electric Membership Cooperation and the sale of land to a developer in December 2022 for an entertainment venue (Notes Live). The details of this aggregated amount are as follows:

	Governmental Activities
Notes receivable - MED Sale	\$ 180,401,136
Notes Receivable - Notes Live Sale	3,267,000
	\$ 183,668,136

Accounts payable and accrued expenses are aggregated on the face of the Statement of Net Position. The details of this aggregated amount are as follows:

	Governmental Activities	Business-Type Activities
Accounts payable	\$ 8,042,373	\$ 3,685,322
Accrued and withheld liabilities	10,739,775	717,215
Accrued interest payable	1,054,917	
	\$ 19,837,065	\$ 4,402,537

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 286,999,033	\$ 12,650,785	\$ 5,337,931	\$ 294,311,887
Construction in progress	42,129,832	36,685,350	29,424,997	49,390,185
Subtotal	<u>\$ 329,128,865</u>	<u>\$ 49,336,135</u>	<u>\$ 34,762,928</u>	<u>\$ 343,702,072</u>
Capital assets, being depreciated/ amortized -				
Buildings	\$ 262,794,681	\$ 10,350,232	\$ 73,210	\$ 273,071,703
Improvements other than buildings	130,438,773	6,413,431	87,429	136,764,775
Equipment	134,891,307	8,727,435	1,450,552	142,168,190
Computer software	4,627,301	122,565	100,313	4,649,553
Infrastructure	398,187,155	769,302		398,956,457
Intangible right-to-use assets-SBITA		10,645,790		10,645,790
Subtotal	<u>\$ 930,939,217</u>	<u>\$ 37,028,755</u>	<u>\$ 1,711,504</u>	<u>\$ 966,256,468</u>
Less: accumulated depreciation/ amortization -				
Buildings	\$ (78,097,956)	\$ (5,770,900)	\$ (45,388)	\$ (83,823,468)
Improvements other than buildings	(68,248,136)	(5,497,653)	(47,438)	(73,698,351)
Equipment	(79,572,478)	(9,494,004)	(1,445,028)	(87,621,454)
Computer software	(3,450,524)	(327,943)	(84,990)	(3,693,477)
Infrastructure	(151,667,652)	(9,089,841)		(160,757,493)
Intangible right-to-use assets-SBITA		(289,437)		(289,437)
	<u>\$ (381,036,746)</u>	<u>\$ (30,469,778)</u>	<u>\$ (1,622,844)</u>	<u>\$ (409,883,680)</u>
Capital assets, being depreciated/ amortized, net	<u>\$ 549,902,471</u>	<u>\$ 6,558,977</u>	<u>\$ 88,660</u>	<u>\$ 556,372,788</u>
Capital assets, net	<u><u>\$ 879,031,336</u></u>	<u><u>\$ 55,895,112</u></u>	<u><u>\$ 34,851,588</u></u>	<u><u>\$ 900,074,860</u></u>

Net Investment in Capital Assets, as presented in the Statement of Net Position is calculated as follows:

Capital assets, not depreciated	\$ 343,702,072
Capital assets, being depreciated, net	546,016,435
SBITA assets, being amortized, net	<u>10,356,353</u>
	\$ 900,074,860
Deferred charge on refunding	82,883
Debt used for capital items	(197,069,350)
SBITA liability	<u>(10,388,742)</u>
Net investment in capital assets	<u><u>\$ 692,699,651</u></u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note F – CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental activities -	
General government	\$ 1,310,440
Police	4,855,410
Fire and rescue	2,046,209
City court	1,378
Engineering	9,798,285
Building and codes	22,696
Planning	4,171
Solid waste	1,002,126
Transportation	92,678
Airport	734,692
Strategic Partners	76,054
Recreation	5,476,628
Education	5,049,011
Total governmental activities depreciation/amortization expense	<u>\$ 30,469,778</u>

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 15,686,359	\$ 935,200		\$ 16,621,559
Construction in progress	8,641,276	37,482,257	\$ 20,016,750	26,106,783
Subtotal	<u>\$ 24,327,635</u>	<u>\$ 38,417,457</u>	<u>\$ 20,016,750</u>	<u>\$ 42,728,342</u>
Capital assets, being depreciated -				
Structures and improvements	\$ 128,802,100	\$ 131,063	\$ 14,429	\$ 128,918,734
Transmission and distribution mains	437,769,492	17,347,670	18,043	455,099,119
Equipment	100,926,819	3,319,747	1,294,239	102,952,327
Subtotal	<u>\$ 667,498,411</u>	<u>\$ 20,798,480</u>	<u>\$ 1,326,711</u>	<u>\$ 686,970,180</u>
Less: accumulated depreciation -				
Structures and improvements	\$ (55,653,126)	\$ (3,049,277)	\$ (5,081)	\$ (58,697,322)
Transmission and distribution mains	(140,973,085)	(9,041,002)	(3,680)	(150,010,407)
Equipment	(57,237,886)	(4,611,455)	(1,106,586)	(60,742,755)
	<u>\$ (253,864,097)</u>	<u>\$ (16,701,734)</u>	<u>\$ (1,115,347)</u>	<u>\$ (269,450,484)</u>
Capital assets, being depreciated, net	<u>\$ 413,634,314</u>	<u>\$ 4,096,746</u>	<u>\$ 211,364</u>	<u>\$ 417,519,696</u>
Capital assets, net	<u>\$ 437,961,949</u>	<u>\$ 42,514,203</u>	<u>\$ 20,228,114</u>	<u>\$ 460,248,038</u>

Net Investment in Capital Assets, as presented in the Statement of Net Position is calculated as follows:

Capital assets, not depreciated	\$ 42,728,342
Capital assets, being depreciated net	<u>417,519,696</u>
	\$ 460,248,038
Deferred charge on refunding	87,490
Debt used for capital items	<u>(57,362,599)</u>
Net investment in capital assets	<u>\$ 402,972,929</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note F – CAPITAL ASSETS (continued)

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

Business-type activities:

Water Resources	\$ 16,310,708
Stormwater Fund	391,026
	<u>\$ 16,701,734</u>

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

General Obligation Refunding Bonds and General Obligation Bonds – In the year ended June 30, 2010, the City of Murfreesboro refinanced five of its Tennessee Municipal Bond Fund Loans (TMBF Loans) by issuing \$65,855,000 in general obligation refunding bonds with a maturity date of June 1, 2020 and bearing fixed rates ranging from 2.00% to 5.00%. Certain bonds are subject to federal arbitrage regulations. The Tennessee Municipal Bond Fund Loans were refinanced to reduce the risk of rising interest rates by converting variable rate debt to fixed rate debt. During the fiscal year ended June 30, 2014, the City of Murfreesboro issued \$29,355,000 with a maturity date of June 30, 2029 and bearing fixed rates ranging from 1.00% to 5.00%. On April 25, 2016, the City issued \$79,000,000 in general obligation bonds with a maturity date of June 1, 2031 bearing fixed rates ranging from 2.00% to 5.00%.

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

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

On June 25, 2020, the City issued \$16,885,000 in General Obligation Refunding Bonds, Series 2020A at a premium of \$2,003,206 to refund \$18,789,000 in Tennessee Municipal Bond Fund Loan, Series 2008. The TMBF Loan was refinanced to reduce the risk of rising interest rates by converting variable rate debt to fixed rate debt. The new bonds have a coupon rate of 5.00% with a true interest cost of .30% with premium received. These general obligation bonds set to mature on June 1, 2024. Due to the uncertainty of future variable rates on the refunded debt, an economic gain or loss and the difference in the cash flow requirements between the old debt and the new debt could not be determined.

On September 30, 2020, the City issued \$18,760,000 in General Obligation Refunding Bonds, Series 2020C at a premium of \$2,048,875 to refund \$20,671,000 in Tennessee Municipal Bond Fund Loan, Series 2012B. The TMBF Loan was refinanced to reduce the total debt service payments over the next seven years by \$1,237,891 which resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$1,243,751. The new bonds have a coupon rate of 3.00% with a true interest cost of .54% with premium received. These general obligation bonds set to mature on February 1, 2028.

On February 26, 2021, the City issued \$63,800,000 in General Obligation Bonds, Series 2021 at a premium of \$12,267,184 to fund certain capital projects. These general obligation bonds are set to mature June 1, 2036, bearing an interest rate of 3% to 5% and a true interest cost of 1.23% with the premium received.

On April 22, 2022, the City issued \$48,700,000 in General Obligation Bonds, Series 2022 at a premium of \$3,734,024 to fund certain capital projects. These general obligation bonds are set to mature June 1, 2037, bearing interest rates ranging from 3% to 5% and a true interest cost of 2.61% with the premium received.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Under the City of Murfreesboro's charter, the City's general obligation debt and other indebtedness should not exceed 15% of total assessed value of the preceding year. As of June 30, 2023, the City has borrowed 27% of its debt limit.

The debt service requirements of the general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 29,260,000	\$ 8,707,775
2025	26,125,000	7,420,800
2026	26,845,000	6,405,850
2027	23,800,000	5,504,400
2028	24,275,000	4,644,250
2029-2033	89,000,000	11,738,840
2034-2036	26,625,000	1,797,300
	<u>\$ 245,930,000</u>	<u>\$ 46,219,215</u>

Refunding Bonds – During the year ended June 30, 2010, the Water Resources Department refinanced certain of its Tennessee Municipal Fund Bond Loans by issuing \$40,860,000 in revenue and tax refunding bonds (2009 Tax and Revenue Refunding Bonds) in conjunction with the City of Murfreesboro with maturity dates the same dates as the original Tennessee Municipal Fund Bonds. The maturities for the revenue and tax bonds for the Water Resources Department range from 2015-2026 and bear interest at rates ranging from 2.00% to 5.00%. The Water Resources Department partially refunded the 2009 Tax and Revenue Refunding bonds in advance with 2016 Tax and Revenue Refunding Bonds in the amount of \$17,015,000 leaving an unrefunded balance on the 2009 Tax and Revenue Refunding Bonds of \$7,105,000 which matured in the fiscal year ended 2019. The bonds are secured by a pledge of net revenues from operations.

On June 25, 2020, the Water Resources Department issued \$15,890,000 in General Obligation Refunding Bonds, Series 2020B at a premium of \$2,980,137 to refund \$18,772,000 in Tennessee Municipal Bond Fund Loan, Series 2006. The TMBF Loan was refinanced to reduce the risk of rising interest rates by converting variable rate debt to fixed rate debt. The new bonds have a coupon rate of 5.00% with a true interest cost of .50% with premium received. These general obligation bonds have maturity dates ranging from 2021 through 2027.

Tax and revenue bonds outstanding at the end of the year are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water Resources Department – Series 2016	2.50-5.00%	\$ 6,125,000
Water Resources Department – Series 2020B	5.00%	<u>10,010,000</u>
		<u>\$ 16,135,000</u>

Maturities of the tax and revenue bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2024	\$ 5,200,000	\$ 623,000
2025	3,975,000	451,800
2026	4,185,000	300,000
2027	2,775,000	138,750
	<u>\$ 16,135,000</u>	<u>\$ 1,513,550</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 3,530,000	\$ 1,294,536
2025	3,630,000	1,189,355
2026	3,735,000	1,084,831
2027	3,840,000	977,283
2028	3,945,000	869,087
2029-2033	21,485,000	2,563,924
2034	4,670,000	134,470
	<u>\$ 44,835,000</u>	<u>\$ 8,113,486</u>

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 179,244	\$ 7,370
2025	180,591	6,021
2026	181,950	4,662
2027	183,319	3,293
2028	184,699	1,913
2029	154,902	533
	<u>\$ 1,064,705</u>	<u>\$ 23,792</u>

State Revolving Loans – The Water Resources Department has five revolving loan agreements with the State of Tennessee for various capital projects. The total outstanding balance of the revolving loans at June 30, 2023 is \$39,950,173. These loans bear interest at annual interest rates ranging from .93% to 1.30%. Interest is due and payable on a monthly basis. Under terms of the revolving loans the Department has agreed to defer principal payments until the projects are substantially completed.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

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

Year Ending June 30,	State Revolving Loans	
	Principal	Interest
2024	\$ 2,764,104	\$ 448,164
2025	2,795,892	416,376
2026	2,828,076	384,192
2027	2,860,608	351,660
2028	2,893,536	318,732
2029-2033	14,975,508	1,085,832
2033-2038	10,832,449	254,058
	<u>\$ 39,950,173</u>	<u>\$ 3,259,014</u>

Long-term debt activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Governmental Activities -					
<i>Bonds -</i>					
General Obligation bonds	\$ 273,570,000		\$ 27,640,000	\$ 245,930,000	\$ 29,260,000
Add: Premium on bonds	27,612,777		3,182,970	24,429,807	
<i>Total bonds</i>	<u>\$ 301,182,777</u>	<u>\$ -</u>	<u>\$ 30,822,970</u>	<u>\$ 270,359,807</u>	<u>\$ 29,260,000</u>
<i>Notes from Direct Borrowings and Direct Placements -</i>					
Local Government Public Improvement	\$ 48,265,000		\$ 3,430,000	\$ 44,835,000	\$ 3,530,000
Energy Efficient School Loan	1,299,275		234,570	1,064,705	179,244
<i>Total notes from direct borrowings and direct placements</i>	<u>\$ 49,564,275</u>	<u>\$ -</u>	<u>\$ 3,664,570</u>	<u>\$ 45,899,705</u>	<u>\$ 3,709,244</u>
Total long-term debt	<u>\$ 350,747,052</u>	<u>\$ -</u>	<u>\$ 34,487,540</u>	<u>\$ 316,259,512</u>	<u>\$ 32,969,244</u>

Changes in other long-term obligations activity for the year ended June 30, 2023, was as follows:

Estimated landfill closure costs	\$ 1,013,500		\$ 3,000	\$ 1,010,500	\$ 220,000
Compensated absences	18,034,495	\$ 7,519,853	5,778,939	19,775,409	2,663,198
Claims and judgments	753,490	1,992,605	1,798,429	947,666	315,889
SBITA liability		10,645,790	257,048	10,388,742	974,183
	<u>\$ 19,801,485</u>	<u>\$ 20,158,248</u>	<u>\$ 7,837,416</u>	<u>\$ 32,122,317</u>	<u>\$ 4,173,270</u>
OPEB liability	292,195,641	27,196,151	5,756,328	313,635,464	4,972,871
Total other long-term obligations	<u>\$ 311,997,126</u>	<u>\$ 47,354,399</u>	<u>\$ 13,593,744</u>	<u>\$ 345,757,781</u>	<u>\$ 9,146,141</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Business-type Activities -					
<i>Bonds -</i>					
Revenue Bonds	\$ 21,050,000		\$ 4,915,000	\$ 16,135,000	\$ 5,200,000
Matured bonds payable	36,000			36,000	36,000
Add: premium on refunding	1,922,696		681,270	1,241,426	
<i>Total bonds</i>	<u>\$ 23,008,696</u>	<u>\$ -</u>	<u>\$ 5,596,270</u>	<u>\$ 17,412,426</u>	<u>\$ 5,236,000</u>
<i>Notes from Direct Borrowings and Direct Placements -</i>					
State revolving loans	\$ 42,682,837		\$ 2,732,664	\$ 39,950,173	\$ 2,764,104
<i>Total notes from direct borrowings and direct placements</i>	<u>\$ 42,682,837</u>	<u>\$ -</u>	<u>\$ 2,732,664</u>	<u>\$ 39,950,173</u>	<u>\$ 2,764,104</u>
<i>Total long-term debt</i>	<u>\$ 65,691,533</u>	<u>\$ -</u>	<u>\$ 8,328,934</u>	<u>\$ 57,362,599</u>	<u>\$ 8,000,104</u>

Changes in other long-term obligations activity for the year ended June 30, 2023, was as follows:

Compensated absences	\$ 2,417,990	\$ 1,014,924	\$ 647,486	\$ 2,785,428	\$ 338,331
OPEB liability	49,356,177	4,222,298	982,429	52,596,046	1,021,727
<i>Total other long-term obligations</i>	<u>\$ 51,774,167</u>	<u>\$ 5,237,222</u>	<u>\$ 1,629,915</u>	<u>\$ 55,381,474</u>	<u>\$ 1,360,058</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$947,666 of internal service funds claims and judgments are included in the amounts in the table on the previous page.

For governmental activities, the general fund liquidates approximately 100% of the liabilities for pension-related debt, postemployment benefits and compensated absences. The entire claims and judgments liability is included in the risk management internal service fund and will be liquidated by that fund.

Note H – EMPLOYEE PENSION PLANS

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

The following is a summary of each of these plans:

City of Murfreesboro Employees' Pension Plan – Defined Benefit

Plan Description – The defined benefit pension plan covers all City employees except those employees of the school system. All other departments of the City, including the Water Resources department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by Pinnacle Financial Partners who serves as trustee for the plan.

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

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

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

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

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

The costs of administering the plan are financed by the City of Murfreesboro Employees' Pension Plan.

As of June 30, 2023, and for the year ended, the City of Murfreesboro Employees' Pension Plan held no securities issued by the City or other related parties.

Employees who were regularly employed for at least 30 hours per week for at least six months of the year became eligible to participate upon completion of ninety days of employment.

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

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

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

The plan provides for a basic monthly pension beginning at normal retirement age which is based upon the monthly compensation of the participant. The normal retirement date for general employees is the participants 65th birthday and 5 years of participation or the participant's attainment of age 55 and completion of 30 years of service. The normal retirement date for firefighters and police officers is the participant's 55th birthday and 5 years of participation.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

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

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

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

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

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

Contributions - The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the plan. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report and must also be approved by City Council. The contribution rate for the fiscal year ended June 30, 2022, the actuarial valuation date, was 18.73%. The contribution rate for the fiscal year ended June 30, 2023 was 18.73% which is higher than the actuarially determined contribution rate of 17.66%.

Plan Membership - Current membership in this plan was comprised of the following as of the actuarial valuation date:

Retirees and beneficiaries currently receiving benefits	362
Terminated employees entitled to deferred benefits	283
Active participants	455
	<u>1,100</u>

Investment Policy – The City adopted a formal Investment Policy statement in May of 2015 establishing policies for the actuarial valuation. It is the pension committee's primary investment objectives for the overall plan to achieve 1) a long-term annualized investment return, net of fees, equivalent or superior to the plan's current discount rate of 7.00% 2) an average annual total return equal or exceeding the blended target policy index benchmark, when measured over three year rolling time periods; and 3) an average annual total return that is consistently above the median performance of an appropriate peer manager universe. The pension committee has retained Chartwell Consulting to advise in this regard and to monitor the plan's investments to ensure that they are meeting the pension committee's policy range for each type of investment. In pursuing its long-term performance objectives, the risk tolerance of the plan shall be considered moderate. Volatility of annual returns, including losses in value, may be

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

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

tolerated provided there are reasonable expectations the plan can achieve its long-term objectives. In order to help achieve the Performance Objectives with moderate risk (volatility), the Pension Committee shall diversify plan assets by asset classes in accordance with a Strategic Target Asset Mix.

At June 30, 2023 the measurement date, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 7.78% The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Rate of Return – The investment rate of return is 7.00% per annum, compounded annually. The long-term expected rate of return on pension plan investments was determined using a mix of forward looking Capital Market Assumptions and historical return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of forward-looking rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
US small/midcap Equity	7.04%	12%
US large cap equity	6.65%	18%
International equity	7.14%	6%
Emerging markets equity	7.81%	6%
Cash equivalent	1.90%	1%
Core US bonds	3.23%	30%
High yield bonds	4.98%	4%
Natural resources	3.96%	6%
Private equity	9.65%	0%
Global real estate	6.21%	17%
Private real estate	6.21%	0%
		<u>100%</u>

Discount rate – The discount rate used is 7.00% per annum, compounded annually. Paragraph 29 of GASB Statement 68 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The current contribution policy requires contributions of normal cost plus a closed amortization of the unfunded liabilities (not to exceed 30 years from when the unfunded liability was created). The discount rate utilized assumes that contributions from the employer will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the pension funding policy of the City of Murfreesboro and as required to be paid by state statute. Based on these assumptions and the actuarial methodology adopted, the employer's fiduciary net position is expected to remain positive and to be available to make projected future benefit payments of current active and inactive members and to cover administrative expenses. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

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

Schedule of Changes in net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2021	\$ 190,802,305	\$ 177,944,959	\$ 12,857,346
Service cost	\$ 2,655,504		\$ 2,655,504
Interest	13,256,390		13,256,390
Experience (gains) losses	7,653,532		7,653,532
Contributions - employer		\$ 6,042,087	(6,042,087)
Changes of assumptions	263,859		263,859
Net investment income		(21,545,297)	21,545,297
Benefit payments, including refunds of contributions	(7,533,806)	(7,533,806)	
Administrative expenses		(28,814)	28,814
Net changes	\$ 16,295,479	\$ (23,065,830)	\$ 39,361,309
Balance at June 30, 2022	\$ 207,097,784	\$ 154,879,129	\$ 52,218,655

Note: July 1, 2022 is the actuarial valuation date with a measurement date of June 30, 2022 and reporting date of June 30, 2023.

As of the measurement date, plan fiduciary net position as a percentage of total pension liability is 74.79%.

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

	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 50,039,891	\$ 2,178,764	\$ 52,218,655

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

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 77,778,982	\$ 52,218,655	\$ 30,524,556

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

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

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.25 %
Salary increases	4.00 %
Investment rate of return	7.00 %, per annum, compounded annually
Cost of Living Adjustments	None
Mortality	RP 2014 Combined Mortality Table with Generational Mortality Improvement (MP-2021)

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

Changes in assumptions – The mortality improvement scale was updated from MP-2020 to MP-2021.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the recognized pension expense is \$9,857,931.

	Governmental Activities	Business-type Activities	Total
Pension expense	\$ 9,664,936	\$ 192,995	\$ 9,857,931

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Deferred Outflows of Resources		
	Governmental Activities	Business-type Activities	Total
Difference between expected and actual experience	\$ 6,121,272	\$ 542,167	\$ 6,663,439
Net difference between projected and actual earnings on investments	12,327,812	2,599,849	14,927,661
Changes in assumptions	1,122,390	152,044	1,274,434
Contributions made subsequent to measurement date	5,362,505	991,615	6,354,120
	<u>\$ 24,933,979</u>	<u>\$ 4,285,675</u>	<u>\$ 29,219,654</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

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

	Deferred Inflows of Resources		
	Governmental	Business-type	Total
	Activities	Activities	
Difference between expected and actual experience	\$ 1,506,716	\$ 1,383,702	\$ 2,890,418
	<u>\$ 1,506,716</u>	<u>\$ 1,383,702</u>	<u>\$ 2,890,418</u>

Contributions made subsequent to the measurement date of \$5,362,505 and \$991,615 for governmental activities and business-type activities, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Investment gains or losses are amortized over 5 years. Experience gains or losses and changes in actuarial assumptions are amortized over the average working lifetime of all participants. Plan amendments are recognized immediately.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2023 will be recognized in pension expense as follows:

Year Ending June 30	Governmental Activities	Business-type Activities	Total
2024	\$ 5,736,144	\$ 148,292	\$ 5,884,436
2025	3,663,602	189,848	3,853,450
2026	2,399,130	333,085	2,732,215
2027	6,265,882	1,239,133	7,505,015
	<u>\$ 18,064,758</u>	<u>\$ 1,910,358</u>	<u>\$ 19,975,116</u>

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

City of Murfreesboro Employees' Pension Plan – Defined Contribution

Effective July 1, 2010, a defined contribution plan has been implemented by the City. The plan is administered by ICMA-RC. In accordance with the City code, subject to approval by the City Council, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time City employees, except those employees of the school system. The provisions of this plan require a three percent mandatory employee contribution. The City matches 100% of the employee contributions up to eight percent. Employees become 100% vested in the plan after five years of full-time employment. Employee contributions and employer contributions for the year ended June 30, 2023 were \$1,198,382 and \$2,613,987, respectively. Rollovers to the plan were \$5,546. For the year ended June 30, 2023, forfeited balances of terminated participants' nonvested accounts were used to reduce the City's future contributions in the amount of \$178,009.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension

Plan Description - The Murfreesboro Electric Department (the Department) prior to its sale on July 1, 2020 provided a single-employer defined benefit pension plan with contributions made to a separate fund named the Murfreesboro Electric Department Pension Trust. Upon the sale of the Murfreesboro Electric Department on July 1, 2020, the responsibility for the plan was assumed by the City of Murfreesboro. The City Council appointed a pension committee with the responsibility to oversee the operation of the plan including establishing and amending plan provisions. The Murfreesboro Electric Department pension plan qualifies as a component unit fiduciary fund of the City of Murfreesboro. The plan covered former employees of the Murfreesboro Electric Department who had attained the age of twenty-five and completed at least one year of service; and have not attained age sixty on the date of hire. As of July 1, 2020, there are no active participants in the Plan. Pinnacle Financial Partners (Pinnacle) held and managed the plan's assets as Trustee.

The plan was terminated on March 31, 2023. Prior to termination, the plan was amended to allow a temporary window for eligible participants who were not yet in payment to elect to receive their entire vested pension benefits as a one-time lump sum distribution. For anyone not electing a lump sum, the City purchased non-participating annuity contracts to settle all obligations.

The plan does not issue a stand-alone financial report under GASB 67.

At June 30, 2023, all investments have been liquidated and the trust account subsequently closed.

The estimated rate of return on pension plan investments for the fiscal year ending June 30, 2023, prior to termination was .87%.

Discount rate – The discount rate used to measure the net pension asset was 7.0%, compounded annually. Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the amortization of the plan's unfunded liabilities, as described in the funding policy adopted by the City of Murfreesboro and as required by recent State of Tennessee legislation. The funding policy states that the City of Murfreesboro will contribute at least the actuarially determined contribution as described in the funding policy.

Sensitivity of net pension (asset) to changes in the discount rate – The following represents the net pension (asset) liability of the Department, calculated using the discount rate of 7 percent, as well as what the Department's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ -	\$ -	\$ -

Net Pension Asset – The employer's net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Murfreesboro Electric Department Employee Pension (continued)

The components of the net pension (asset) liability of Murfreesboro Electric Department at June 30, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2022	\$ 23,344,716	\$ 26,156,635	\$ (2,811,919)
Service cost	\$ -		\$ -
Interest	1,177,127		1,177,127
Experience (gains) losses	4,440,487		4,440,487
Contributions - employer		\$ 2,803,359	(2,803,359)
Changes of assumptions			-
Net investment income		220,736	(220,736)
Benefit payments, including annuity purchase costs	(28,962,330)	(28,962,330)	
Administrative expenses		(218,400)	218,400
Net changes	\$ (23,344,716)	\$ (26,156,635)	\$ 2,811,919
Balance at June 30, 2023	\$ -	\$ -	\$ -

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the recognized pension expense is \$8,543,721. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	4,513,963	1,581,311
	\$ 4,513,963	\$ 1,581,311
Amount recognized as a settlement on plan termination	\$ 4,513,963	\$ 1,581,311

Since there are no active participants remaining in the plan, experience gains or losses, plan amendments, and changes in actuarial assumptions are recognized immediately.

There are no amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2023 that will be recognized in pension expense in future years.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Tennessee Consolidated Retirement System

Teacher Legacy Pension Plan

Plan Description – The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Murfreesboro City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teachers Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by TCRS. The Teacher Legacy Pension plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teachers Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and 1 percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Murfreesboro City Schools for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$2,734,331 which is 8.70 percent of covered payroll. The employer rate, when combined with the member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liability (Asset) – At June 30, 2023, the Murfreesboro City Schools reported an asset of \$(12,006,618) for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Murfreesboro City Schools' proportion of the net pension asset was based on Murfreesboro City Schools' share of contributions to the pension plan relative to the contribution of all participating LEAs. At the measurement date of June 30, 2022, the Murfreesboro City Schools' proportion was .979009 percent. The proportion measured as of June 30, 2021 was .989987 percent.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

Pension Expense (negative pension expense) – For the year ended June 30, 2023, Murfreesboro City Schools recognized pension expense of \$62,688.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2023, Murfreesboro City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,975,044	\$ 2,028,754
Changes in assumptions	7,521,568	
Net difference between projected and actual earnings on pension plan investments	205,307	
Changes in proportion of net pension liability (asset)	138,383	128,236
Contributions subsequent to measurement date of June 30, 2022	2,734,331	
	<u>\$ 12,574,633</u>	<u>\$ 2,156,990</u>

Murfreesboro City Schools' employer contributions of \$2,734,331 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2024	\$ 1,160,909
2025	2,231,701
2026	(2,046,380)
2027	6,337,082
	<u>\$ 7,683,312</u>

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

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Projected salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Inflation rate	2.25 percent
Cost-of-Living Adjustment	2.125 percent

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate – The following presents Murfreesboro City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Murfreesboro City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Legacy Pension Plan (continued)

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Murfreesboro City Schools' proportionate share of the net pension (asset) liability	\$ 23,780,973	\$ (12,006,618)	\$ (41,815,304)

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

At June 30, 2023, Murfreesboro City Schools reported a payable of \$0 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2023.

Teacher Retirement Plan

Plan description – The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Murfreesboro City Schools with membership in the TCRS before July 1, 2014 are provided pensions through the Teachers Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership as of June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at a rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2023 to the Teacher Retirement Plan were \$548,171 which is 2.87 percent of covered payroll. In addition, employer contributions of \$208,612, which is 1.13 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets) – At June 30, 2023, Murfreesboro City Schools reported an asset of \$(301,275) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial value as of that date. Murfreesboro City Schools' proportion of the net pension asset was based on Murfreesboro City Schools' share of contributions to the pension plan relative to the contributions of all participating LEA's. At the measurement date of June 30, 2022, Murfreesboro City Schools' proportion was .994553 percent. The proportion measured at June 30, 2021 was .991257 percent.

Pension Expense – For the year ended June 30, 2023, Murfreesboro City Schools recognized pension expense of \$418,904.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2023, Murfreesboro City Schools reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,474	\$ 183,044
Net difference between projected and actual earnings on pension plan investments	94,963	
Changes in assumptions	352,929	
Changes in proportion of net pension liability (asset)		63,937
Murfreesboro City Schools' contributions subsequent to the measurement date of June 30, 2022	548,171	
	<u>\$ 1,012,537</u>	<u>\$ 246,981</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Murfreesboro City Schools' employer contributions of \$548,171 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2024	\$ 40
2025	1,007
2026	(14,598)
2027	150,806
2028	10,573
Thereafter	69,557
	<u>\$ 217,385</u>

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

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation
Projected salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Inflation rate	2.25 percent
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate – The following presents Murfreesboro City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Murfreesboro City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Murfreesboro City Schools' proportionate share of the net pension (asset) liability	\$ 1,581,519	\$ (301,275)	\$ (1,676,294)

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

At June 30, 2023, Murfreesboro City Schools reported a payable of \$0 for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2023.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Teacher Retirement Plan (continued)

Defined contribution plan – The Teacher Retirement Plan is a hybrid plan that consists of a defined benefit plan plus a defined contribution plan. Employers contribute four percent of payroll to the defined benefit component and five percent of payroll to the defined contribution component, for an aggregate employer contribution of nine percent. Defined contribution plan amounts are deposited into the State's 401(k) plan with Great West Financial, where the employee manages the investments. Employees immediately vest in both the employee and employer contributions of the defined contribution plan. Future employer contributions may be decreased as part of the cost controls for the defined benefit portion of the plan. The Murfreesboro City Schools contributed \$941,894, equal to five percent of covered payroll.

Public Employee Retirement Plan

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

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

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

Employees covered by benefit terms – At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	297
Inactive employees entitled to but not yet receiving benefits	426
Active employees	590
Total	<u>1,313</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan(continued)

Contributions – Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Murfreesboro City Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Murfreesboro City Schools were \$2,193,199 at a base rate of 12.17 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Murfreesboro City Schools' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Murfreesboro City Schools' net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Projected salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Inflation rate	2.25 percent
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in the building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized on the following table:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current rate and that contributions from Murfreesboro City Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net pension (asset) liability - The components of the net pension (asset) liability of Public Employee Retirement Plan at June 30, 2022, the measurement date, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2021	\$ 40,801,294	\$ 46,031,135	\$ (5,229,841)
Service cost	\$ 1,621,581		\$ 1,621,581
Interest	2,815,036		2,815,036
Difference between expected and actual experience	800,293		800,293
Contributions - employer		\$ 2,197,412	(2,197,412)
Contributions - employee		7	(7)
Net investment income		(1,774,687)	1,774,687
Benefit payments, including refund of employee contributions	(1,437,281)	(1,437,281)	
Administrative expenses		(43,280)	43,280
Net changes	\$ 3,799,629	\$ (1,057,829)	\$ 4,857,458
Balance at June 30, 2022	\$ 44,600,923	\$ 44,973,306	\$ (372,383)

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

Sensitivity of net pension liability (asset) to changes in the discount rate – The following represents the net pension (asset) liability of the Murfreesboro City Schools calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease</u> <u>5.75%</u>	<u>Current Rate</u> <u>6.75%</u>	<u>1% Increase</u> <u>7.75%</u>
Murfreesboro City Schools' net pension liability (asset)	\$ 6,278,647	\$ (372,383)	\$ (5,794,045)

Pension expense – For the year ended June 30, 2023, Murfreesboro City Schools recognized pension expense of \$1,731,755 for the public employee pension plan.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2023, Murfreesboro City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 718,667	\$ 317,913
Net difference between projected and actual earnings on pension plan investments	177,672	
Changes in assumptions	2,691,484	
Contributions subsequent to the measurement date of June 30, 2022	2,193,199	
	<u>\$ 5,781,022</u>	<u>\$ 317,913</u>

The amount shown for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2024	\$ 443,035
2025	300,734
2026	246,418
2027	1,630,458
2028	649,265
	<u>\$ 3,269,910</u>

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note H – EMPLOYEE PENSION PLANS (continued)

Public Employee Retirement Plan (continued)

At June 30, 2023, Murfreesboro City Schools reported a payable of \$0 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2023.

Reconciliation of all plans to the amounts presented on the Statement of Net Position - The aggregate amount for all pension plans for (1) net pension assets, (2) net pension liabilities, (3) deferred outflows of resources related to pensions, (4) deferred inflows of resources related to pensions, and (5) pension expenses/expenditures for the fiscal year ended June 30, 2023 associated with the net pension liability/asset are summarized below:

	Governmental Activities	Business-type Activities
Net Pension Asset		
Teacher Legacy Pension Plan	\$ 12,006,618	
Teacher Retirement Plan	301,275	
Public Employee Retirement Plan	372,383	
	<u>\$ 12,680,276</u>	
Deferred Outflows Related to Pensions		
City of Murfreesboro Employees' Pension Plan	\$ 24,933,979	\$ 4,285,675
Teacher Legacy Pension Plan	12,574,633	
Teacher Retirement Plan	1,012,537	
Public Employee Retirement Plan	5,781,022	
	<u>\$ 44,302,171</u>	<u>\$ 4,285,675</u>
Net Pension Liability		
City of Murfreesboro Employees' Pension Plan	\$ 50,039,891	\$ 2,178,764
	<u>\$ 50,039,891</u>	<u>\$ 2,178,764</u>
Deferred Inflows Related to Pensions		
City of Murfreesboro Employees' Pension Plan	\$ 1,506,716	\$ 1,383,702
Teacher Legacy Pension Plan	2,156,990	
Teacher Retirement Plan	246,981	
Public Employee Retirement Plan	317,913	
	<u>\$ 4,228,600</u>	<u>\$ 1,383,702</u>
Pension Expense/Expenditures		
City of Murfreesboro Employees' Pension Plan	\$ 9,664,936	\$ 192,995
Murfreesboro Electric Department Employee Pension Plan	8,543,721	
Teacher Legacy Pension Plan	62,688	
Teacher Retirement Plan	418,904	
Public Employee Retirement Plan	1,731,755	
	<u>\$ 20,422,004</u>	<u>\$ 192,995</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note I – DEFERRED COMPENSATION PLANS

The City of Murfreesboro offers employees deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all full-time City employees, permit them to defer a portion of their salary until future years.

As of July 1, 1998, the City implemented a new standard requiring changes to the accounting and financial reporting for the deferred compensation plans created in accordance with IRC 457. The plans are administered by an independent plan administrator. The City's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions.

Note J – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City offers health care benefits for retired employees and their beneficiaries under two separate arrangements within the City. One plan covers City employees and the second plan covers former employees of the Murfreesboro Electric Department (MED), which was sold on July 1, 2020. The City retained the OPEB liability and plan of benefits for retirees. Prior to July 1, 2021, the MED Department employees were reported under a separate plan – the Murfreesboro Electric Department Closed OPEB plan. As of July 1, 2021, the benefits of retirees were incorporated into the City of Murfreesboro Administered OPEB Plan and no benefits are provided by the former Murfreesboro Electric Department Closed OPEB Plan. The City, including Water Resources, offers retirees postemployment healthcare benefits, under a single employer defined benefit OPEB plan, on an annual basis with the option to cancel, modify, or reduce benefits by authority of the Mayor and City Council.

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

The following is a summary of each of these plans:

City of Murfreesboro Administered OPEB Plan

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

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

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

If an employee has met one of these standards and retired, and has 15 years of continuous service with the City with 5 years of continuous coverage in a City health insurance plan, the retired employee is currently eligible to continue such health insurance coverage for life.

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

City of Murfreesboro Administered OPEB Plan (continued)

Plan Change - Effective July 1, 2020, Middle Tennessee Electric Membership Corporation (MTEMC) purchased Murfreesboro Electric Department (MED). The City retained the OPEB liability and plan benefits for retirees as of June 30, 2020. For the fiscal year ending June 30, 2021, a separate plan was maintained by the City. As of July 1, 2021, the MED retirees were covered under the City OPEB Plan. Additionally, only current MED members participating in the post-Medicare Benistar plan are allowed to continue on this plan. Retirees and their spouses under the Benistar plan contribute 10% of the group premium rate for the first 5 years of membership. After 5 years, spouse contributions increase to 100% of the group premium rate.

The plan's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Total OPEB Liability –

Actuarial Assumptions and Methods- The total OPEB liability on the June 30, 2023 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.09%
Inflation Rate	Not applicable
Salary Increases	4.00%
Healthcare Cost Trend Rate	
Medical	6.00% graded down to 5.50% over 2 years Thereafter, trend is assumed to follow the Getzen model.
Administrative Fees	5.00% increase per annum
Stop Loss	10.00% increase per annum
Retirees share of Benefit Related Cost	20%
Future Participation Rates	95% of future eligible retirees are assumed to elect medical coverage upon retirement and 95% are assumed to elect coverage for a spouse upon retirement

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2022.

Mortality rates for the plan were based on the Mortality Table RP-2021 with improvement scale MP2019.

The actuarial assumptions used for the June 30, 2023 fiscal year end were based on plan data and costs presented by the City of Murfreesboro with concurrence by the actuary.

Changes in benefits – Murfreesboro Electric Department (MED) retirees and spouses are provided benefits consistent with coverage offered prior to the sale of MED in 2020. As a result, dental coverage with all costs paid by the City has been added for MED retirees. All MED retirees and spouses currently participating in the OPEB plan's medical coverage are assumed to participate in the dental coverage. This has increased the OPEB liability as of June 30, 2023 by \$213,477. Additionally, MED spouses on Medicare coverage now pay 100% of the premium for all years on coverage, where previously they only paid 10% during the first 5 years of coverage. This change potentially impacts three individuals on the entire OPEB plan and would have minimal impact on the liability, therefore no adjustment was made.

Dental and vision coverage options were also added for retired City employees, but fully paid for by the participant, therefore no additional liability was added. MED retirees are not eligible for vision coverage.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Employees Covered by OPEB (continued)

City of Murfreesboro Administered OPEB Plan (continued)

Changes in assumptions– The discount rate as of June 30, 2023 is unchanged from the discount rate of 4.09% as of June 30, 2022. Upon review of available municipal bond rates, management determined that the 4.09% rate fell into the range of published rates as of June 30, 2023. As described in changes in benefits paragraph above, dental coverage was added for all MED retirees. Dental claims are assumed to increase 4.0% annually.

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

	<u>City Administered Plan</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Collective Total OPEB Liability</u>
Balance at June 30, 2022	\$ 285,090,822	\$ 49,356,177	\$ 334,446,999
Changes for the year:			
Service cost	\$ 14,388,189	\$ 2,155,647	\$ 16,543,836
Interest	12,053,124	2,066,652	14,119,776
Changes in benefit terms	213,447		213,447
Benefit payments	(4,781,607)	(982,430)	(5,764,037)
Total changes	\$ 21,873,153	\$ 3,239,869	\$ 25,113,022
Balance at June 30, 2023	\$ 306,963,975	\$ 52,596,046	\$ 359,560,021

Employees Covered by OPEB -The number of participants of the City Administered Plan as of June 30, 2023 follows.

Active Employees Eligible for Retirement Benefits	1047
Active Employees Not Eligible for Retirement Benefits	112
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	420
Total	<u>1579</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2023, the City's OPEB expense recognized by the plan was \$18,633,395 of which \$16,311,716 was recognized by the Governmental Activities and \$2,321,679 was recognized by the Business-type Activities.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources in relation to OPEB benefits from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Differences between expected and actual experience	\$ 43,277,026	\$ 5,927,319	\$ 49,204,345
	\$ 43,277,026	\$ 5,927,319	\$ 49,204,345

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

City of Murfreesboro Administered OPEB Plan (continued)

	Deferred Inflows of Resources		
	Governmental Activities	Business-type Activities	Total
Changes of assumptions	\$ 115,354,252	\$ 18,759,162	\$ 134,113,414
	\$ 115,354,252	\$ 18,759,162	\$ 134,113,414

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

Year Ending June 30	Governmental Activities	Business-type Activities	Total
2024	\$ (10,343,044)	\$ (1,900,620)	\$ (12,243,664)
2025	(10,343,044)	(1,900,620)	(12,243,664)
2026	(10,343,044)	(1,900,620)	(12,243,664)
2027	(10,343,044)	(1,900,620)	(12,243,664)
2028	(10,343,044)	(1,900,620)	(12,243,664)
Thereafter	(20,362,006)	(3,328,743)	(23,690,749)
	\$ (72,077,226)	\$ (12,831,843)	\$ (84,909,069)

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

Sensitivity of the City's Collective Total OPEB Liability to Changes in the Discount Rate – The following presents the City's collective total OPEB liability calculated using the discount rate of 4.09 percent, as well as what the City's collective total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (3.09 %) or one percentage point higher (5.09 %) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	\$ 430,026,284	\$ 359,560,021	\$ 304,192,448

Sensitivity of the City's Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the City's collective total OPEB liability calculated using the healthcare cost trend assumption of 6.00% decreasing to 5.5% over 2 years, as well as what the City's collective total OPEB liability would be if it was calculated using a trend assumption that is one percentage-point lower or one percentage-point higher than the assumed trend rate:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

City of Murfreesboro Administered OPEB Plan (continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	5.00% decreasing to 4.50% over 2 years	6.00% decreasing to 5.50% over 2 years	7.00% decreasing to 6.50% over 2 years
Total OPEB Liability	\$ 294,721,785	\$ 359,560,021	\$ 445,559,730

Murfreesboro City Schools

Closed Teacher Group OPEB Plan

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

Benefits Provided – The Murfreesboro City Schools offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits.

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

Employees Covered by OPEB – At July 1, 2022, the following employees of the Murfreesboro City Schools were covered by the benefit terms of the TGOP:

	Murfreesboro City Schools TGOP
Active Employees	675
Inactive Employees Entitled to but Not Receiving Benefits	1
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	32
Total	708

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their own developed policies. During the current reporting period, the Murfreesboro City Schools paid \$237,354 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability -The plan's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 1, 2022.

Actuarial Assumptions and Methods - The collective total OPEB liability on the June 30, 2022, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Discount Rate	3.54%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare Cost Trend Rate	
Medical	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022 decreasing annually over a 6 year period to an ultimate rate of 4.50%
Retirees share of Benefit -	
Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For purposes of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS).

These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probability of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 and MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

Discount rate -The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 10,860,235
Changes for the year:	
Service cost	\$ 683,503
Interest	245,763
Difference between expected and actual experience	159,863
Changes in assumptions	(1,136,118)
Benefit payments	(333,384)
Total changes	\$ (380,373)
Balance at June 30, 2022	\$ 10,479,862
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 3,808,373
 Employer's proportionate share of the collective total OPEB liability	 \$ 6,671,489
 Employer's proportionate share of the collective total OPEB liability	 63.66%

The Murfreesboro City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Murfreesboro City Schools' proportionate share of collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (-1.76%) from the prior measurement date. Murfreesboro City Schools recognized \$378,746 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Murfreesboro City Schools' retirees.

Changes in assumptions – The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumptions decreased the total OPEB liability. The medical and drug trend rate assumptions were updated to reflect more recent experience as of the measurement date. A change was made in the expected per capita health claims to reflect more recent information as of the measurement date. Coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

OPEB Expense - For the fiscal year ended June 30, 2023, the OPEB expense recognized by the City for the TGOP was \$979,769.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 834,437	\$ 1,054,671
Changes in assumptions	1,501,206	971,762
Changes in proportions	203,485	384,536
Contributions subsequent to the measurement date	237,354	
	<u>\$ 2,776,482</u>	<u>\$ 2,410,969</u>

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

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

<u>Year Ending June 30</u>	<u>Total</u>
2024	\$ 9,451
2025	9,451
2026	9,451
2027	9,451
2028	9,451
Thereafter	80,904
	<u>\$ 128,159</u>

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the collective total OPEB liability related to TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Proportionate share of collective total OPEB liability	\$ 7,204,967	\$ 6,671,489	\$ 6,164,924

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Teacher Group OPEB Plan (continued)

Sensitivity of the Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.37%/7.99% decreasing to 3.50%) or 1-percentage-point higher (9.37%/9.99% decreasing to 5.50%) than the current healthcare cost trend rate.

	1% Decrease (7.37%/7.99% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (8.37%/8.99% decreasing to 4.50%)	1% Increase (9.37%/9.99% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 5,900,193	\$ 6,671,489	\$ 7,576,206

Closed Tennessee Plan

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

Benefits Provided – The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retiree teachers and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-0201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in the trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by OPEB – At June 30, 2022, the following employees of the Murfreesboro City Schools were covered by the benefit terms of the TNP:

	Murfreesboro City Schools TNP
Active Employees	482
Inactive Employees Entitled to but Not Yet Receiving Benefits	63
Inactive Employees or Beneficiaries Currently Receiving Benefits	121
Total	666

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

Total OPEB Liability -The plan's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 1, 2022.

Actuarial Assumptions and Methods - The collective total OPEB liability on the June 30, 2022, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.54%
Inflation Rate	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare Cost Trend Rate	
Medical	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS).

These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

expected future experience. Mortality tables are used to measure the probability of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Tables for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvements projected to all future years using Scale MP-2020.

Discount rate -The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer GO 20-Year Municipal GO AA index.

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 1,665,116
Changes for the year:	
Service Cost	\$ 48,265
Interest	36,474
Difference between expected and actual experience	(44,900)
Changes in assumptions	(311,621)
Benefit payments	(49,760)
Total changes	\$ (321,542)
Balance at June 30, 2022	\$ 1,343,574
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,343,574
Employer's proportionate share of the collective total OPEB liability	-
Employer's proportion of the collective total OPEB liability	0.00%

The Murfreesboro City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Murfreesboro City Schools' proportionate share of collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Murfreesboro City Schools' proportion of 0% did not change from the prior measurement date. Murfreesboro City Schools recognized \$(22,151) in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNP for Murfreesboro City Schools' retirees.

Changes in assumptions – The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumptions decreased the total collective OPEB liability. The medical and drug trend rate assumptions were updated to reflect more recent experience as of the measurement date.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

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

Murfreesboro City Schools (continued)

Closed Tennessee Plan (continued)

Given that most participating agencies received a flat subsidy under the Medicare Supplement Plan, the impact of the updated trend assumptions was minimal. Coverage acceptance rates for certain employees were updated to reflect more recent subsidy amounts and plan experience.

OPEB Expense - For the fiscal year ended June 30, 2023, the OPEB expense recognized by the City for the TNP was \$(22,151).

The aggregate amount for all OPEB plans for (1) total liabilities, (2) deferred outflows of resources related to OPEB, (3) deferred inflows of resources related to OPEB, and 4) OPEB expenses/expenditures for the fiscal year ended June 30, 2022 associated with the total OPEB liability is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred Outflows Related to OPEB Plans		
City of Murfreesboro Administered OPEB Plan	\$ 43,277,026	\$ 5,927,319
Closed Teacher Group OPEB Plan	2,776,482	
	<u>\$ 46,053,508</u>	<u>\$ 5,927,319</u>
Total OPEB Liability		
City of Murfreesboro Administered OPEB Plan	\$ 306,963,975	\$ 52,596,046
Closed Teacher Group OPEB Plan	6,671,489	
	<u>\$ 313,635,464</u>	<u>\$ 52,596,046</u>
Deferred Inflows Related to OPEB Plans		
City of Murfreesboro Administered OPEB Plan	\$ 115,354,252	\$ 18,759,162
Closed Teacher Group OPEB Plan	2,410,969	
	<u>\$ 117,765,221</u>	<u>\$ 18,759,162</u>
OPEB Expense/Expenditures		
City of Murfreesboro Administered OPEB Plan	\$ 16,311,716	\$ 2,321,679
Closed Teacher Group OPEB Plan	979,769	
Closed Tennessee Plan	(22,151)	
	<u>\$ 17,269,334</u>	<u>\$ 2,321,679</u>
OPEB Revenue - Special Funding Situation		
Closed Teacher Group OPEB Plan	\$ 378,746	
Closed TN Plan	(22,151)	
	<u>\$ 356,595</u> *	

* The City recognized \$356,595 in revenue for support provided by nonemployer contributing entities for benefits paid to the Closed TN Plan and the closed Teacher Group OPEB Plan for Murfreesboro City Schools retired employees.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note K – INFORMATION ON INDIVIDUAL PENSION PLANS

Fiduciary funds as reported in the basic financial statements include a single column for the City's two pension trust funds (component units). Separate financial information related to the Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Pension Trust is presented below:

	Employees' Pension	Electric Department Employee Pension
STATEMENT OF NET POSITION		
Assets -		
Cash and cash equivalents	\$ 3,256,524	
Certificates of deposit	193,652	
Investments, at fair value	160,407,860	
Accrued interest receivable	251,364	
Due from others	407,993	
	<u>\$ 164,517,393</u>	<u>\$ -</u>
Liabilities -		
Due to others	\$ 49,543	
Net Position -		
Held in trust for pension benefits	<u>\$ 164,467,850</u>	<u>\$ -</u>
STATEMENT OF CHANGES IN NET POSITION		
Additions -		
Employer contributions	\$ 6,354,120	\$ 2,803,359
Net investment income (loss)	11,582,036	104,398
	<u>\$ 17,936,156</u>	<u>\$ 2,907,757</u>
Deductions -		
Benefits to participants	\$ 8,312,435	\$ 10,154,455
Administrative expenses	35,000	102,062
Purchase of annuities		18,807,875
	<u>\$ 8,347,435</u>	<u>\$ 29,064,392</u>
Net decrease	\$ 9,588,721	\$ (26,156,635)
Net Position Held in Trust for Pension Benefits -		
Beginning of year	<u>154,879,129</u>	<u>26,156,635</u>
End of year	<u>\$ 164,467,850</u>	<u>\$ -</u>

Note L – COMMITMENTS AND CONTINGENCIES

Landfill Closure – The City has been notified by the State of Tennessee that certain tests and closure are necessary in connection with a landfill that was operated by the City during the period of 1968 through 1974. The City has also been notified that another site used as a waste dump by the City between 1940 and 1965 has been investigated by the Tennessee Superfund and was found to contain toxic waste. The City is currently performing required cleanup operations on these sites.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note L – COMMITMENTS AND CONTINGENCIES (continued)

Additionally, there was a decrease in this estimated liability from the previous year in the amount of \$3,000. The City's engineer estimates that additional costs required will approximate \$1,010,500. Accordingly, this amount has been accrued as a liability on the government-wide statement of net position. A Contract in Lieu of Performance Bonds, dated December 11, 2014, was entered into between the City and the State of Tennessee in the amount of \$1,423,024. In the event the City fails to perform operation and maintenance of the closed dump site as part of the cleanup of the site, after giving the City notice and opportunity to cure the violation, the Commissioner of the Department of Environment and Conservation may collect any amount up to the total penal sum from any funds that would otherwise be disbursed from the State of Tennessee to the City and will be assigned any such forfeited funds from the City to the Tennessee Department of Environment and Conservation.

Construction – The City has entered into agreements as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Brinkley Road Bridge	\$ 4,075,835	\$ 3,872,043	\$ 203,792
Information Technology Land Dev Software	535,472	348,434	187,038
Public Safety - Communications Equipment	11,370,000	10,801,500	568,500
Public Safety - CUD Radio Tower	599,413	449,560	149,853
Beasie Road and River Rock Connection	8,244,535	844,276	7,400,259
Gateway Boulevard	2,387,982	-	2,387,982
Reroofing - Schools	1,989,798	1,822,786	167,012
Ceiling Renovation at Mitchell Neilson	502,000	196,300	305,700
Bulk Fuel Farm - Airport	329,915	190,537	139,378
Airport Taxiway A Rehabilitation	1,827,220	191,137	1,636,083
Airport Blastpad	832,853	115,347	717,506
Fire Station 3 Renovations	659,777	94,817	564,960
	<u>\$ 33,354,800</u>	<u>\$ 18,926,737</u>	<u>\$ 14,428,063</u>

The Murfreesboro Water Resources Department and Stormwater Fund have commitments for construction contracts at June 30, 2023 in the amount of \$10,497,428 and \$1,213,037, respectively.

Eminent Domain – The City has pending multiple lawsuits involving the acquisition of real property. Interests being acquired include temporary construction easements, permanent easements, fee simple title to portions of improved and unimproved land, and fee simple title to entire parcels of improved and unimproved land. Land is being acquired for current and future projects. In each case the City has tendered into Court the amount it reasonably believes the interest in land being acquired is worth and for which it can reasonably determine a value. Payments of additional amounts may result from negotiated settlements or the award of additional amounts. The City intends to vigorously litigate these cases and does not believe that any additional amounts awarded would be material to the financial statements.

Grantor Agencies – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note L – COMMITMENTS AND CONTINGENCIES (continued)

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.

Additionally, subsequent to year end a claim was filed for one lawsuit which was settled in the amount of \$500,000. This amount is not included in the claims and judgments payable at June 30, 2023.

Note M – LEASES

The City receives rental income principally for real property from various agencies. Each of the leases were evaluated to determine whether they met the requirements of GASB 87. All leases for which GASB 87 applied, except for certain leases associated with the airport, were considered immaterial to the financial statements.

Regulated Leases – The City leases a portion of the airport property to other aeronautical users, whose leases meet the definition of a regulated lease. These leases are excluded from the requirements of GASB 87; however, they have certain disclosure requirements. The terms of the long-term regulated leases expire in fiscal year 2031. Payments for most the leases increase periodically based on a defined formula. Lease income recognized under regulated leases, including short-term regulated leases, for the year ended June 30, 2023 amounted to \$641,481.

The following is a schedule by year of expected future minimum payments to be received from regulated leases as of June 30, 2023:

Year Ending June 30	Total
2024	\$ 47,270
2025	48,688
2026	50,148
2027	51,653
2028	53,202
2029-2031	169,377
	<u>\$ 420,338</u>

Nonregulated Leases – The City leases airfield space, terminal space and parking space to various third parties who use the space to conduct their operations on the City's Airport grounds, the terms of which expire from fiscal year 2025 to 2031. Management has determined that the difference between the present value of the total lease payments and the total payments of the lease per the straight lease terms is not material. Therefore, no interest income will be recognized on the lease. Lease income under these leases for the year ended June 30, 2023 amounted to \$68,492.

The following is a schedule by year of the minimum payments to be received under the leases that are included in the measurement of the lease receivable as of June 30, 2023:

Year Ending June 30	Principal	Interest	Total
2024	\$ 68,806		\$ 68,806
2025	69,129		69,129
2026	11,426		11,426
2027	11,769		11,769
2028	12,122		12,122
2029-2031	38,592		38,592
	<u>\$ 211,844</u>	<u>\$ -</u>	<u>\$ 211,844</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note N – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2023, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Water Resources fund	\$ 728,405	
Nonmajor enterprise funds	348,181	
General purpose school fund	48,852	\$ 28,221
Bond fund	4,679,259	
Debt service fund		83,363
Nonmajor governmental funds		95,936
	<u>\$ 5,804,697</u>	<u>\$ 207,520</u>
General Purpose School Fund		
General fund	\$ 28,221	\$ 48,852
Nonmajor governmental funds	563,155	2,568
	<u>\$ 591,376</u>	<u>\$ 51,420</u>
Bond Fund		
General fund		\$ 4,679,259
Nonmajor governmental funds		9,665
		<u>\$ 4,688,924</u>
Debt service fund		
General Fund	\$ 83,363	
	<u>\$ 83,363</u>	
Internal Service Fund		
Water Resources fund	\$ 765	
	<u>\$ 765</u>	
Nonmajor Governmental Funds		
General fund	\$ 95,936	
General purpose school fund	2,568	\$ 563,155
Bond fund	9,665	
Nonmajor governmental funds	96,485	96,485
	<u>\$ 204,654</u>	<u>\$ 659,640</u>
Water Resources Fund		
General fund		\$ 728,405
Internal service fund		765
Nonmajor enterprise funds	\$ 9,574	
	<u>\$ 9,574</u>	<u>\$ 729,170</u>
Nonmajor Enterprise Funds		
General fund		\$ 348,181
Water Resources fund		9,574
		<u>\$ 357,755</u>
	<u>\$ 6,694,429</u>	<u>\$ 6,694,429</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) the payments between funds are made.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note N – INTERFUND TRANSACTIONS (continued)

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.

Additionally, at year end the bond fund recorded an amount due to the general fund and a transfer into the general fund from the bond fund to cover a portion of the interest expense on bonds. As a result of rising interest rates, and the slowdown of construction projects due to labor and materials issues, several of the bonds were going to be in an arbitrage situation. The City decided to use some of its unspent funds to pay for interest on the bonds in the amount of \$4,601,131 which was recorded as a transfer from the bond fund to the general fund at June 30, 2023. This amount was included in the amount payable to the general fund from the bond fund at June 30, 2023.

Interfund transfers during the year ended June 30, 2023 were as follows:

		Transfer From					
		General	General	Debt Service	Bond	Nonmajor	
		Fund	Purpose	Fund	Fund	Governmental	Total
		<u>Fund</u>	<u>School Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Transfer To	General Fund				\$ 4,601,131	\$ 55,682	\$ 4,656,813
	General Purpose						
	School Fund	\$ 8,219,668				406,145	\$ 8,625,813
	Debt Service Fund	42,186,948			417,537	150,000	42,754,485
	Nonmajor						
	Governmental Funds	41,428,573	\$ 268,705	\$ 4,668,134			46,365,412
		<u>\$ 91,835,189</u>	<u>\$ 268,705</u>	<u>\$ 4,668,134</u>	<u>\$ 5,018,668</u>	<u>\$ 611,827</u>	<u>\$ 102,402,523</u>

Note O – RISK MANAGEMENT PROGRAM

General, Workers' Compensation, and Auto Liability – The City established a self-insurance program for general liability and workers' compensation during the fiscal year ended June 30, 1986. The automobile liability was added to the self-insurance program during the fiscal year ended June 30, 1988. Premiums are paid into the Risk Management Fund by all City funds requiring insurance and are available to pay claims, claim reserves, and administrative costs of the program. As of July 1, 2008, the City no longer provided workers' compensation coverage for Murfreesboro Electric Department. The City no longer provides workers' compensation and general liability coverage for the Murfreesboro City Schools. On August 15, 2018 and September 1, 2018, the Murfreesboro City Schools joined the Tennessee Risk Management Trust for workers' compensation and general liability, respectively. Claims incurred prior to those dates will continue to be the responsibility of the City's self-insurance programs.

Beginning July 1, 2019 the City discontinued its self-insurance program for workers compensation, general liability and automobile liability claims. Claims in existence before that date will be covered by the City, and claims from that date forward are covered under the City's premium based policy. Beginning in fiscal year 2020, claims for workers' compensation are covered fully subject to the City first satisfying a \$500,000 annual aggregate deductible retention. In fiscal year 2020, general liability, auto liability, and errors and omissions claims were covered fully subject to the City first satisfying a single \$300,000 general annual aggregate deductible retention; claims under the City's law enforcement liability policy were covered under a similar policy with a \$25,000 per claim deductible. Beginning on July 1, 2020, the City consolidated several of its commercial coverages. Currently, the following claims are covered under the same policy subject to a \$500,000 annual aggregate deductible retention: general liability, auto liability, law enforcement liability, and errors and omissions claims. (The policy also includes coverage for property damage to certain City vehicles, with such claims being charged towards the \$500,000 retention).

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note O – RISK MANAGEMENT PROGRAM (continued)

Claims for fire and casualty coverage in excess of \$100,000 are covered through commercial insurance up to a maximum of \$400 million. Claims against the municipal airport are covered by commercial insurance with a \$10,000 deductible. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued. Administrative costs and claims for the fiscal year ended June 30, 2023 were \$1,992,605.

Group Health – The City provides medical insurance through a group self-insurance program plan. Blue Cross Blue Shield of Tennessee acted as the administrator of the plan for the fiscal year ended June 30, 2023. Insurance premiums are paid into the Insurance Fund from various City funds and the Water Resources Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. The City also has a stop loss policy with a specific deductible of \$150,000 and an aggregate specific deductible of \$200,000. Administrative costs and claims for the fiscal year ended June 30, 2023 were \$19,200,296. As of February 1, 1998, the City no longer provided medical coverage for employees of the City School System. The City is responsible for any City Schools' claims dated prior to February 1, 1998.

Claims Liability – The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City had no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded commercial insurance coverage in any of the past three years. Claim liabilities do not include non-incremental claims adjustment expenses. Changes in the Funds' claims liability amounts during the year ended June 30, 2023, and the year ended June 30, 2022 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Change in Estimate</u>	<u>Claim Payments</u>	<u>Liability at End</u>
Risk Management Fund -				
2022	\$ 1,406,497	\$ 2,037,876	\$ 2,690,883	\$ 753,490
2023	\$ 753,490	\$ 1,992,605	\$ 1,798,429	\$ 947,666
Insurance Fund -				
2022	\$ 1,550,494	\$ 19,602,278	\$ 19,929,616	\$ 1,223,156
2023	\$ 1,223,156	\$ 19,200,296	\$ 18,766,435	\$ 1,657,017

Note P – FAIR VALUE MEASUREMENTS

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note P – FAIR VALUE MEASUREMENTS (continued)

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

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

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

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

Investments that are measured at fair value using the net asset value per share, or its equivalent, as a practical expedient are not classified in the fair value hierarchy.

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

The schedule of investments by type and hierarchy level as of June 30, 2023 is displayed below.

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1 inputs)	Significant Observable Inputs (Level 2 inputs)
General Fund			
Municipal bonds	\$ 316,950		\$ 316,950
U.S. Government notes and bonds	65,225,058		65,225,058
	<u>\$ 65,542,008</u>		<u>\$ 65,542,008</u>
TMBF/Bond Fund			
Municipal bonds	\$ 3,460,352		\$ 3,460,352
U.S. Government notes and bonds	101,437,410		101,437,410
	<u>\$ 104,897,762</u>		<u>\$ 104,897,762</u>
Risk Management Fund			
U.S. Government notes and bonds	\$ 2,161,924		\$ 2,161,924
	<u>\$ 2,161,924</u>		<u>\$ 2,161,924</u>
Component Unit Fiduciary Fund			
Employee Pension Plan			
Mutual funds	\$ 115,637,286		\$ 115,637,286
US Government and municipal obligations	3,132,093		3,132,093
Corporate notes and bonds	12,384,379	\$ 12,384,379	
Common/preferred stock	28,806,047	28,806,047	
Foreign bonds and debentures	448,055	448,055	
	<u>\$ 160,407,860</u>	<u>\$ 41,638,481</u>	<u>\$ 118,769,379</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note P – FAIR VALUE MEASUREMENTS (continued)

TCRS Stabilization Trust – As discussed in Note A, the Murfreesboro City School Department is a member of the TCRS Stabilization Reserve Trust. Investments in Tennessee Retiree Group Trust (TRGT) are reported at fair value or amortized which approximates fair value. Securities traded on the national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of the assets of the TRGT held at June 30, 2021 represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted markets for identical assets or liabilities, as described above.

Investments where fair value is measured using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined using amortized costs which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuation provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with professional designation of Member of the Appraisal Institute (MAI), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note P – FAIR VALUE MEASUREMENTS (continued)

At June 30, 2023, the Murfreesboro City Schools had the following investments held by the trust on its behalf. These funds are reported as restricted assets in the general purpose school fund.

Investment	Fair Value 6/30/2023	Fair value Measurements Using				Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity	\$ 442,723	\$ 442,723				
Developed Market						
International Equity	199,940	199,940				
Emerging Market						
International Equity	57,126	57,126				
U.S. Fixed Income	285,628		\$ 285,628			
Real Estate	142,814			\$ 142,814		
Short-term Securities	14,281		14,281			
Private Equity and Strategic Lending	285,628				\$ 285,628	
	<u>\$ 1,428,140</u>	<u>\$ 699,789</u>	<u>\$ 299,909</u>	<u>\$ 142,814</u>	<u>\$ 285,628</u>	

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

Note Q – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)-

The City implemented GASB No. 96 during the year ended June 30, 2023. Due to this implementation, the City arrangements for the use of accounting software, information technology security software, student tracking software entered into in a prior year met the criteria of SBITAs. As a result, intangible right-to-use assets and SBITA liabilities were recorded in the amount of \$908,842 as of July 1, 2022, the date of implementation. In addition, the City entered into a contract for the use of information technology, licenses, cloud storage, etc., related to police equipment. The terms of the subscription liabilities range from 2 to 15 years. The City has used a discount rate of 2.61% to determine the present value of the intangible right-to-use assets and SBITA liabilities. The SBITAs assets are being amortized using the straight-line method for terms ranging from 2 to 15 years. Amortization in the amount of \$289,437 was reported in the Statement of Activities for the year ended June 30, 2023. In addition, interest expense in the amount of \$76,129 was reported during the year ended June 30, 2023. The intangible right-to-use assets in the amount of \$10,356,353, net of amortization of \$289,437 and SBITA liabilities of \$10,388,742 were reported in the Statement of Net Position at June 30, 2023.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2023

Note Q – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS) (continued) -

The annual principal and interest requirements of the SBITA liabilities to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 974,183	\$ 101,673
2025	785,623	245,720
2026	806,129	225,216
2027	613,783	204,175
2028	545,898	188,155
2029 - 2033	2,950,794	719,474
2034 - 2038	3,712,332	301,775
	<u>\$ 10,388,742</u>	<u>\$ 1,986,188</u>

Note R – SUBSEQUENT EVENTS

Effective July 1, 2023, per an ordinance adopted by City Council on June 15, 2023, the City adopted an impact fee schedule that sets the development impact fees to be imposed on new development to offset the public capital improvements in four areas: roads, parks, public safety, and schools. Subsequent to June 30, 2023, the City has collected over \$400,000 in impact fees.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Employees' Pension Plan

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

City of Murfreesboro Employees' Pension Plan -	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Total Pension Liability									
Service cost	\$ 2,955,999	\$ 2,925,747	\$ 2,830,251	\$ 2,814,115	\$ 2,665,039	\$ 2,841,167	\$ 2,864,101	\$ 2,753,269	\$ 2,655,504
Interest	8,695,137	9,267,726	9,748,217	10,355,800	10,896,723	11,748,917	12,535,236	12,851,394	13,256,390
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	188,248	(1,315,180)	357,290	(411,159)	2,990,222	2,804,330	(4,009,927)	(2,070,942)	7,653,532
Changes in assumptions	-	-	-	-	6,423,273	-	-	-	263,859
Benefit payments, including refunds of member contributions	(3,743,995)	(4,078,708)	(4,231,956)	(4,846,388)	(5,450,947)	(5,866,947)	(6,512,413)	(7,020,251)	(7,533,806)
Net Change in Total Pension Liability	\$ 8,095,389	\$ 6,799,585	\$ 8,703,802	\$ 7,912,368	\$ 17,524,310	\$ 11,527,467	\$ 4,876,997	\$ 6,513,470	\$ 16,295,479
Total Pension Liability - beginning	118,848,917	126,944,306	133,743,891	142,447,693	150,360,061	167,884,371	179,411,838	184,288,835	190,802,305
Total Pension Liability - ending (a)	\$ 126,944,306	\$ 133,743,891	\$ 142,447,693	\$ 150,360,061	\$ 167,884,371	\$ 179,411,838	\$ 184,288,835	\$ 190,802,305	\$ 207,097,784
Plan Fiduciary Net Position									
Contributions - employer	\$ 4,468,963	\$ 4,468,997	\$ 4,609,441	\$ 4,118,541	\$ 4,127,857	\$ 4,407,544	\$ 5,427,741	\$ 5,802,479	\$ 6,042,087
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	17,416,539	(1,849,412)	(3,199,937)	13,789,565	10,451,242	7,332,900	(2,164,783)	39,042,906	(21,545,297)
Benefit payments, including refunds of member contributions	(3,743,995)	(4,078,708)	(4,231,956)	(4,846,388)	(5,450,947)	(5,866,947)	(6,512,413)	(7,020,251)	(7,533,806)
Administrative expense	-	-	(333,078)	(321,756)	(360,537)	(399,446)	(379,268)	(399,465)	(28,814)
Other	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 18,141,507	\$ (1,459,123)	\$ (3,155,530)	\$ 12,739,962	\$ 8,767,615	\$ 5,474,051	\$ (3,628,723)	\$ 37,425,669	\$ (23,065,830)
Plan Fiduciary Net Position - beginning	103,639,531	121,781,038	120,321,915	117,166,385	129,906,347	138,673,962	144,148,013	140,519,290	177,944,959
Plan Fiduciary Net Position - ending (b)	\$ 121,781,038	\$ 120,321,915	\$ 117,166,385	\$ 129,906,347	\$ 138,673,962	\$ 144,148,013	\$ 140,519,290	\$ 177,944,959	\$ 154,879,129
City's Net Pension Liability ending (a) - (b)	\$ 5,163,268	\$ 13,421,976	\$ 25,281,308	\$ 20,453,714	\$ 29,210,409	\$ 35,263,825	\$ 43,769,545	\$ 12,857,346	\$ 52,218,655
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.9%	90.0%	82.3%	86.4%	82.6%	80.3%	76.2%	93.3%	74.8%
Covered Payroll	\$ 36,996,942	\$ 36,691,273	\$ 37,414,294	\$ 33,429,716	\$ 33,505,333	\$ 34,246,651	\$ 33,237,851	\$ 31,951,977	\$ 32,258,873
City's Net Pension Liability as a Percentage of Covered Payroll	14.0%	36.6%	67.6%	61.2%	87.2%	103.0%	131.7%	40.2%	161.9%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Murfreesboro Electric Department Employee Pension Plan

Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Murfreesboro Electric Department Employee Pension Plan -	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021 *	FYE 2022 *	FYE 2023* *
Total Pension Liability										
Service cost	\$ 460,924	\$ 402,454	\$ 400,801	\$ 372,911	\$ 365,423	\$ 332,128	\$ 337,931	\$ -	\$ -	\$ -
Interest	1,322,046	1,366,114	1,229,644	1,314,126	1,373,668	1,445,794	1,588,493	1,577,722	1,583,515	1,177,127
Changes in benefit terms	-	-	39,499	-	-	-	-	-	-	-
Experience gains (losses)	(358,659)	287,323	464,559	171,897	422,696	434,581	(264,093)	183,145	(30,083)	4,440,487
Changes in assumptions	-	(3,198,319)	-	-	-	1,022,522	-	-	-	-
Benefit payments, including refunds of member contributions and annuity purchase costs	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)	(1,261,028)	(1,695,500)	(1,660,725)	(28,962,330)
Net Change in Total Pension Liability	\$ 712,198	\$ (1,902,935)	\$ 1,284,045	\$ 909,945	\$ 1,109,074	\$ 2,091,501	\$ 401,303	\$ 65,367	\$ (107,293)	\$ (23,344,716)
Total Pension Liability - beginning	18,781,511	19,493,709	17,590,774	18,874,819	19,784,764	20,893,838	22,985,339	23,386,642	23,452,009	23,344,716
Total Pension Liability - ending (a)	\$ 19,493,709	\$ 17,590,774	\$ 18,874,819	\$ 19,784,764	\$ 20,893,838	\$ 22,985,339	\$ 23,386,642	\$ 23,452,009	\$ 23,344,716	\$ -
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,000,000	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ 2,803,359
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	2,744,581	227,180	36,383	2,250,394	1,617,686	1,306,897	1,244,197	5,824,303	(3,688,188)	220,736
Benefit payments, including refunds of member contributions and annuity purchase costs	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)	(1,261,028)	(1,695,500)	(1,660,725)	(28,962,330)
Administrative expense	(84,031)	(92,549)	(92,726)	(100,835)	(111,476)	(113,561)	(120,625)	(132,482)	(133,720)	(218,400)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 3,148,437	\$ 574,124	\$ 293,199	\$ 2,500,570	\$ 1,453,497	\$ 1,249,812	\$ 1,062,544	\$ 3,996,321	\$ (5,482,633)	\$ (26,156,635)
Plan Fiduciary Net Position - beginning	17,360,764	20,509,201	21,083,325	21,376,524	23,877,094	25,330,591	26,580,403	27,642,947	31,639,268	26,156,635
Plan Fiduciary Net Position - ending (b)	\$ 20,509,201	\$ 21,083,325	\$ 21,376,524	\$ 23,877,094	\$ 25,330,591	\$ 26,580,403	\$ 27,642,947	\$ 31,639,268	\$ 26,156,635	\$ -
Net Pension Liability (Asset) ending (a) - (b)	\$ (1,015,492)	\$ (3,492,551)	\$ (2,501,705)	\$ (4,092,330)	\$ (4,436,753)	\$ (3,595,064)	\$ (4,256,305)	\$ (8,187,259)	\$ (2,811,919)	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.2%	119.9%	113.3%	120.7%	121.2%	115.6%	118.2%	134.9%	112.0%	0.0%
Covered Payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	\$ 4,032,670	\$ 3,783,214	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	N/A	N/A

* On July 1, 2020, the City of Murfreesboro sold the Murfreesboro Electric Department to Middle Tennessee Electric Membership Corporation. The City assumed responsibility for the plan upon the sale.

** On March 31, 2023, the Murfreesboro Electric Department Pension Plan (the MED plan) was terminated. All pension obligations under the plan have been settled and all assets within the MED Plan trust account distributed as of June 30, 2023. The City purchased non-participating annuity contracts that preserved all plan benefit provisions for any remaining participants to settle all obligations.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information

Teacher Retirement Plan of TCRS

Schedule of Proportionate Share of Net Pension Liability (Asset)

Last 10 Fiscal Years (1)

Teacher Retirement Plan of TCRS	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Murfreesboro City School's proportion of the net pension liability (asset)	0.62903%	0.73384%	0.80563%	0.87223%	0.87223%	0.96593%	0.99126%	0.99455%
Murfreesboro City School's proportionate share of the net pension liability (asset)	\$ (25,306)	\$ (76,395)	\$ (212,554)	\$ (395,580)	\$ (495,517)	\$ (549,268)	\$ (1,073,741)	\$ (301,275)
Murfreesboro City School's covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134	\$ 7,621,243	\$ 9,289,260	\$ 12,189,265	\$ 14,306,055	\$ 16,983,896
Murfreesboro City School's proportionate share of the net pension asset as a percentage of its covered payroll	-1.94%	-2.37%	-4.17%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Legacy Pension Plan of TCRS

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

Teacher Legacy Pension Plan of TCRS	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Murfreesboro City School's proportion of the net pension liability (asset)	0.78223%	0.82060%	0.88806%	0.89182%	0.89208%	0.93399%	0.95894%	0.98999%	0.97901%
Murfreesboro City School's proportionate share of the net pension liability (asset)	\$ (127,108)	\$ 336,145	\$ 5,549,890	\$ (291,790)	\$ (3,139,161)	\$ (9,603,050)	\$ (7,312,595)	\$ (42,700,525)	\$ (12,006,618)
Murfreesboro City Schools' covered payroll	\$ 30,702,294	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854	\$ 31,238,682	\$ 31,317,823	\$ 31,915,847	\$ 32,493,045	\$ 32,218,626
Murfreesboro City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.92%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Public Employee Pension Plan of TCRS

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

Public Employee Pension Plan of TCRS	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Total Pension Liability									
Service cost	\$ 581,710	\$ 771,103	\$ 843,186	\$ 949,471	\$ 1,091,863	\$ 1,161,615	\$ 1,237,098	\$ 1,321,104	\$ 1,621,581
Interest	1,603,649	1,749,663	1,831,406	1,985,448	2,137,521	2,257,078	2,402,016	2,560,828	2,815,036
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	545,205	(443,662)	398,851	362,286	(445,387)	(230,097)	(209,388)	(12,978)	800,293
Changes in assumptions	-	-	-	719,715	-	-	-	3,624,131	-
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)	(1,141,004)	(1,268,350)	(1,261,538)	(1,384,899)	(1,437,281)
Net Change in Total Pension Liability	\$ 1,808,071	\$ 1,053,392	\$ 1,978,599	\$ 2,860,099	\$ 1,642,993	\$ 1,920,246	\$ 2,168,188	\$ 6,108,186	\$ 3,799,629
Total Pension Liability - beginning	21,261,520	23,069,591	24,122,983	26,101,582	28,961,681	30,604,674	32,524,920	34,693,108	40,801,294
Total Pension Liability - ending (a)	\$ 23,069,591	\$ 24,122,983	\$ 26,101,582	\$ 28,961,681	\$ 30,604,674	\$ 32,524,920	\$ 34,693,108	\$ 40,801,294	\$ 44,600,923
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,110,112	\$ 1,135,640	\$ 1,384,686	\$ 1,511,862	\$ 1,653,512	\$ 1,740,920	\$ 1,858,543	\$ 1,990,618	\$ 2,197,412
Contributions - employee	-	95	88	-	-	-	6	-	7
Net investment income	3,300,207	722,386	647,279	2,865,818	2,365,350	2,331,127	1,692,698	9,382,618	(1,774,687)
Benefit payments, including refunds of member contributions	(922,493)	(1,023,712)	(1,094,844)	(1,156,821)	(1,141,004)	(1,268,350)	(1,261,538)	(1,384,899)	(1,437,281)
Administrative expense	(13,867)	(19,806)	(33,706)	(40,907)	(47,607)	(45,983)	(47,650)	(50,936)	(43,280)
Other	-	-	-	4,981	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 3,473,959	\$ 814,603	\$ 903,503	\$ 3,184,933	\$ 2,830,251	\$ 2,757,714	\$ 2,242,059	\$ 9,937,401	\$ (1,057,829)
Plan Fiduciary Net Position - beginning	19,886,712	23,360,671	24,175,274	25,078,777	28,263,710	31,093,961	33,851,675	36,093,734	46,031,135
Plan Fiduciary Net Position - ending (b)	\$ 23,360,671	\$ 24,175,274	\$ 25,078,777	\$ 28,263,710	\$ 31,093,961	\$ 33,851,675	\$ 36,093,734	\$ 46,031,135	\$ 44,973,306
Net Pension Liability (Asset) - ending (a)-(b)	\$ (291,080)	\$ (52,291)	\$ 1,022,805	\$ 697,971	\$ (489,287)	\$ (1,326,755)	\$ (1,400,626)	\$ (5,229,841)	\$ (372,383)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.3%	100.2%	96.1%	97.6%	101.6%	104.1%	104.0%	112.8%	100.8%
Covered Payroll	\$ 9,151,773	\$ 9,331,470	\$ 11,418,781	\$ 12,422,881	\$ 13,586,628	\$ 14,305,012	\$ 15,271,486	\$ 16,356,738	\$ 18,055,953
Net Pension Liability as a Percentage of Covered Payroll	3.2%	0.6%	9.0%	5.6%	-3.6%	-9.3%	-9.2%	-32.0%	2.1%

Changes in assumptions :

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost of living adjustment and mortality improvements.

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

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Employees' Pension Plan

Schedule of Contributions
Last 10 Fiscal Years

City of Murfreesboro Employees' Pension Plan -	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Actuarially determined contribution	\$ 4,468,963	\$ 4,160,790	\$ 4,609,440	\$ 3,914,619	\$ 4,107,754	\$ 4,407,544	\$ 5,427,741	\$ 5,802,479	\$ 6,042,087	\$ 5,991,125
Contributions in relation to the actuarially determined contribution	<u>4,468,963</u>	<u>4,468,997</u>	<u>4,609,440</u>	<u>4,118,541</u>	<u>4,127,857</u>	<u>4,407,544</u>	<u>5,427,741</u>	<u>5,802,479</u>	<u>6,042,087</u>	<u>6,354,120</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(308,207)</u>	\$ <u>-</u>	\$ <u>(203,922)</u>	\$ <u>(20,103)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(362,995)</u>
Covered payroll	\$ 36,996,942	\$ 36,691,273	\$ 37,414,294	\$ 33,429,713	\$ 33,505,333	\$ 34,246,651	\$ 33,237,853	\$ 31,951,978	\$ 32,258,874	\$ 33,924,827
Contributions as a percentage of covered payroll	12.1%	12.2%	12.3%	12.3%	12.3%	12.9%	16.3%	18.2%	18.7%	18.7%

Notes to Schedule

Valuation date: July 1, 2021

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Five year smoothing method
Inflation	2.25%
Salary increases	4.00%
Investment rate of return	7.00%, net of investment expense, including inflation
Retirement age	Graded scale starting at age 55
Mortality	RP 2014 Combined Mortality Table with the current generational mortality improvement under Mortality Improvement Scale MP as of the valuation date (MP-2020)
Cost of Living Adjustments	None

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Murfreesboro Electric Department Employee Pension Plan

Schedule of Contributions
Last 10 Fiscal Years

Murfreesboro Electric Department Employee

Pension Plan -

	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE
	2014	2015	2016	2017	2018	2019	2020	2021 *	2022 *	2023**
Actuarially determined contribution	\$ 602,257	\$ 430,626	\$ 428,857	\$ 399,015	\$ 499,073	\$ 474,147	\$ 483,566	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,300,000</u>	<u>1,000,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>2,803,359</u>
Contribution deficiency (excess)	<u>\$ (597,743)</u>	<u>\$ (769,374)</u>	<u>\$ (771,143)</u>	<u>\$ (900,985)</u>	<u>\$ (500,927)</u>	<u>\$ (725,853)</u>	<u>\$ (716,434)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,803,359)</u>
Covered payroll	\$ 4,589,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	\$ 4,032,670	\$ 3,783,214	N/A	N/A	N/A
Contributions as a percentage of covered payroll	26.1%	26.3%	27.2%	29.6%	26.1%	29.8%	31.7%	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2023

Actuarially determined contributions are calculated annually.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Entry Age Normal with the unfunded liability reestablished each year
Amortization method	Level dollar
Amortization period	Investment gains or losses are amortized over 5 years. Since there are no active participants remaining in the plan, experience gains or losses, plan amendments, and changes in actuarial assumptions are recognized immediately.
Asset valuation method	Fair Value
Inflation	2.25% per annum, compounded annually
Salary increases	Not applicable
Investment rate of return	7.00% per annum, compounded annually
Retirement age	Participants not currently receiving payments will commence benefits at age 60.
Mortality	RP -2014 adjusted to 2006 Total Dataset Mortality Table reflects mortality improvements through the valuation date using mortality improvement scale MP-2021.

Changes in assumptions: In 2021, the following assumptions were changed: mortality improvement scale was updated from MP-2019 to scale MP-2020.

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CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Retirement Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years (1)

Teacher Retirement Plan of TCRS	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Contractually required contribution	\$ 32,673	\$ 80,826	\$ 211,507	\$ 124,299	\$ 180,209	\$ 247,442	\$ 288,982	\$ 341,378	\$ 548,171
Contributions in relation to the contractually required contribution	<u>52,279</u>	<u>129,156</u>	<u>211,507</u>	<u>304,889</u>	<u>180,209</u>	<u>247,442</u>	<u>288,982</u>	<u>341,378</u>	<u>548,171</u>
Contribution deficiency (excess)	\$ <u>(19,606)</u>	\$ <u>(48,330)</u>	\$ <u>-</u>	\$ <u>(180,590)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Murfreesboro City Schools' covered payroll	\$ 1,306,939	\$ 3,228,906	\$ 5,100,134	\$ 7,621,243	\$ 9,289,260	\$ 12,189,265	\$ 14,306,055	\$ 16,983,896	\$ 19,099,956
Contributions as a percentage of Murfreesboro City Schools' covered payroll	4.0%	4.0%	4.1%	4.0%	1.9%	2.0%	2.0%	2.0%	2.9%

Changes in assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified the mortality assumptions.

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

Note: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.06%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Teacher Legacy Pension Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years

Teacher Legacy Pension Plan of TCRS	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Contractually required contribution	\$ 2,726,364	\$ 2,777,010	\$ 2,897,973	\$ 2,849,884	\$ 2,836,392	\$ 3,275,849	\$ 3,392,657	\$ 3,337,038	\$ 3,318,513	\$ 2,734,331
Contributions in relation to the contractually required contribution	<u>2,726,364</u>	<u>2,777,010</u>	<u>2,897,973</u>	<u>2,849,884</u>	<u>2,836,392</u>	<u>3,275,849</u>	<u>3,392,657</u>	<u>3,337,038</u>	<u>3,318,513</u>	<u>2,734,331</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Murfreesboro City Schools' covered payroll	\$ 30,702,254	\$ 30,719,159	\$ 32,057,215	\$ 31,712,854	\$ 31,238,682	\$ 31,317,823	\$ 31,915,847	\$ 32,493,045	\$ 32,218,626	\$ 31,446,476
Contributions as a percentage of Murfreesboro City Schools' covered payroll	8.9%	9.0%	9.0%	9.0%	9.1%	10.5%	10.6%	10.3%	10.3%	8.7%

Changes in assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified the mortality assumptions.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Public Employee Pension Plan of TCRS

Schedule of Contributions
Last 10 Fiscal Years

Public Employee Pension Plan of TCRS	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Actuarially determined contribution	\$ 1,110,112	\$ 1,135,640	\$ 1,382,677	\$ 1,470,869	\$ 1,652,134	\$ 1,739,489	\$ 1,560,749	\$ 1,671,661	\$ 1,845,321	\$ 2,022,006
Contributions in relation to the actuarially determined contribution	<u>1,110,112</u>	<u>1,135,640</u>	<u>1,382,677</u>	<u>1,511,862</u>	<u>1,653,512</u>	<u>1,740,920</u>	<u>1,858,543</u>	<u>1,990,618</u>	<u>2,197,412</u>	<u>2,193,199</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(40,993)</u>	\$ <u>(1,378)</u>	\$ <u>(1,431)</u>	\$ <u>(297,794)</u>	\$ <u>(318,957)</u>	\$ <u>(352,091)</u>	\$ <u>(171,193)</u>
Covered payroll	\$ 9,151,773	\$ 9,331,470	\$ 11,362,212	\$ 12,422,881	\$ 13,586,628	\$ 14,305,012	\$ 15,271,486	\$ 16,356,738	\$ 18,055,953	\$ 18,021,444
Contributions as a percentage of covered payroll	12.1%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10-year smoothed within a 20 % corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44 % based on age, including inflation, averaging 4.00%
Investment rate of return	6.75% , net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.13%

Changes in assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified the mortality assumptions.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Investment Returns
Last 10 Fiscal Years

City of Murfreesboro Employees' Pension Plan -	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
Annual money-weighted rate of return, net of investment expense	16.83%	-1.52%	-2.66%	11.82%	8.10%	5.32%	-1.51%	27.94%	-11.95%	7.78%
Murfreesboro Electric Department Employees' Pension Plan -	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021*</u>	<u>FYE 2022*</u>	<u>FYE 2023**</u>
Annual money-weighted rate of return, net of investment expense	16.27%	1.10%	0.17%	10.49%	6.82%	5.16%	4.69%	21.75%	-12.01%	0.87%

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- ** On March 31, 2023, the Murfreesboro Electric Department Pension Plan (the MED plan) was terminated. All pension obligations under the plan have been settled and all assets within the MED Plan trust account distributed as of June 30, 2023. The City purchased non-participating annuity contracts that preserved all plan benefit provisions for any remaining participants to settle all obligations. The money-weighted rate of return, net of investment was calculated through the termination date.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
City of Murfreesboro Administered OPEB Plan

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

City of Murfreesboro Administered OPEB Plan -	FYE 2018	FYE 2019	FYE 2020	FYE 2021 *	FYE 2022	FYE 2023
Total OPEB Liability						
Service cost	\$ 7,182,995	\$ 7,542,145	\$ 9,975,992	\$ 25,445,685	\$ 26,122,540	\$ 16,543,836
Interest	3,708,189	3,994,713	3,892,170	4,451,319	11,279,262	14,119,776
Changes in benefit terms	-	-	-	-	4,548,807	213,447
Difference between expected and actual experience	-	-	15,191,742	231,553,484	51,954,592	-
Changes in assumptions	-	-	(20,236,799)	-	(157,368,050)	-
Benefit payments, including refunds of member contributions	(1,631,962)	(1,635,452)	(1,699,272)	(3,272,177)	(5,437,771)	(5,764,037)
Net Change in Total OPEB Liability	\$ 9,259,222	\$ 9,901,406	\$ 7,123,833	\$ 258,178,311	\$ (68,900,620)	\$ 25,113,022
Total OPEB Liability - beginning	118,884,847	128,144,069	138,045,475	145,169,308	403,347,619	334,446,999
Total OPEB Liability - ending	\$ 128,144,069	\$ 138,045,475	\$ 145,169,308	\$ 403,347,619	\$ 334,446,999	\$ 359,560,021
 Covered-Employee Payroll	 \$ 46,867,676	 \$ 48,742,383	 \$ 58,211,075	 \$ 60,539,518	 \$ 69,313,169	 \$ 72,085,696
 City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	 273.4%	 283.2%	 249.4%	 666.3%	 482.5%	 498.8%

Notes to Schedule -

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

The following change in benefit terms was made effective June 30, 2023 -

Dental coverage with all costs paid by the City was added for Murfreesboro Electric Department retirees.

The following changes in assumptions and methods were made effective July 1, 2022 -

The discount rate is 4.09% based on the S&P Municipal Bond 20 Year High Grade Index as of June 30, 2022.

The mortality improvement assumption was updated from improvement scale MP2019 to improvement scale MP2021.

Medical health care cost trend was updated to follow Getzen model after a two year transition period starting at 6.00% and grading to 5.50%.

The following changes in benefit terms were made effective July 1, 2021 -

Murfreesboro Electric Department retirees were added to the plan at the beginning of fiscal year 2022.

* The 2021 amounts were restated to reflect pharmacy costs that had not being included in the previous actuarial valuations in error. A prior period adjustment to the government-wide financial statements in the year ended June 30, 2022 was required to restate the beginning OPEB liability. The revised 2021 numbers reflect this adjustment.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Closed Teacher Group OPEB Plan

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

Closed Teacher Group OPEB Plan (TGOP) -

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 500,795	\$ 463,455	\$ 371,796	\$ 380,566	\$ 516,623	\$ 683,503
Interest	242,095	292,097	209,291	246,523	195,612	245,763
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(2,931,123)	1,492,232	359,793	8,213	159,863
Changes in assumptions	(411,541)	215,843	(526,535)	985,100	1,950,740	(1,136,118)
Benefit payments	(368,759)	(391,196)	(356,105)	(270,308)	(289,495)	(333,384)
Net Change in Total OPEB Liability	\$ (37,410)	\$ (2,350,924)	\$ 1,190,679	\$ 1,701,674	\$ 2,381,693	\$ (380,373)
Total OPEB Liability - beginning	7,974,523	7,937,113	5,586,189	6,776,868	8,478,542	10,860,235
Total OPEB Liability - ending	\$ 7,937,113	\$ 5,586,189	\$ 6,776,868	\$ 8,478,542	\$ 10,860,235	\$ 10,479,862
 Nonemployer contributing entities proportionate share of the collective total OPEB liability						
	\$ 2,734,272	\$ 1,793,072	\$ 2,367,595	\$ 2,816,267	\$ 3,755,416	\$ 3,808,373
 Employer's proportionate share of the collective total OPEB liability						
	\$ 5,202,841	\$ 3,793,117	\$ 4,409,273	\$ 5,662,275	\$ 7,104,819	\$ 6,671,489
 Covered-Employee Payroll						
	\$ 39,363,528	\$ 39,204,625	\$ 34,258,053	\$ 40,446,999	\$ 33,294,254	\$ 38,938,447
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll						
	13.22%	9.68%	12.87%	14.00%	21.34%	17.13%

Notes to Schedule -

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

The following changes in assumptions and other inputs were made -

The discount rate increased from 2.16% to 3.54%.

The medical and drug trend rate assumptions were updated to reflect more recent experience as of the Measurement Date.

Coverage acceptance rate for certain employers were updated to reflect more recent subsidy amounts and plan experience.

There were no benefit changes during the measurement period.

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

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Closed Tennessee OPEB Plan

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

Closed Tennessee OPEB Plan (TNP) -

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 57,915	\$ 47,064	\$ 37,358	\$ 36,823	\$ 56,717	\$ 48,265
Interest	59,979	67,872	55,388	55,188	43,615	36,474
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(416,543)	(31,125)	(30,922)	(29,657)	(44,900)
Changes in assumptions	(200,897)	(13,786)	30,938	370,716	(297,272)	(311,621)
Benefit payments	(52,800)	(54,596)	(48,566)	(50,951)	(49,889)	(49,760)
Net Change in Total OPEB Liability	\$ (135,803)	\$ (369,989)	\$ 43,993	\$ 380,854	\$ (276,486)	\$ (321,542)
Total OPEB Liability - beginning	2,022,547	1,886,744	1,516,755	1,560,748	1,941,602	1,665,116
Total OPEB Liability - ending	<u>\$ 1,886,744</u>	<u>\$ 1,516,755</u>	<u>\$ 1,560,748</u>	<u>\$ 1,941,602</u>	<u>\$ 1,665,116</u>	<u>\$ 1,343,574</u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability						
	\$ 1,886,744	\$ 1,516,755	\$ 1,560,748	\$ 1,941,602	\$ 1,665,116	\$ 1,343,574
 Employer's proportionate share of the collective total OPEB liability						
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
 Covered-Employee Payroll						
	\$ 39,363,528	\$ 39,204,625	\$ 34,258,053	\$ 40,446,999	\$ 33,294,254	\$ 38,938,447
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll						
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule -

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

The following changes in assumptions and other inputs were made -

The discount rate decreased from 2.16% to 3.54%

The medical and drug trend rate assumptions were updated to reflect more recent experience as of the Measurement Date.

Coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

There were no benefit changes during the measurement period.

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

SUPPLEMENTAL SECTION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

CAPITAL PROJECTS FUNDS

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

DEBT SERVICE FUNDS

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

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Total Special Revenue Funds	Capital Improvement and Contingency Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,948,693	\$ 469,118	\$ 20,417,811
Certificates of deposit	235,755		235,755
Investments	41,385,479		41,385,479
Due from other funds	108,718	95,936	204,654
Due from other governments	2,190,795		2,190,795
Accounts receivable, net	113,050		113,050
Lease receivable	211,844		211,844
Prepaid items and deposits	30,000		30,000
Other assets	28,232		28,232
Inventory	217,134		217,134
Restricted assets -			
Cash and cash equivalents		8,112,484	8,112,484
	\$ <u>64,469,700</u>	\$ <u>8,677,538</u>	\$ <u>73,147,238</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities-			
Accounts payable	\$ 421,131	\$ 307,524	\$ 728,655
Accrued liabilities	650,944		650,944
Due to other funds	659,640		659,640
Unearned revenue	1,503,227	7,578	1,510,805
Other deposits	46,029		46,029
	\$ <u>3,280,971</u>	\$ <u>315,102</u>	\$ <u>3,596,073</u>
Deferred Inflows of Resources-			
Unavailable revenue - leases	\$ 211,844		\$ 211,844
	\$ <u>211,844</u>		\$ <u>211,844</u>
Fund Balances-			
Nonspendable	\$ 217,134		\$ 217,134
Restricted	1,627,767	\$ 7,900,896	9,528,663
Committed	55,257,226	461,540	55,718,766
Assigned	3,874,758		3,874,758
	\$ <u>60,976,885</u>	\$ <u>8,362,436</u>	\$ <u>69,339,321</u>
	\$ <u>64,469,700</u>	\$ <u>8,677,538</u>	\$ <u>73,147,238</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

	<u>Total Special Revenue Funds</u>	<u>Capital Improvement and Contingency Fund</u>	<u>School Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues-				
Intergovernmental	\$ 22,674,876			\$ 22,674,876
Charges for services	11,115,366			11,115,366
Interest and investment earnings	396,911	\$ 287,993		684,904
Miscellaneous	384,196			384,196
	<u>\$ 34,571,349</u>	<u>\$ 287,993</u>		<u>\$ 34,859,342</u>
Expenditures -				
Current-				
Police	\$ 44,399			\$ 44,399
Community services	6,487,975			6,487,975
Airport	3,553,361			3,553,361
Education	10,714,296			10,714,296
Food service	7,055,778			7,055,778
Capital outlay	1,654,396	\$ 1,943,417		3,597,813
Debt service -				
Principal			\$ 3,741,739	3,741,739
Interest			1,195,100	1,195,100
	<u>\$ 29,510,205</u>	<u>\$ 1,943,417</u>	<u>\$ 4,936,839</u>	<u>\$ 36,390,461</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ 5,061,144</u>	<u>\$ (1,655,424)</u>	<u>\$ (4,936,839)</u>	<u>\$ (1,531,119)</u>
Other Sources (Uses) -				
Transfers in	\$ 41,428,573		\$ 4,936,839	\$ 46,365,412
Transfers out	(611,827)			(611,827)
	<u>\$ 40,816,746</u>		<u>\$ 4,936,839</u>	<u>\$ 45,753,585</u>
Net change in fund balances	\$ 45,877,890	\$ (1,655,424)	\$ -0-	\$ 44,222,466
Fund Balances at beginning of year	15,018,520	10,017,860	-0-	25,036,380
Change in reserve for inventory	80,475			80,475
Fund Balances at end of year	<u><u>\$ 60,976,885</u></u>	<u><u>\$ 8,362,436</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 69,339,321</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

Airport Fund accounts for revenues and expenditures related to the operation of the municipal airport.

Drug Enforcement Fund accounts for revenue from drug fines and confiscated property and the use of those funds in the City's drug enforcement and education programs.

Community Investment Trust Fund accounts for revenues and expenditures related to projects and programs of the City or other nonprofit institutions that benefit the City's residents using proceeds from the sale of the Murfreesboro Electric Department in a prior year.

Extended School Program Fund accounts for revenues and expenditures associated with the operation of the School System's before and after school program.

School Nutrition Fund accounts for the revenues and expenditures of the cafeteria operations for all of the schools.

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

Internal School Fund accounts for revenues and expenditures of funds collected from students and school activities to be used for internal school use such as the purchase of supplies, school clubs, and student activities.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2023

	Airport	Drug Enforcement	Community Investment Trust	Extended School Program	School Nutrition	School Federal Programs Fund	Internal School Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 2,075,741	\$ 1,614,064	\$ 104,022	\$ 7,108,199	\$ 6,752,615	\$ 956,518	\$ 1,337,534	\$ 19,948,693
Certificates of deposit				235,755				235,755
Investments			41,385,479					41,385,479
Due from other funds	9,665			96,457		2,596		108,718
Due from other governments	207,730	3,411			165,638	1,814,016		2,190,795
Accounts receivable, net	97,531			14,768			751	113,050
Lease receivable	211,844							211,844
Prepaid items and deposits			30,000					30,000
Inventory	36,897				180,237			217,134
Other assets							28,232	28,232
	<u>\$ 2,639,408</u>	<u>\$ 1,617,475</u>	<u>\$ 41,519,501</u>	<u>\$ 7,455,179</u>	<u>\$ 7,098,490</u>	<u>\$ 2,773,130</u>	<u>\$ 1,366,517</u>	<u>\$ 64,469,700</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>								
Liabilities-								
Accounts payable	\$ 257,106			\$ 405		\$ 156,929	\$ 6,691	\$ 421,131
Accrued liabilities	19,815			192,994	\$ 81,546	356,589		650,944
Due to other funds				28		659,612		659,640
Unearned revenue		\$ 888,521		614,706				1,503,227
Deposits	46,029							46,029
	<u>\$ 322,950</u>	<u>\$ 888,521</u>		<u>\$ 808,133</u>	<u>\$ 81,546</u>	<u>\$ 1,173,130</u>	<u>\$ 6,691</u>	<u>\$ 3,280,971</u>
Deferred Inflows of Resources-								
Unavailable revenue - leases	\$ 211,844							\$ 211,844
	<u>\$ 211,844</u>							<u>\$ 211,844</u>
Fund Balances-								
Nonspendable	\$ 36,897				\$ 180,237			\$ 217,134
Restricted		\$ 267,941					\$ 1,359,826	1,627,767
Committed	2,067,717	461,013	\$ 41,519,501	\$ 6,214,334	3,394,661	\$ 1,600,000		55,257,226
Assigned				432,712	3,442,046			3,874,758
	<u>\$ 2,104,614</u>	<u>\$ 728,954</u>	<u>\$ 41,519,501</u>	<u>\$ 6,647,046</u>	<u>\$ 7,016,944</u>	<u>\$ 1,600,000</u>	<u>\$ 1,359,826</u>	<u>\$ 60,976,885</u>
	<u>\$ 2,639,408</u>	<u>\$ 1,617,475</u>	<u>\$ 41,519,501</u>	<u>\$ 7,455,179</u>	<u>\$ 7,098,490</u>	<u>\$ 2,773,130</u>	<u>\$ 1,366,517</u>	<u>\$ 64,469,700</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

	<u>Airport</u>	<u>Drug Enforcement</u>	<u>Community Investment Trust</u>	<u>Extended School Program</u>	<u>School Nutrition</u>	<u>School Federal Programs Fund</u>	<u>Internal School Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues-								
Intergovernmental	\$ 2,399,263			\$ 4,230,778	\$ 5,809,060	\$ 10,235,775		\$ 22,674,876
Charges for services	3,736,548			4,555,673	939,118		\$ 1,884,027	11,115,366
Interest and investment earnings	28	\$ 134	\$ 396,749					396,911
Miscellaneous	2,639	160,257		211,300	10,000			384,196
	<u>\$ 6,138,478</u>	<u>\$ 160,391</u>	<u>\$ 396,749</u>	<u>\$ 8,997,751</u>	<u>\$ 6,758,178</u>	<u>\$ 10,235,775</u>	<u>\$ 1,884,027</u>	<u>\$ 34,571,349</u>
Expenditures-								
Education						\$ 8,959,413	\$ 1,754,883	\$ 10,714,296
Police		\$ 44,399						44,399
Community services			\$ 16,576	\$ 5,917,399		554,000		6,487,975
Airport	\$ 3,553,361							3,553,361
Food service					\$ 7,055,778			7,055,778
Capital outlay	1,204,194	30,393		103,592		316,217		1,654,396
	<u>\$ 4,757,555</u>	<u>\$ 74,792</u>	<u>\$ 16,576</u>	<u>\$ 6,020,991</u>	<u>\$ 7,055,778</u>	<u>\$ 9,829,630</u>	<u>\$ 1,754,883</u>	<u>\$ 29,510,205</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,380,923</u>	<u>\$ 85,599</u>	<u>\$ 380,173</u>	<u>\$ 2,976,760</u>	<u>\$ (297,600)</u>	<u>\$ 406,145</u>	<u>\$ 129,144</u>	<u>\$ 5,061,144</u>
Other Sources (Uses)-								
Transfers in	\$ 195,332	\$ 38,231	\$ 41,195,010					\$ 41,428,573
Transfers out	(150,000)		(55,682)			\$ (406,145)		(611,827)
	<u>\$ 45,332</u>	<u>\$ 38,231</u>	<u>\$ 41,139,328</u>			<u>\$ (406,145)</u>		<u>\$ 40,816,746</u>
Net change in fund balances	\$ 1,426,255	\$ 123,830	\$ 41,519,501	\$ 2,976,760	\$ (297,600)	\$ -	\$ 129,144	\$ 45,877,890
Fund Balances at beginning of year	678,359	605,124		3,670,286	7,234,069	1,600,000	1,230,682	15,018,520
Change in reserve for inventory					80,475			80,475
Fund Balances at end of year	<u>\$ 2,104,614</u>	<u>\$ 728,954</u>	<u>\$ 41,519,501</u>	<u>\$ 6,647,046</u>	<u>\$ 7,016,944</u>	<u>\$ 1,600,000</u>	<u>\$ 1,359,826</u>	<u>\$ 60,976,885</u>

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
State funds	\$ 21,500	\$ 39,500	\$ 2,072,051	\$ 2,032,551
Federal funds	117,000	523,000	327,212	(195,788)
Interest	12	12	28	16
Rental income	761,586	761,586	734,169	(27,417)
Fuel sales	2,950,810	2,950,810	3,002,379	51,569
Miscellaneous			2,639	2,639
	<u>\$ 3,850,908</u>	<u>\$ 4,274,908</u>	<u>\$ 6,138,478</u>	<u>\$ 1,863,570</u>
Expenditures -				
Salaries and wages	\$ 496,213	\$ 507,840	\$ 444,393	\$ 63,447
Employee benefits	121,235	123,524	121,883	1,641
Contractual services	3,600	3,600	3,387	213
Utility services	77,900	77,900	77,796	104
Professional services	85,500	85,500	100,859	(15,359)
Repairs and maintenance	153,000	153,000	117,414	35,586
Training and travel	13,000	13,000	4,070	8,930
Administrative supplies	26,800	26,800	19,283	7,517
Other supplies	2,695,300	2,695,300	2,484,201	211,099
Fixed charges other	29,000	29,000	49,011	(20,011)
Insurance	66,318	66,318	66,319	(1)
Other miscellaneous	44,500	44,500	62,884	(18,384)
Grants and contributions		82,000	1,861	80,139
Capital outlay	1,546,000	1,906,000	1,204,194	701,806
	<u>\$ 5,358,366</u>	<u>\$ 5,814,282</u>	<u>\$ 4,757,555</u>	<u>\$ 1,056,727</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,507,458)</u>	<u>\$ (1,539,374)</u>	<u>\$ 1,380,923</u>	<u>\$ 2,920,297</u>
Other Financing Sources and (Uses) -				
Transfer in	\$ 1,430,500	\$ 1,430,500	\$ 195,332	\$ (1,235,168)
Transfers out	(150,000)	(150,000)	(150,000)	
	<u>\$ 1,280,500</u>	<u>\$ 1,280,500</u>	<u>\$ 45,332</u>	<u>\$ (1,235,168)</u>
Net change in fund balance	\$ (226,958)	\$ (258,874)	\$ 1,426,255	\$ 1,685,129
Fund Balance at beginning of year	678,359	678,359	678,359	
Fund Balance at end of year	<u>\$ 451,401</u>	<u>\$ 419,485</u>	<u>\$ 2,104,614</u>	<u>\$ 1,685,129</u>

CITY OF MURFREESBORO, TENNESSEE

Drug Enforcement Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 55,000	\$ 55,000	\$ 38,231	\$ (16,769)
Seizure awards	80,000	80,000	121,198	41,198
Interest	500	500	134	(366)
Miscellaneous	10,500	10,500	828	(9,672)
	<u>\$ 146,000</u>	<u>\$ 146,000</u>	<u>\$ 160,391</u>	<u>\$ 14,391</u>
Expenditures -				
Repairs and maintenance	\$ 55,000	\$ 40,000	\$ 1,833	\$ 38,167
Other supplies	6,700	6,700	3,826	2,874
Other miscellaneous	240,000	240,000	38,740	201,260
Capital outlay	24,000	39,000	30,393	8,607
	<u>\$ 325,700</u>	<u>\$ 325,700</u>	<u>\$ 74,792</u>	<u>\$ 250,908</u>
Excess of Revenues Over (Under) Expenditures	\$ (179,700)	\$ (179,700)	\$ 85,599	\$ 265,299
Other Financing Sources -				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>38,231</u>	<u>(16,769)</u>
Net change in fund balance	\$ (124,700)	\$ (124,700)	\$ 123,830	\$ 248,530
Fund Balance at beginning of year	<u>605,124</u>	<u>605,124</u>	<u>605,124</u>	
Fund Balance at end of year	<u>\$ 480,424</u>	<u>\$ 480,424</u>	<u>\$ 728,954</u>	<u>\$ 248,530</u>

CITY OF MURFREESBORO, TENNESSEE

Community Investment Trust Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest		\$ 411,950	\$ 1,132	\$ (410,818)
Investment gains			395,617	395,617
	\$ -0-	\$ 411,950	\$ 396,749	\$ (15,201)
Expenditures -				
Contractual services		\$ 10,417	\$ 171	10,246
Professional services		15,000	10,148	4,852
Administrative supplies			341	(341)
Insurance		2,084	5,916	(3,832)
Other miscellaneous		4,166		4,166
	\$ -0-	\$ 31,667	\$ 16,576	\$ 15,091
Excess of Revenues Over (Under) Expenditures	\$ -0-	\$ 380,283	\$ 380,173	\$ (110)
Other Financing Sources (Uses) -				
Transfers in		\$ 41,195,010	\$ 41,195,010	
Transfers out		(55,682)	(55,682)	
		\$ 41,139,328	\$ 41,139,328	
Net change in fund balance	\$ -0-	\$ 41,519,611	\$ 41,519,501	\$ (110)
Fund Balance at beginning of year				
Fund Balance at end of year	\$ -0-	\$ 41,519,611	\$ 41,519,501	\$ (110)

CITY OF MURFREESBORO, TENNESSEE

Extended School Program Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal funds		\$ 2,669,786	\$ 4,230,778	\$ 1,560,992
Charges for services	\$ 6,685,277	6,685,277	4,555,673	(2,129,604)
Other local revenues	12,900	12,900	211,300	198,400
	<u>\$ 6,698,177</u>	<u>\$ 9,367,963</u>	<u>\$ 8,997,751</u>	<u>\$ (370,212)</u>
Expenditures -				
Community services	\$ 6,433,604	\$ 9,620,245	\$ 5,917,399	\$ 3,702,846
Capital outlay	152,700	152,700	103,592	49,108
	<u>\$ 6,586,304</u>	<u>\$ 9,772,945</u>	<u>\$ 6,020,991</u>	<u>\$ 3,751,954</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 111,873	\$ (404,982)	\$ 2,976,760	\$ 3,381,742
Fund Balance at beginning of year	<u>3,670,286</u>	<u>3,670,286</u>	<u>3,670,286</u>	
Fund Balance at end of year	<u>\$ 3,782,159</u>	<u>\$ 3,265,304</u>	<u>\$ 6,647,046</u>	<u>\$ 3,381,742</u>

CITY OF MURFREESBORO, TENNESSEE

School Nutrition Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 6,076,382	\$ 6,359,386	\$ 5,349,914	\$ (1,009,472)
State program revenues	52,000	52,000	42,130	(9,870)
USDA Commodities	417,016	417,016	417,016	
Charges for services	911,752	911,752	939,118	27,366
Other local revenues		10,000	10,000	
	<u>\$ 7,457,150</u>	<u>\$ 7,750,154</u>	<u>\$ 6,758,178</u>	<u>\$ (991,976)</u>
Expenditures -				
Food service	\$ 8,829,605	\$ 9,122,609	\$ 6,638,762	\$ 2,483,847
USDA commodities	417,016	417,016	417,016	
	<u>\$ 9,246,621</u>	<u>\$ 9,539,625</u>	<u>\$ 7,055,778</u>	<u>\$ 2,483,847</u>
Excess of Revenues Over (Under)				
Expenditures	\$ (1,789,471)	\$ (1,789,471)	\$ (297,600)	\$ 1,491,871
Fund Balance at beginning of year	7,234,069	7,234,069	7,234,069	
Change in reserve for inventory			80,475	80,475
Fund Balance at end of year	<u>\$ 5,444,598</u>	<u>\$ 5,444,598</u>	<u>\$ 7,016,944</u>	<u>\$ 1,572,346</u>

CITY OF MURFREESBORO, TENNESSEE

School Federal Programs Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 17,434,160	\$ 18,673,294	\$ 10,235,775	\$ (8,437,519)
	<u>\$ 17,434,160</u>	<u>\$ 18,673,294</u>	<u>\$ 10,235,775</u>	<u>\$ (8,437,519)</u>
Expenditures -				
Regular instruction	\$ 4,834,458	\$ 5,066,102	\$ 3,266,122	\$ 1,799,980
Special education	1,363,414	1,716,387	1,271,393	444,994
Health services	602,401	1,032,779	986,314	46,465
Other student support	822,784	1,054,737	493,934	560,803
Regular instruction - support	2,885,629	3,061,496	1,897,779	1,163,717
Special education - support	711,252	936,921	786,203	150,718
Fiscal services	77,292	82,675	38,005	44,670
Operation of plant	92,963	92,280	92,280	
Transportation	141,902	215,790	125,090	90,700
Food service	14,000	5,000	2,293	2,707
Community services	554,000	554,000	554,000	
Capital outlay	4,081,543	4,084,886	316,217	3,768,669
	<u>\$ 16,181,638</u>	<u>\$ 17,903,053</u>	<u>\$ 9,829,630</u>	<u>\$ 8,073,423</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 1,252,522	\$ 770,241	\$ 406,145	\$ (364,096)
Other Financing Sources (Uses)				
Transfers in		\$ 500,000		\$ (500,000)
Transfers out	\$ (749,221)	(770,240)	\$ (406,145)	364,095
	<u>\$ (749,221)</u>	<u>\$ (270,240)</u>	<u>\$ (406,145)</u>	<u>\$ (135,905)</u>
Net change in fund balance	\$ 503,301	\$ 500,001	\$ - 0 -	\$ (500,001)
Fund Balance at beginning of year	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	
Fund Balance at end of year	<u>\$ 2,103,301</u>	<u>\$ 2,100,001</u>	<u>\$ 1,600,000</u>	<u>\$ (500,001)</u>

MAJOR CAPITAL PROJECTS FUND

The City has one capital projects fund which it considers to be a major fund.

Bond Fund accounts for the proceeds from bonds and the proceeds from notes from direct borrowings and direct placements, and the expenditures related to various capital projects funded by the bonds and notes.

CITY OF MURFREESBORO, TENNESSEE

Bond Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 600,000	\$ 600,000	\$ 2,272,827	\$ 1,672,827
Investment earnings			373,775	373,775
Miscellaneous income	50,000	50,000	404,244	354,244
	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 3,050,846</u>	<u>\$ 2,400,846</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ 28,817,250</u>	<u>\$ 36,182,750</u>
	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ 28,817,250</u>	<u>\$ 36,182,750</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (64,350,000)</u>	<u>\$ (64,350,000)</u>	<u>\$ (25,766,404)</u>	<u>\$ 38,583,596</u>
Other Financing Sources (Uses)-				
Transfers out	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (5,018,668)</u>	<u>\$ (4,818,668)</u>
	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (5,018,668)</u>	<u>\$ (4,818,668)</u>
Net change in fund balance	\$ (64,550,000)	\$ (64,550,000)	\$ (30,785,072)	\$ 33,764,928
Fund Balance at beginning of year	<u>134,717,173</u>	<u>134,717,173</u>	<u>134,717,173</u>	
Fund Balance at end of year	<u>\$ 70,167,173</u>	<u>\$ 70,167,173</u>	<u>\$ 103,932,101</u>	<u>\$ 33,764,928</u>

NONMAJOR CAPITAL PROJECTS FUND

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

CITY OF MURFREESBORO, TENNESSEE

Capital Improvement and Contingency Fund

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ <u>15,000</u>	\$ <u>15,000</u>	\$ <u>287,993</u>	\$ <u>272,993</u>
	\$ <u>15,000</u>	\$ <u>15,000</u>	\$ <u>287,993</u>	\$ <u>272,993</u>
Expenditures-				
Capital outlay and other projects	\$ <u>7,107,578</u>	\$ <u>7,107,578</u>	\$ <u>1,943,417</u>	\$ <u>5,164,161</u>
	\$ <u>7,107,578</u>	\$ <u>7,107,578</u>	\$ <u>1,943,417</u>	\$ <u>5,164,161</u>
Excess of Revenues Over (Under) Expenditures	\$ (7,092,578)	\$ (7,092,578)	\$ (1,655,424)	\$ 5,437,154
Fund Balance at beginning of year	<u>10,017,860</u>	<u>10,017,860</u>	<u>10,017,860</u>	
Fund Balance at end of year	\$ <u><u>2,925,282</u></u>	\$ <u><u>2,925,282</u></u>	\$ <u><u>8,362,436</u></u>	\$ <u><u>5,437,154</u></u>

MAJOR DEBT SERVICE FUND

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

CITY OF MURFREESBORO, TENNESSEE

Debt Service Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	\$ -0-	\$ -0-	\$ 3,813	\$ 3,813
Expenditures -				
Principal retirement	\$ 31,304,570	\$ 31,304,570	\$ 27,562,831	\$ 3,741,739
Interest	11,635,258	11,635,258	10,440,157	1,195,101
Other	12,000	12,000	12,170	(170)
	<u>\$ 42,951,828</u>	<u>\$ 42,951,828</u>	<u>\$ 38,015,158</u>	<u>\$ 4,936,670</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (42,951,828)</u>	<u>\$ (42,951,828)</u>	<u>\$ (38,011,345)</u>	<u>\$ 4,940,483</u>
Other Financing Sources (Uses) -				
Transfers in	\$ 43,151,855	\$ 43,151,855	\$ 42,754,485	\$ (397,370)
Transfers out			(4,668,134)	(4,668,134)
	<u>\$ 43,151,855</u>	<u>\$ 43,151,855</u>	<u>\$ 38,086,351</u>	<u>\$ (5,065,504)</u>
Net change in fund balance	\$ 200,027	\$ 200,027	\$ 75,006	\$ (125,021)
Fund Balance at beginning of year	804,646	804,646	804,646	
Fund Balance at end of year	<u>\$ 1,004,673</u>	<u>\$ 1,004,673</u>	<u>\$ 879,652</u>	<u>\$ (125,021)</u>

NONMAJOR DEBT SERVICE FUND

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

CITY OF MURFREESBORO, TENNESSEE

School Debt Service Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenditures -				
Principal retirement	\$ 3,741,739	\$ 3,741,739	\$ 3,741,739	\$ -0-
Interest	1,195,100	1,195,100	1,195,100	-0-
	<u>\$ 4,936,839</u>	<u>\$ 4,936,839</u>	<u>\$ 4,936,839</u>	<u>\$ -0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,936,839)</u>	<u>\$ (4,936,839)</u>	<u>\$ (4,936,839)</u>	<u>\$ -0-</u>
Other Financing Sources (Uses) -				
Transfers in	\$ 4,936,839	\$ 4,936,839	\$ 4,936,839	\$ -0-
	<u>\$ 4,936,839</u>	<u>\$ 4,936,839</u>	<u>\$ 4,936,839</u>	<u>\$ -0-</u>
Net change in fund balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fund Balance at beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance at end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

NONMAJOR ENTERPRISE FUND

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

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

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Position
Nonmajor Enterprise Fund

June 30, 2023

	Murfreesboro Stormwater Fund
<u>ASSETS</u>	
Current Assets -	
Cash and cash equivalents	\$ 6,677,422
Prepaid items	23,131
Total Current Assets	<u>\$ 6,700,553</u>
Noncurrent Assets -	
Capital assets -	
Land and construction in progress	\$ 3,239,946
Other capital assets, net of depreciation	2,645,299
Total Noncurrent Assets	<u>\$ 5,885,245</u>
Total Assets	<u>\$ 12,585,798</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	\$ 215,850
Deferred outflows of resources related to OPEB	151,990
Total Deferred Outflows of Resources	<u>\$ 367,840</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,953,638</u>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities -	
Accounts payable	\$ 173,215
Accrued and withheld liabilities	30,590
Compensated absences	8,408
Total OPEB liability - current	26,367
Due to other funds	357,755
Total Current Liabilities	<u>\$ 596,335</u>
Long-term Liabilities -	
Compensated absences	\$ 41,315
Net pension liability	109,734
Total OPEB liability, net of current portion	1,840,411
Total Long-term Liabilities	<u>\$ 1,991,460</u>
Total Liabilities	<u>\$ 2,587,795</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pensions	\$ 69,691
Deferred inflows of resources related to OPEB	502,990
Total Deferred Inflows of Resources	<u>\$ 572,681</u>
Net Position -	
Investment in capital assets	\$ 5,885,245
Unrestricted	3,907,917
Total Net Position	<u>\$ 9,793,162</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 12,953,638</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

	<u>Murfreesboro Stormwater Fund</u>
Operating Revenues - Charges for services	\$ <u>3,376,441</u>
Operating Expenses - Operating expenses	\$ 2,672,797
Depreciation expense	<u>391,026</u>
	\$ <u>3,063,823</u>
Operating Income (Loss)	\$ <u>312,618</u>
Nonoperating Revenues (Expenses) - Interest	\$ <u>221,585</u>
Total non-operating revenues (expenses)	\$ <u>221,585</u>
Change in Net Position	\$ 534,203
Net Position at beginning of year	<u>9,258,959</u>
Net Position at end of year	\$ <u><u>9,793,162</u></u>

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Nonmajor Enterprise Fund

Year Ended June 30, 2023

Murfreesboro
Stormwater
Fund

Cash Flows from Operating Activities -

Transfers of stormwater fees from the Murfreesboro Water Resources

Department

\$ 3,056,260

Reimbursements to the Murfreesboro Water Resources Department

(3,272,458)

Net Cash Provided (Used) by Operating Activities

\$ (216,198)

Cash Flows From Investing Activities -

Interest received

\$ 221,585

Net Cash Provided by Investing Activities

\$ 221,585

Net Increase (Decrease) in Cash and Cash Equivalents

\$ 5,387

Cash and Cash Equivalents at Beginning of Year

6,672,035

Cash and Cash Equivalents at End of Year

\$ 6,677,422

Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities:

Operating Income (Loss)

\$ 312,618

Adjustments to reconcile operating income (loss) to
net cash provided (used) by operating activities -

Depreciation

391,026

Changes in assets and liabilities -

Prepaid expenses

(3,999)

Net pension asset

188,329

Deferred outflows of resources related to pensions

(150,647)

Deferred outflows of resources related to OPEB

21,589

Accounts payable

6,776

Accrued and withheld liabilities

11,821

Compensated absences

6,406

Due to other funds

(931,438)

Net pension liability

109,734

Total OPEB liability

83,609

Deferred inflows of resources related to pensions

(187,774)

Deferred inflows of resources related to OPEB

(74,248)

Net Cash Provided (Used) by Operating Activities

\$ (216,198)

Non-Cash Capital and Related Financing Activities -

Capital assets purchased by other funds

\$ 505,528

Capital assets and construction in progress in accounts payable

150,000

\$ 655,528

INTERNAL SERVICE FUNDS

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

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

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

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Net Position
Internal Service Funds

June 30, 2023

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets -			
Cash and cash equivalents	\$ 5,779,010	\$ 3,231,078	\$ 9,010,088
Investments		2,161,924	2,161,924
Due from others	194,288	20,372	214,660
Due from other funds	765		765
Total Current Assets	<u>\$ 5,974,063</u>	<u>\$ 5,413,374</u>	<u>\$ 11,387,437</u>
Noncurrent Assets -			
Restricted assets -			
Certificates of deposit		\$ 500,000	\$ 500,000
Total Noncurrent Assets		<u>\$ 500,000</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 5,974,063</u>	<u>\$ 5,913,374</u>	<u>\$ 11,887,437</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities -			
Accounts payable	\$ 1,657,017	\$ 105,463	\$ 1,762,480
Claims and judgments payable		315,889	315,889
Total Current Liabilities	<u>\$ 1,657,017</u>	<u>\$ 421,352</u>	<u>\$ 2,078,369</u>
Noncurrent Liabilities -			
Claims and judgments payable		631,777	631,777
Total Liabilities	<u>\$ 1,657,017</u>	<u>\$ 1,053,129</u>	<u>\$ 2,710,146</u>
Net Position -			
Unrestricted	\$ 4,317,046	\$ 4,860,245	\$ 9,177,291
Total Net Position	<u>\$ 4,317,046</u>	<u>\$ 4,860,245</u>	<u>\$ 9,177,291</u>
Total Liabilities and Net Position	<u>\$ 5,974,063</u>	<u>\$ 5,913,374</u>	<u>\$ 11,887,437</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Operating Revenues -			
Premiums from City departments	\$ 17,405,672	\$ 4,757,920	\$ 22,163,592
Premiums from others	3,481,043	12,116	3,493,159
Miscellaneous	<u>472,217</u>	<u>472,217</u>	<u>472,217</u>
	<u>\$ 21,358,932</u>	<u>\$ 4,770,036</u>	<u>\$ 26,128,968</u>
Operating Expenses -			
Claims and administrative expense	\$ 20,323,271	\$ 3,743,026	\$ 24,066,297
Administrative support services	574,585	213,260	787,845
Contractual services		770	770
Professional services	62,000		62,000
Miscellaneous	<u>89</u>	<u>89</u>	<u>89</u>
	<u>\$ 20,959,945</u>	<u>\$ 3,957,056</u>	<u>\$ 24,917,001</u>
Operating Income (Loss)	<u>\$ 398,987</u>	<u>\$ 812,980</u>	<u>\$ 1,211,967</u>
Nonoperating Revenue (Expense) -			
Interest earned	\$ 429	\$ 12,820	\$ 13,249
Gain (loss) on investments	<u>429</u>	<u>42,733</u>	<u>42,733</u>
	<u>\$ 429</u>	<u>\$ 55,553</u>	<u>\$ 55,982</u>
Change in Net Position	\$ 399,416	\$ 868,533	\$ 1,267,949
Net Position at beginning of year	<u>3,917,630</u>	<u>3,991,712</u>	<u>7,909,342</u>
Net Position at end of year	<u><u>\$ 4,317,046</u></u>	<u><u>\$ 4,860,245</u></u>	<u><u>\$ 9,177,291</u></u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2023

	<u>Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Cash Flows From Operating Activities-			
Cash received from interfund services provided	\$ 20,886,570	\$ 4,751,949	\$ 25,638,519
Cash payments of claims and administrative expenses	(20,190,000)	(3,585,240)	(23,775,240)
Other receipts	375,261	12,116	387,377
Other payments	(336,084)	(214,030)	(550,114)
Net Cash Provided (Used) by Operating Activities	\$ <u>735,747</u>	\$ <u>964,795</u>	\$ <u>1,700,542</u>
Cash Flows From Investing Activities-			
Interest received	\$ <u>429</u>	\$ <u>313</u>	\$ <u>742</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>429</u>	\$ <u>313</u>	\$ <u>742</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 736,176	\$ 965,108	\$ 1,701,284
Cash and Cash Equivalents at Beginning of Year	5,042,834	2,265,970	7,308,804
Cash and Cash Equivalents at End of Year	\$ <u><u>5,779,010</u></u>	\$ <u><u>3,231,078</u></u>	\$ <u><u>9,010,088</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 398,987	\$ 812,980	\$ 1,211,967
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Changes in assets and liabilities -			
Due from other funds	(145)		(145)
Due from others	(96,956)	(5,971)	(102,927)
Accounts payable	433,861	(36,390)	397,471
Claims and judgments payable		194,176	194,176
Net Cash Provided (Used) by Operating Activities	\$ <u><u>735,747</u></u>	\$ <u><u>964,795</u></u>	\$ <u><u>1,700,542</u></u>
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Position -			
Cash and Cash Equivalents	\$ <u><u>5,779,010</u></u>	\$ <u><u>3,231,078</u></u>	\$ <u><u>9,010,088</u></u>
Non-Cash Investing Activities -			
Reinvested investment earnings		\$ <u><u>12,507</u></u>	\$ <u><u>12,507</u></u>

PENSION TRUST FUNDS – DISCRETELY PRESENTED COMPONENT UNITS

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 and are considered discretely presented component units.

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 former employees of the Murfreesboro Electric Department. Revenues are derived primarily from contributions made by the City and investment earnings.

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Fiduciary Net Position
Pension Trust Funds

Discretely Presented Component Units

June 30, 2023

	Employees' Pension	Electric Department Employee Pension	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,256,524		\$ 3,256,524
Certificates of deposit	193,652		193,652
Investments, at fair value -			
Mutual funds	115,637,286		115,637,286
US government and municipal obligations	3,132,093		3,132,093
Corporate notes and bonds	12,384,379		12,384,379
Common/preferred stock	28,806,047		28,806,047
Foreign bonds and debentures	448,055		448,055
Partnerships			
Accrued investment income	251,364		251,364
Due from others	407,993		407,993
	\$ <u>164,517,393</u>	\$ <u>- 0 -</u>	\$ <u>164,517,393</u>
<u>LIABILITIES</u>			
Due to others	\$ <u>49,543</u>		\$ <u>49,543</u>
	\$ <u>49,543</u>		\$ <u>49,543</u>
<u>NET POSITION</u>			
Net Position -			
Restricted for pensions	\$ <u>164,467,850</u>	\$ <u>- 0 -</u>	\$ <u>164,467,850</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Discretely Presented Component Units

Year Ended June 30, 2023

	Employees' Pension	Electric Department Employee Pension	Totals
Additions -			
Contributions -			
Employer	\$ 6,354,120	\$ 2,803,359	\$ 9,157,479
Investment income-			
Net appreciation (depreciation) in fair value of investments	\$ 4,909,577	\$ (251,324)	\$ 4,658,253
Interest	662,128	520,028	1,182,156
Dividends	6,372,250	54,093	6,426,343
Total investment income	\$ 11,943,955	\$ 322,797	\$ 12,266,752
Less investment expenses	(361,919)	(218,399)	(580,318)
Net investment income (loss)	\$ 11,582,036	\$ 104,398	\$ 11,686,434
Total additions	\$ 17,936,156	\$ 2,907,757	\$ 20,843,913
Deductions -			
Benefits to participants	\$ 8,312,435	\$ 10,154,455	\$ 18,466,890
Administrative expenses	35,000	102,062	137,062
Annuity purchase		18,807,875	18,807,875
Total deductions	\$ 8,347,435	\$ 29,064,392	\$ 37,411,827
Net Increase (Decrease)	\$ 9,588,721	\$ (26,156,635)	\$ (16,567,914)
Net Position Restricted for Pensions			
Beginning of year	154,879,129	26,156,635	181,035,764
End of year	\$ 164,467,850	\$ - 0 -	\$ 164,467,850

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, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Funds -			
Extended School Program Fund			
Pinnacle Financial Partners	0.50 %	02/02/2024	\$ 100,000
Pinnacle Financial Partners	0.50	02/02/2024	135,755
			<u>\$ 235,755</u>
Internal Service Funds -			
Risk Management Fund			
First Bank	0.20 %	09/23/2023	<u>\$ 500,000</u>
Extended School Program Private Purpose Trust Fund -			
Pinnacle Financial Partners	0.50 %	02/19/2024	<u>\$ 171,348</u>
Component Unit-Fiduciary Funds -			
Employees' Pension Trust Fund			
JPMorgan Chase Bank Na CD FDIC	4.50 %	2/15/2028	<u>\$ 193,652</u>
 Total Certificates of Deposit			 <u><u>\$ 1,100,755</u></u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2023

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
General Fund -				
Federal Home Loan Banks Debenture	4.750	%	11/21/2023	\$ 996,710
US Treasury Notes	2.000		05/31/2024	1,584,936
US Treasury Notes	0.500		11/30/2023	980,310
US Treasury Notes	2.500		05/31/2024	1,217,437
US Treasury Bills OID	5.172		11/16/2023	11,323,967
Federal Home Loan Banks Debenture	4.750		10/24/2023	1,995,440
Federal Home Loan Banks Debenture	5.000		02/08/2024	995,640
Federal Home Loan Banks Debenture	5.250		07/08/2024	999,180
Federal Home Loan Banks Debenture	5.375		09/09/2024	2,579,561
Federal Home Loan Banks Debenture	5.140		06/14/2024	1,196,520
Federal Home Loan Banks Discount OID	4.994		11/01/2023	2,113,945
Greeneville Tenn, GO Bds, Ser 2021 Bank Qualified	4.000		06/01/2024	316,950
US Treasury Notes	2.875		10/31/2023	456,352
US Treasury Notes	2.500		01/31/2024	786,720
US Treasury Notes	2.000		04/30/2024	1,069,453
US Treasury Notes	0.125		12/15/2023	1,465,905
US Treasury Notes	0.250		03/15/2024	964,690
US Treasury Notes	0.250		06/15/2024	1,904,300
US Treasury Notes	0.125		07/31/2023	1,992,240
US Treasury Notes	0.125		08/31/2023	1,983,600
US Treasury Notes	0.375		09/15/2024	1,885,080
US Treasury Notes	0.250		09/30/2023	987,850
US Treasury Notes	0.500		11/30/2023	490,155
Federal Home Loan Banks Discount OID	5.015		09/18/2023	1,880,050
US Treasury Bills OID	5.101		08/22/2023	1,489,245
US Treasury Bills OID	5.305		10/24/2023	1,500,066
Federal Home Loan Banks Debenture	4.750		03/08/2024	4,975,650
Federal Home Loan Banks Discount OID	4.828		08/18/2023	5,465,845
Federal Home Loan Banks Discount OID	4.724		12/11/2023	4,888,250
US Treasury Bills OID	5.305		10/24/2023	5,055,961
				\$ 65,542,008
Bond Fund -				
US Treasury Bills OID	5.100	%	08/10/2023	\$ 1,491,870
Federal Home Loan Banks Debenture	3.125		06/14/2024	2,445,450
Federal Home Loan Banks Debenture	4.500		06/14/2024	1,980,900
Federal Home Loan Banks Debenture	4.750		03/08/2024	1,990,260
Federal Home Loan Banks Debenture	4.875		12/07/2023	1,396,724
Federal Home Loan Banks Debenture	4.750		01/05/2024	2,991,150
Federal Home Loan Banks Debenture	5.000		02/08/2024	2,986,920
Federal Home Loan Banks Discount OID	4.921		10/18/2023	1,478,010
Federal Home Loan Banks Discount OID	5.154		11/06/2023	2,947,650
Ojai CA Uni Sch Dist, Taxable GO Ref Bds, Taxable Ser 2021	0.313		08/01/2023	806,873
US Treasury Bills OID	5.360		09/21/2023	2,471,325
US Treasury Bills OID	5.018		04/18/2024	3,052,791
US Treasury Bills OID	5.360		12/21/2023	2,486,531
US Treasury Notes	2.500		01/31/2024	1,966,800
US Treasury Notes	2.250		12/31/2023	1,970,240
US Treasury Notes	2.500		08/15/2023	1,993,400
US Treasury Notes	2.500		05/15/2024	3,704,696
US Treasury Notes	0.125		07/15/2023	998,340
US Treasury Notes	0.125		09/15/2023	1,732,150
US Treasury Notes	0.125		10/15/2023	985,550
US Treasury Notes	0.125		07/31/2023	996,120
US Treasury Notes	0.250		09/30/2023	987,850
US Treasury Notes	0.375		10/31/2023	1,476,450
US Treasury Notes	0.500		11/30/2023	1,960,620
US Treasury Notes	1.500		02/29/2024	2,435,750
US Treasury Notes	2.250		03/31/2024	2,441,500
US Treasury Notes	2.500		04/30/2024	2,440,325

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2023

	Interest Rate		Maturity Date	Fair Value
Bond Fund (continued) -				
US Treasury Notes	2.500	%	05/31/2024	\$ 2,921,850
Berkeley Calif, 2018 Election Measure O Taxable GO Bds, Series 2022B	6.000		09/01/2024	581,763
Federal Home Loan Banks Debenture	4.500		10/03/2024	1,484,355
Federal Home Loan Banks Debenture	4.625		12/13/2024	1,486,695
Federal Home Loan Banks Debenture	4.755		01/12/2024	1,196,208
Federal Home Loan Banks Debenture	5.000		12/13/2024	1,991,360
Fort Bend Cnty Tex, Taxable GO Ref Bds, Taxable Ser 2020	5.000		03/01/2024	1,084,888
Newport News VA, Taxable GO Wtr Ref Bds, Taxable SER 2021	0.848		02/01/2025	986,828
US Treasury Notes	2.125		07/31/2024	1,448,550
US Treasury Notes	2.125		09/30/2024	1,923,200
US Treasury Notes	2.250		10/31/2024	1,922,040
US Treasury Notes	2.125		11/30/2024	2,633,565
US Treasury Notes	2.875		10/31/2023	1,984,140
US Treasury Notes	2.500		01/31/2024	1,966,800
US Treasury Notes	2.375		08/15/2024	1,935,400
US Treasury Notes	1.250		07/31/2023	1,993,860
US Treasury Notes	1.375		09/30/2023	1,981,020
US Treasury Notes	2.500		05/15/2024	1,949,840
US Treasury Notes	0.125		12/15/2023	1,954,540
US Treasury Notes	0.250		06/15/2024	1,904,300
US Treasury Notes	0.125		08/31/2023	1,983,600
US Treasury Notes	0.500		11/30/2023	1,960,620
US Treasury Notes	1.000		12/15/2024	1,411,695
US Treasury Notes	1.500		02/29/2024	1,948,600
US Treasury Notes	2.250		03/31/2024	1,953,200
US Treasury Notes	2.500		04/30/2024	1,952,260
US Treasury Notes	4.125		01/31/2025	3,740,340
				\$ 104,897,762
Risk Management Fund -				
Federal Home Loan Banks Debenture	4.770	%	01/05/2024	\$ 648,050
Federal Home Loan Banks Discount OID	5.154		11/06/2023	491,275
US Treasury Bills OID	4.909		04/18/2024	550,173
US Treasury Bills OID	3.415		08/10/2023	472,426
				\$ 2,161,924
Community Investment Trust -				
US Treasury Bills OID	5.190	%	09/14/2023	\$ 13,027,294
US Treasury Bills OID	5.042		07/20/2023	12,969,320
US Treasury Bills OID	5.159		08/22/2023	15,388,865
				\$ 41,385,479
Employees' Pension Trust Fund -				
Federal Home Loan Bank Bd	3.700	%	08/28/2025	\$ 68,186
Federal Home Loan Bank Sr Bds	4.750		10/24/2023	199,536
Federal Farm Credit Banks Sr Bds	4.700		08/16/2032	587,005
Federal Farm Credit Banks Sr Bds	3.950		05/17/2029	334,058
Federal Farm Credit Banks Bds	4.940		02/17/2038	124,459
Federal Farm Credit Banks Bds	4.950		04/27/2033	291,360
Austin Tex Taxable Pub Impt Bds	4.764		09/01/2037	148,859
Bristol Conn Federally Taxable GO Bds 2018 B	4.000		10/15/2023	199,134
Colorado Hsg Fin Auth Taxable	5.286		05/01/2033	396,652
Jackson TN Energy Rev Taxable	3.200		04/01/2024	196,566
Metro Nashville & Davidson Co Tn H&E Facs Brd Taxable Rev Bds	4.053		07/01/2026	286,278
Rockdale Cnty GA Wtr Sew Auth Re Taxable Ref Bds 2013	3.310		07/01/2026	300,000
Actavis Services	3.800		03/15/2025	128,481
American Express Co. Bond	3.625		12/05/2024	97,123
American Water Cap Corp Callable	3.850		03/01/2024	98,708

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2023

	Interest Rate		Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -				
Amgen Inc Sr Nts	3.000	%	02/22/2029	\$ 451,250
Amphenol Corp Sr Nts	4.350		06/01/2029	96,741
Appalachian Pwr Co Sr Gbl-X Nt	3.300		06/01/2027	279,147
Truist Finl Corp (BB&T) Sr Medium Term Nts	3.700		06/05/2025	95,841
Bank of America Corp	4.000		04/01/2024	247,175
Bank of America Corp Note	3.500		04/19/2026	95,895
The Bank of New York Mellon Corp	3.000		10/30/2028	448,425
Bank of New York Mellon Corp Mtn	2.100		10/24/2024	143,342
Berkshire Hathaway Inc Del Nts	3.125		03/15/2026	144,453
Blackrock Inc Callable	3.500		03/18/2024	147,725
BP Cap Markets America Nts	3.017		01/16/2027	188,124
Citigroup Inc Note	3.750		06/16/2024	98,110
Comcast Corp New Sr Nt	5.500		11/15/2032	259,670
ConocoPhillips Callable	3.350		11/15/2024	96,887
John Deere Capital Corp Callable	3.400		09/11/2025	168,327
Dollar General Corp New Senior Bond	4.150		11/01/2025	97,070
Eaton Corporation Sr Deb	7.625		04/01/2024	202,502
Electronic Arts Inc Note	4.800		03/01/2026	148,767
Emerson Elec Co Sr Nts	1.800		10/15/2027	88,578
Enterprise Products Oper Sr Nts	2.800		01/31/2030	175,034
Exxon Mobil Corp Callable	3.176		03/15/2024	258,784
Gilead Sciences Inc Note	3.500		02/01/2025	193,876
Gilead Sciences Inc	3.650		03/01/2026	96,165
Halliburton Co Callable	3.800		11/15/2025	38,625
Home Depot Inc Sr Nt	2.950		06/15/2029	454,950
Honeywell International Inc Sr	6.625		06/15/2028	427,636
JPMorgan Chase & Co Note	3.300		04/01/2026	174,291
Lockheed Martin Corp Sr Nts	5.100		11/15/2027	304,902
Mastercard Inc Sr Nts	2.950		06/01/2029	272,838
McDonalds Corp Snr Mtn	3.700		01/30/2026	96,635
McDonalds Corp Snr Mtn	4.600		09/09/2032	316,749
Berkshire Hathaway Energy Callable	3.750		11/15/2032	94,250
Morgan Stanley Mtn	4.000		07/23/2025	242,695
Morgan Stanley Finance LLC. Nts	5.250		01/17/2031	90,486
National Rural Utils Coop Fin Note	3.000		09/15/2028	177,104
Nextera Energy Capital Sr Deb	4.625		07/15/2027	244,450
Oklahoma Gas and Electric Company Note	3.800		08/15/2028	94,519
Paypal Hldgs Inc Sr Nt	2.850		10/01/2029	443,195
Qualcomm Inc Callable	2.900		05/20/2024	97,818
Qualcomm Inc Sr Nts	5.400		05/20/2033	315,831
Schwab Charles Corp New Note	3.450		02/13/2026	190,006
State Street Corporation Callable	3.550		08/18/2025	168,574
Stryker Corp Callable	3.500		03/15/2026	95,900
3M Co Nts	2.375		08/26/2029	300,394
Union Pacific Corp Sr Nt	3.700		03/01/2029	166,975
United Parcel Service Inc Note	3.050		11/15/2027	282,417
United Parcel Service Inc Sr Nts	4.450		04/01/2030	622,056
US Bancorp Sr Nts	3.900		04/26/2028	93,951
United Technologies Corp Note	3.950		08/16/2025	122,455
Unitedhealth Group Inc Snr Nts	3.750		07/15/2025	194,610
Unitedhealth Group Inc Snr Nts	3.100		03/15/2026	95,640
Unitedhealth Group Inc Note	2.950		10/15/2027	153,064
Unitedhealth Group Inc Sr Nt	2.875		08/15/2029	314,381
Verizon communications Inc Sr Nt	4.016		12/03/2029	280,185
Virginia Elec & Power Co Sr Gbl A Nt	3.150		01/15/2026	142,887
Virginia Elec & Power Co Note	2.950		11/15/2026	92,640
Virginia Elec & Power Co Note	3.800		04/01/2028	236,755
Vulcan Matls Co Sr Nts	3.500		06/01/2030	225,755

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2023

	Interest Rate		Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -				
Walmart Inc Sr Nts	4.150	%	09/09/2032	\$ 172,560
Canadian Imp Bk of Commerce Gbl Coco	3.600		04/07/2032	448,055
Air Prods & Chems Inc Com	NA		NA	403,766
Alcoa Corp	NA		NA	189,092
Alphabet Inc. Cl A	NA		NA	832,394
Amazon Com Inc.	NA		NA	637,591
American Express Co. Com	NA		NA	412,157
Amgen Inc. Com	NA		NA	366,555
Apple Inc. Com	NA		NA	1,464,474
Automatic Data Processing Inc. Com	NA		NA	354,961
Cme Group Inc Common	NA		NA	413,938
Chevron Corp New Com	NA		NA	364,580
Chipotle Mexican Grill Inc	NA		NA	329,406
Costco Whsl Corp New Com	NA		NA	758,577
Danaher Corporation Com	NA		NA	484,320
Dexcom Inc	NA		NA	420,099
Disney Walt Co Com	NA		NA	154,901
EOG Resources Inc Com	NA		NA	185,393
HCA Healthcare, Inc.	NA		NA	600,587
Home Depot Inc. Com	NA		NA	433,964
JPMorgan Chase & Co Com	NA		NA	489,696
Lockheed Martin Corp Com	NA		NA	361,398
Marvel Technology Inc Com	NA		NA	372,250
Microsoft Corp Com	NA		NA	1,416,306
Mondelez International Inc. Cl A	NA		NA	557,991
Monolithic Pwr Sys Inc	NA		NA	379,241
Nextera Energy Inc.	NA		NA	425,463
Nike Inc Cl B	NA		NA	367,974
Nvidia Corp Com	NA		NA	711,943
Palo Alto Networks Common	NA		NA	467,583
Paypal Holdings Inc.	NA		NA	195,719
Quanta Services	NA		NA	568,919
S&P Global Inc	NA		NA	370,422
SalesForce Com Inc	NA		NA	398,014
Servicenow Inc Com	NA		NA	446,766
Tjx Cos Inc New Com	NA		NA	450,065
T-Mobile Us Inc	NA		NA	454,342
United Parcel Service Inc. Cl B	NA		NA	533,807
United Health Group Inc.	NA		NA	695,486
Valero Energy Corp	NA		NA	392,134
Visa Inc. Com	NA		NA	610,086
Ishares North American Natural Resources	NA		NA	9,333,687
Franklin Templeton Brandywineglobal Dynamic US Lg Cap Value ETI	NA		NA	13,076,920
Vanguard Small Cap Growth ETF	NA		NA	6,087,191
American Century Small Cap Value R6	NA		NA	6,407,749
Harbor Mid Cap Value Instl	NA		NA	4,176,155
Janus Enterprise Cl 1	NA		NA	6,289,453
Western Asset Income Fd Cl 1	NA		NA	6,722,847
Lord Abbett High Yield Fund Cl R6	NA		NA	4,916,636
Tew Total Return Bond Fund Cl 1	NA		NA	16,970,700
Invesco Developing Markets Fd R6	NA		NA	8,228,307
American Funds - Capital World Growth and Income Fund - R6	NA		NA	4,484,069
Dodge & Cox International Stock Fund Class 1	NA		NA	8,495,325
Janus Global Research Fund Cl 1	NA		NA	4,425,840
Cohen & Steers Realty Cl Z	NA		NA	7,238,183
Principal Funds Real Estate Securities R6	NA		NA	7,041,678
Prudential Global Real Estate Fund Cl Z	NA		NA	11,076,233
				\$ 160,407,860
Total Investments				\$ 374,395,033

Note: The general purpose school fund has \$1,428,140 in investments in the TCRS Stabilization Trust. A detail list of the individual investments the TCRS Stabilization Trust are not available

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2023

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
<u>Governmental Activities - General Obligation Bonds -</u>					
2024	2014 General Obligation Improvement Bonds	3.00-4.00 %	\$ 2,070,000	\$ 477,188	\$ 2,547,188
2025			2,150,000	394,387	2,544,387
2026			2,240,000	308,388	2,548,388
2027			2,325,000	218,787	2,543,787
2028			2,395,000	149,038	2,544,038
2029			2,470,000	77,187	2,547,187
			<u>\$ 13,650,000</u>	<u>\$ 1,624,975</u>	<u>\$ 15,274,975</u>
2024	2016 General Obligation Bonds	2.00-5.00 %	\$ 5,400,000	\$ 1,375,500	\$ 6,775,500
2025			5,625,000	1,159,500	6,784,500
2026			5,800,000	990,750	6,790,750
2027			5,900,000	874,750	6,774,750
2028			6,025,000	756,750	6,781,750
2029			6,200,000	576,000	6,776,000
2030			6,400,000	390,000	6,790,000
2031			6,600,000	198,000	6,798,000
			<u>\$ 47,950,000</u>	<u>\$ 6,321,250</u>	<u>\$ 54,271,250</u>
2024	2016B General Obligation Refunding Bonds	2.00 - 5.00 %	\$ 3,365,000	\$ 224,525	\$ 3,589,525
2025			3,480,000	105,600	3,585,600
2026			3,540,000	35,400	3,575,400
			<u>\$ 10,385,000</u>	<u>\$ 365,525</u>	<u>\$ 10,750,525</u>
2024	2018 General Obligation Bonds	2.95 - 5.00 %	\$ 4,330,000	\$ 1,909,412	\$ 6,239,412
2025			4,545,000	1,692,913	6,237,913
2026			4,770,000	1,465,662	6,235,662
2027			4,965,000	1,274,863	6,239,863
2028			5,160,000	1,076,262	6,236,262
2029			5,365,000	869,863	6,234,863
2030			5,530,000	708,912	6,238,912
2031			5,690,000	545,778	6,235,778
2032			5,865,000	372,233	6,237,233
2033			6,045,000	190,417	6,235,417
			<u>\$ 52,265,000</u>	<u>\$ 10,106,315</u>	<u>\$ 62,371,315</u>
2024	2020A General Obligation Refunding Bonds	5.00 %	\$ 4,695,000	\$ 234,750	\$ 4,929,750
			<u>\$ 4,695,000</u>	<u>\$ 234,750</u>	<u>\$ 4,929,750</u>
2024	2020C General Obligation Refunding Bonds	3.00 %	\$ 2,600,000	\$ 413,550	\$ 3,013,550
2025			2,675,000	335,550	3,010,550
2026			2,755,000	255,300	3,010,300
2027			2,835,000	172,650	3,007,650
2028			2,920,000	87,600	3,007,600
			<u>\$ 13,785,000</u>	<u>\$ 1,264,650</u>	<u>\$ 15,049,650</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2023

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Governmental Activities - General Obligation Bonds (continued) -</u>					
2024	2021 General Obligation Bonds	3.00-5.00 %	\$ 3,800,000	\$ 2,229,100	\$ 6,029,100
2025			4,400,000	2,039,100	6,439,100
2026			4,440,000	1,819,100	6,259,100
2027			4,440,000	1,597,100	6,037,100
2028			4,440,000	1,375,100	5,815,100
2029			4,435,000	1,153,100	5,588,100
2030			4,435,000	931,350	5,366,350
2031			4,435,000	798,300	5,233,300
2032			4,435,000	665,250	5,100,250
2033			4,435,000	532,200	4,967,200
2034			4,435,000	399,150	4,834,150
2035			4,435,000	266,100	4,701,100
2036			4,435,000	133,050	4,568,050
			<u>\$ 57,000,000</u>	<u>\$ 13,938,000</u>	<u>\$ 70,938,000</u>
2024	2022 General Obligation Bonds	3.00-5.00 %	\$ 3,000,000	\$ 1,843,750	\$ 4,843,750
2025			3,250,000	1,693,750	4,943,750
2026			3,300,000	1,531,250	4,831,250
2027			3,335,000	1,366,250	4,701,250
2028			3,335,000	1,199,500	4,534,500
2029			3,335,000	1,032,750	4,367,750
2030			3,335,000	866,000	4,201,000
2031			3,330,000	732,600	4,062,600
2032			3,330,000	599,400	3,929,400
2033			3,330,000	499,500	3,829,500
2034			3,330,000	399,600	3,729,600
2035			3,330,000	299,700	3,629,700
2036			3,330,000	199,800	3,529,800
2037			3,330,000	99,900	3,429,900
					<u>\$ 46,200,000</u>
	Total General Obligation Bonds		<u>\$ 245,930,000</u>	<u>\$ 46,219,215</u>	<u>\$ 292,149,215</u>
<u>Governmental Activities - Notes from Direct Borrowings and Direct Placements -</u>					
2024	2019 Local Government Public Improvement Bonds	2.84 %	\$ 3,530,000	\$ 1,294,536	\$ 4,824,536
2025			3,630,000	1,189,355	4,819,355
2026			3,735,000	1,084,831	4,819,831
2027			3,840,000	977,283	4,817,283
2028			3,945,000	869,087	4,814,087
2029			4,060,000	753,119	4,813,119
2030			4,175,000	636,213	4,811,213
2031			4,295,000	515,996	4,810,996
2032			4,415,000	393,399	4,808,399
2033			4,540,000	265,197	4,805,197
2034			4,670,000	134,470	4,804,470
					<u>\$ 44,835,000</u>
2024	Energy Efficient School Loan, 2017	0.75 %	\$ 179,244	\$ 7,370	\$ 186,614
2025			180,591	6,021	186,612
2026			181,950	4,662	186,612
2027			183,319	3,293	186,612
2028			184,699	1,913	186,612
2029			154,902	533	155,435
					<u>\$ 1,064,705</u>
	Total Notes from Direct Borrowings and Direct Placements		<u>\$ 45,899,705</u>	<u>\$ 8,137,278</u>	<u>\$ 54,036,983</u>
Total Governmental Activities - Long-Term Debt			<u>\$ 291,829,705</u>	<u>\$ 54,356,493</u>	<u>\$ 346,186,198</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2023

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
<u>Murfreesboro Water Resources Department - Refunding Bonds -</u>					
2024	2016 Tax and Revenue Refunding Bonds	2.00-5.00 %	\$ 2,960,000	\$ 122,500	\$ 3,082,500
2025			1,565,000	63,300	1,628,300
2026			1,600,000	32,000	1,632,000
			<u>\$ 6,125,000</u>	<u>\$ 217,800</u>	<u>\$ 6,342,800</u>
2024	2020B General Obligation Refunding Bonds	5.00 %	\$ 2,240,000	\$ 500,500	\$ 2,740,500
2025			2,410,000	388,500	2,798,500
2026			2,585,000	268,000	2,853,000
2027			2,775,000	138,750	2,913,750
			<u>\$ 10,010,000</u>	<u>\$ 1,295,750</u>	<u>\$ 11,305,750</u>
	Total Refunding Bonds		<u>\$ 16,135,000</u>	<u>\$ 1,513,550</u>	<u>\$ 17,648,550</u>
<u>Murfreesboro Water Resources Department - Notes from Direct Borrowings and Direct Placements -</u>					
2024	State Revolving Loans - CW1 13-317	0.93 %	\$ 178,212	\$ 19,116	\$ 197,328
2025			179,880	17,448	197,328
2026			181,560	15,768	197,328
2027			183,252	14,076	197,328
2028			184,968	12,360	197,328
2029			186,696	10,632	197,328
2030			188,436	8,892	197,328
2031			190,200	7,128	197,328
2032			191,976	5,352	197,328
2033			193,764	3,564	197,328
2034			195,576	1,752	197,328
2035			82,038	197	82,235
			<u>\$ 2,136,558</u>	<u>\$ 116,285</u>	<u>\$ 2,252,843</u>
2024	State Revolving Loans - CW0 12-303	0.93 %	\$ 360,480	\$ 43,332	\$ 403,812
2025			363,852	39,960	403,812
2026			367,248	36,564	403,812
2027			370,680	33,132	403,812
2028			374,136	29,676	403,812
2029			377,640	26,172	403,812
2030			381,156	22,656	403,812
2031			384,720	19,092	403,812
2032			388,320	15,492	403,812
2033			391,944	11,868	403,812
2034			395,604	8,208	403,812
2035			399,300	4,512	403,812
2036			268,382	936	269,318
			<u>\$ 4,823,462</u>	<u>\$ 291,600</u>	<u>\$ 5,115,062</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2023

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<u>Murfreesboro Water Resources Department - Notes from Direct Borrowings and Direct Placements (continued) -</u>					
2024	State Revolving Loans - CG2 14-338	1.30 %	\$ 194,328	\$ 32,904	\$ 227,232
2025			196,860	30,372	227,232
2026			199,440	27,792	227,232
2027			202,044	25,188	227,232
2028			204,684	22,548	227,232
2029			207,360	19,872	227,232
2030			210,072	17,160	227,232
2031			212,820	14,412	227,232
2032			215,604	11,628	227,232
2033			218,424	8,808	227,232
2034			221,280	5,952	227,232
2035			224,184	3,048	227,232
2036			113,260	401	113,661
			<u>\$ 2,620,360</u>	<u>\$ 220,085</u>	<u>\$ 2,840,445</u>
2024	State Revolving Loans - SRF 12-306	0.93 %	\$ 625,932	\$ 75,240	\$ 701,172
2025			631,776	69,396	701,172
2026			637,680	63,492	701,172
2027			643,632	57,540	701,172
2028			649,644	51,528	701,172
2029			655,716	45,456	701,172
2030			661,836	39,336	701,172
2031			668,016	33,156	701,172
2032			674,256	26,916	701,172
2033			680,556	20,616	701,172
2034			686,916	14,256	701,172
2035			693,324	7,848	701,172
2036			466,153	1,635	467,788
			<u>\$ 8,375,437</u>	<u>\$ 506,415</u>	<u>\$ 8,881,852</u>
2024	State Revolving Loans - SRF 14-339	1.30 %	\$ 1,405,152	\$ 277,572	\$ 1,682,724
2025			1,423,524	259,200	1,682,724
2026			1,442,148	240,576	1,682,724
2027			1,461,000	221,724	1,682,724
2028			1,480,104	202,620	1,682,724
2029			1,499,460	183,264	1,682,724
2030			1,519,080	163,644	1,682,724
2031			1,538,940	143,784	1,682,724
2032			1,559,064	123,660	1,682,724
2033			1,579,452	103,272	1,682,724
2034			1,600,116	82,608	1,682,724
2035			1,621,032	61,692	1,682,724
2036			1,642,236	40,488	1,682,724
2037			1,663,716	19,008	1,682,724
2038			559,332	1,517	560,849
			<u>\$ 21,994,356</u>	<u>\$ 2,124,629</u>	<u>\$ 24,118,985</u>
Total Notes from Direct Borrowings and Direct Placements			<u>\$ 39,950,173</u>	<u>\$ 3,259,014</u>	<u>\$ 43,209,187</u>
Total Murfreesboro Water and Sewer Department Long-Term Debt			<u>\$ 56,085,173</u>	<u>\$ 4,772,564</u>	<u>\$ 60,857,737</u>
Total Indebtedness			<u>\$ 347,914,878</u>	<u>\$ 59,129,057</u>	<u>\$ 407,043,935</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Governmental Activities -									
<u>BONDS PAYABLE</u>									
<u>Payable through Debt Service Fund</u>									
General Obligation Improvement, Series 2014	\$ 29,355,000	1 to 5 %	5/14/2014	4/1/2029	\$ 15,640,000		\$ 1,990,000		\$ 13,650,000
General Obligation, Series 2016	79,000,000	2 to 5	4/25/2016	6/1/2031	53,100,000		5,150,000		47,950,000
General Obligation Refunding, Series 2016B	27,430,000	2 to 5	8/12/2016	12/1/2025	13,585,000		3,200,000		10,385,000
General Obligation, Series 2018	71,000,000	2.95 to 5	4/10/2018	6/1/2033	56,385,000		4,120,000		52,265,000
General Obligation Refunding, Series 2020A	16,885,000	5	6/25/2020	6/1/2024	9,050,000		4,355,000		4,695,000
General Obligation Refunding, Series 2020C	18,760,000	3	9/30/2020	6/30/2028	16,310,000		2,525,000		13,785,000
General Obligation, Series 2021	63,800,000	3 to 5	2/26/2021	6/1/2036	60,800,000		3,800,000		57,000,000
General Obligation, Series 2022	48,700,000	3 to 5	4/22/2022	6/1/2037	48,700,000		2,500,000		46,200,000
Total Bonds Payable through Debt Service Fund	\$ <u>354,930,000</u>				\$ <u>273,570,000</u>		\$ <u>27,640,000</u>		\$ <u>245,930,000</u>
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
<u>Payable through Debt Service Fund</u>									
Government Public Improvement, Series 2019	\$ 58,000,000	2.84 %	3/1/2019	6/1/2034	\$ 48,265,000		\$ 3,430,000		\$ 44,835,000
Energy Efficient School Loan, 2012	971,518	0	11/29/2012	1/1/2023	56,670		56,670		0
Energy Efficient School Loan, 2017	2,140,000	0.75	4/1/2017	4/1/2029	1,242,605		177,900		1,064,705
Total Notes Payable through Debt Service Fund	\$ <u>61,111,518</u>				\$ <u>49,564,275</u>		\$ <u>3,664,570</u>		\$ <u>45,899,705</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Business-Type Activities -									
<u>BONDS PAYABLE</u>									
<u>Payable through Water Resources Department</u>									
(1) Matured Bonds Payable, Series 1959		N/A			\$ 1,000				\$ 1,000
(1) Matured Bonds Payable, Series 1972		N/A			15,000				15,000
(1) Matured Bonds Payable, Series 1975		N/A			20,000				20,000
Tax and Revenue Refunding, Series 2016	\$ 17,015,000	2 to 5 %	6/15/2016	6/1/2026	8,955,000		\$ 2,830,000		6,125,000
General Obligation Refunding, Series 2020B	15,890,000	5	6/25/2020	6/30/2027	12,095,000		2,085,000		10,010,000
	<u>\$ 32,905,000</u>				<u>\$ 21,086,000</u>		<u>\$ 4,915,000</u>		<u>\$ 16,171,000</u>
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
<u>Payable through Water Resources Department</u>									
(2) State Revolving Loan - CWI 13-317	\$ 4,000,000	0.93 %	12/1/2014	11/1/2034	\$ 2,313,126		\$ 176,568		\$ 2,136,558
(3) State Revolving Loan - CWO 12-303	9,793,184	0.93	3/1/2016	2/1/2036	5,180,606		357,144		4,823,462
State Revolving Loan - SRF 12-306	13,220,773	0.93	3/1/2016	2/1/2036	8,995,573		620,136		8,375,437
State Revolving Loan - CG2 14-338	4,000,000	1.30	1/1/2016	12/1/2035	2,812,168		191,808		2,620,360
State Revolving Loan - SRF 14-339	29,739,040	1.30	11/1/2017	10/1/2037	23,381,364		1,387,008		21,994,356
	<u>\$ 60,752,997</u>				<u>\$ 42,682,837</u>		<u>\$ 2,732,664</u>		<u>\$ 39,950,173</u>

(1) Original amount of issue, interest rate, date of issue and last maturity date was not located for matured bonds.

(2) Original amount of issue includes \$400,000 which was forgiven.

(3) Original amount of issue includes \$2,418,916 which was forgiven.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2023

Revenues -	
Charges for services	\$ 5,356,257
Miscellaneous	46,504
	<u>\$ 5,402,761</u>
Expenditures -	
Salaries and wages	\$ 2,472,781
Employee benefits	1,117,578
Contractual services	1,336,791
Utility services	113,775
Professional services	651
Repairs and maintenance	1,677,425
Training and travel	3,601
Administrative supplies	27,734
Other supplies	743,365
Fixed charges	3,853
Insurance	166,654
Capital outlay	97,873
Other miscellaneous	2,863
	<u>\$ 7,764,944</u>
Excess of revenues over (under) expenditures	\$ (2,362,183)
Other Financing Uses -	
Transfers out to debt service fund	<u>(1,033,030)</u>
Amount funded with general governmental revenues	<u>\$ (3,395,213)</u>

NOTE The above supplemental schedule has been presented to reflect solid waste activities to demonstrate compliance with Tennessee Code Annotated (TCA). The solid waste "fund" is operated and maintained separately by the City of Murfreesboro in compliance with TCA. However, the activities shown above have been reported in the General Fund of the basic financial statements in accordance with GASB 54.

CITY OF MURFREESBORO, TENNESSEE

Senior Citizens

Supplemental Schedule of Activities

Year Ended June 30, 2023

Revenues -	
County funds	\$ 165,000
State funds	8,588
Federal funds	36,375
Revenue from other agencies	984
Program income	86,064
Donations received	4,687
Interest	8
	<u>\$ 301,706</u>
Expenditures -	
Salaries and wages	\$ 702,695
Employee benefits	234,859
Contractual services	40,883
Utility services	64,269
Repairs and maintenance	28,607
Training and travel	1,347
Administrative supplies	7,531
Other supplies	41,964
Fixed charges	1,329
Insurance	3,659
Capital outlay	9,934
Program activity	36,029
Other miscellaneous	426
	<u>\$ 1,173,532</u>
Amount funded with general governmental revenues	<u>\$ (871,826)</u>

NOTE The above schedule has been presented to reflect the activities of the Senior Citizens Center as a supplement for the Summary of Financial Activities of a Charitable Organization for the State of Tennessee Division of Charitable Solicitations and Gaming. The activities of the Senior Citizens Department have been reported in the General Fund.

STATISTICAL SECTION
(UNAUDITED)

This part of the City of Murfreesboro's annual comprehensive 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>	162
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	171
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>	175
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>	180
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>	182
Utility Services Information <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	185

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

CITY OF MURFREESBORO, TENNESSEE

Net Position by Component

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 522,950,590	\$ 544,030,726	\$ 564,952,372	\$ 593,637,348	\$ 610,531,493	\$ 630,636,594	\$ 646,273,138	\$ 673,371,557	\$ 664,544,232	\$ 692,699,651
Restricted	18,408,485	15,350,932	10,910,526	12,958,998	14,952,890	26,144,982	23,522,555	46,564,487	75,231,975	31,153,896
Unrestricted	1,842,994	(12,733,999)	(10,686,345)	(25,177,436)	(79,798,829)	(87,362,177)	(87,079,600)	149,765,544	(29,264,601)	24,800,034
Total governmental activities net position	<u>\$ 543,202,069</u>	<u>\$ 546,647,659</u>	<u>\$ 565,176,553</u>	<u>\$ 581,418,910</u>	<u>\$ 545,685,554</u>	<u>\$ 569,419,399</u>	<u>\$ 582,716,093</u>	<u>\$ 869,701,588</u>	<u>\$ 710,511,606</u>	<u>\$ 748,653,581</u>
Business-type activities										
Net investment in capital assets	\$ 395,306,872	\$ 412,679,998	\$ 430,984,938	\$ 441,600,304	\$ 460,941,457	\$ 480,838,678	\$ 501,223,949	\$ 365,849,857	\$ 372,463,964	\$ 402,972,929
Restricted	24,780,490	28,659,579	2,630,313	4,215,977	4,523,552	3,695,510	4,333,404	87,779	3,677,311	64,821
Unrestricted	60,408,668	67,145,052	107,427,778	125,378,707	121,214,889	135,148,652	141,907,221	120,165,438	95,976,247	103,928,771
Total business-type activities net position	<u>\$ 480,496,030</u>	<u>\$ 508,484,629</u>	<u>\$ 541,043,029</u>	<u>\$ 571,194,988</u>	<u>\$ 586,679,898</u>	<u>\$ 619,682,840</u>	<u>\$ 647,464,574</u>	<u>\$ 486,103,074</u>	<u>\$ 472,117,522</u>	<u>\$ 506,966,521</u>
Primary Government										
Net investment in capital assets	\$ 918,257,462	\$ 956,710,724	\$ 995,937,310	\$ 1,035,237,652	\$ 1,071,472,950	\$ 1,111,475,272	\$ 1,147,497,087	\$ 1,039,221,414	\$ 1,037,008,196	\$ 1,095,672,580
Restricted	43,188,975	44,010,511	13,540,839	17,174,975	19,476,442	29,840,492	27,855,959	46,652,266	78,909,286	31,218,717
Unrestricted	62,251,662	54,411,053	96,741,433	100,201,271	41,416,060	47,786,475	54,827,621	269,930,982	66,711,646	128,728,805
Total primary government net position	<u>\$ 1,023,698,099</u>	<u>\$ 1,055,132,288</u>	<u>\$ 1,106,219,582</u>	<u>\$ 1,152,613,898</u>	<u>\$ 1,132,365,452</u>	<u>\$ 1,189,102,239</u>	<u>\$ 1,230,180,667</u>	<u>\$ 1,355,804,662</u>	<u>\$ 1,182,629,128</u>	<u>\$ 1,255,620,102</u>

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position

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

	2014(1)	2015	2016	2017	2018	2019 (2)	2020	2021 (3)	2022 (4)	2023
Expenses										
Governmental activities:										
General government	\$ 16,300,480	\$ 15,481,618	\$ 16,902,199	\$ 19,310,717	\$ 13,619,931	\$ 16,301,926	\$ 19,176,686	\$ 21,758,656	\$ 22,040,658	\$ 29,975,446
Police	26,273,446	26,009,131	28,456,710	29,047,594	37,535,711	39,593,607	41,739,799	43,229,548	48,914,307	53,934,277
Fire and rescue	16,890,210	16,363,443	18,487,279	19,453,950	21,534,619	24,407,411	27,093,690	28,662,610	31,200,008	34,171,339
City court	434,580	446,986	492,773	624,661	584,671	631,321	712,783	726,867	885,890	906,021
Engineering	15,040,258	14,736,910	14,349,421	14,919,919	15,534,820	10,307,516	10,949,095	12,981,002	11,161,161	11,762,704
Streets						7,137,029	6,370,521	6,484,618	6,319,017	7,468,366
State street aid	2,730,069	2,131,722	2,089,531	2,037,697	2,407,894	3,639,133	3,723,988	3,115,405	4,698,456	5,050,884
Planning	488,337	979,356	1,172,634	1,228,636	1,239,796	2,551,186	1,940,797	2,564,522	2,692,725	3,305,223
Building and codes	1,753,710	1,775,337	1,749,226	1,887,885	2,207,725	2,358,354	2,627,053	2,462,693	2,518,174	2,527,097
Solid waste	4,721,314	4,694,845	4,579,611	5,152,657	6,253,901	5,868,834	7,008,192	7,254,198	8,844,657	9,650,252
Transportation	810,843	2,455,031	2,447,901	2,685,804	3,086,388	3,174,553	3,979,229	3,579,510	4,326,088	4,279,769
Urban environmental	1,012,736	948,153	1,057,798	1,207,404	1,360,605					
Strategic Partners	2,265,496	2,689,043	2,264,661	2,414,227	2,464,045	2,572,154	2,430,819	1,627,506	1,715,785	1,668,659
Community services	7,300,219	6,842,679	6,997,513	8,194,969	9,042,148	5,231,507	4,026,742	4,691,927	5,313,177	6,487,975
Airport						2,266,276	2,340,601	3,391,021	4,616,647	4,393,276
Recreation services	13,393,999	14,427,109	15,799,864	17,232,281	17,859,156	20,222,201	20,422,529	19,761,234	22,736,078	24,007,564
Community/economic development	993,443	819,087	1,051,964	1,106,602	1,207,616					
Education	63,386,759	63,150,488	66,365,041	74,717,634	80,877,363	81,849,532	90,586,294	98,590,314	95,489,430	105,878,889
Food service	4,746,679	5,969,987	6,145,625	6,163,340	5,974,186	5,325,718	5,325,467	4,866,079	5,963,040	6,975,303
Interest on long-term debt	4,092,965	3,829,377	4,325,365	6,054,149	6,213,882	7,996,611	7,655,179	7,885,652	8,438,083	8,032,693
Total governmental activities expenses	\$ 182,635,543	\$ 183,750,302	\$ 194,735,116	\$ 213,440,126	\$ 229,004,457	\$ 241,434,869	\$ 258,109,464	\$ 273,633,362	\$ 287,873,381	\$ 320,475,737
Business-type activities:										
Water, sewer and stormwater	\$ 34,237,096	\$ 36,089,912	\$ 34,694,043	\$ 38,809,174	\$ 42,239,385	\$ 42,703,113	\$ 45,532,594	\$ 45,575,666	\$ 47,162,773	\$ 48,424,402
Electric	147,945,163	150,074,118	148,282,643	157,334,783	161,721,756	167,032,576	165,113,533			
Cemetery	460,814	476,190	525,415	472,593	505,399	554,532	558,484	632,524	460,209	
Total business-type activities expenses	\$ 182,643,073	\$ 186,640,220	\$ 183,502,101	\$ 196,616,550	\$ 204,466,540	\$ 210,290,221	\$ 211,204,611	\$ 46,208,190	\$ 47,622,982	\$ 48,424,402
Total primary government expenses	\$ 365,278,616	\$ 370,390,522	\$ 378,237,217	\$ 410,056,676	\$ 433,470,997	\$ 451,725,090	\$ 469,314,075	\$ 319,841,552	\$ 335,496,363	\$ 368,900,139

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2014(1)	2015	2016	2017	2018	2019 (2)	2020	2021 (3)	2022 (4)	2023
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 103,614	\$ 126,691	\$ 117,908	\$ 124,440	\$ 122,438	\$ 126,911	\$ 251,492	\$ 231,616	\$ 208,299	\$ 220,100
Police	445,741	409,833	307,250	251,746	262,156	651,187	302,966	254,680	521,248	227,748
Fire and Rescue	866,846	911,222	935,559	1,101,095	1,050,785	1,130,893	1,076,848	1,223,718	1,275,919	1,359,493
City court	3,137,614	3,736,994	2,312,249	1,615,409	1,865,503	2,172,530	2,231,871	2,014,434	1,312,507	1,335,053
Engineering	20,849	84,869	293,373	459,096	286,241	28,900	26,600	19,200	16,500	18,075
Streets						304,030	311,191	390,462	334,209	411,540
State street aid						68,499	163,725	159,447	119,742	
Planning	47,271	39,374	56,985	59,741	43,314	290,861	301,085	310,370	330,476	281,842
Building and codes	2,804,713	2,461,898	3,542,476	3,651,724	3,638,512	4,088,574	4,057,403	4,621,608	4,764,542	3,699,604
Solid waste	34,825	34,837	2,927	3,726	5,028	1,068,062	4,783,257	4,955,255	5,163,080	5,356,257
Transportation	128,610	132,979	131,172	117,915	110,577	95,178	78,366	51,036	53,942	53,201
Urban environmental	30,016	9,322	11,787	105,495	4,165					
Community services	4,452,125	4,627,266	5,229,211	5,504,895	6,239,007	4,594,539	4,006,155	5,717,609	4,222,197	4,555,673
Airport						2,013,352	2,030,938	2,653,315	3,708,439	3,739,187
Recreation services	3,144,392	3,250,951	3,798,269	3,863,362	3,969,558	4,463,277	3,812,261	4,284,768	5,327,167	5,768,704
Community/economic development										
Education	14,915	9,975	60,753	114,640	138,117	123,778	105,811	1,255,085	1,699,757	2,045,852
Food service	966,356	460,757	279,784	298,526	366,075	934,005	745,346	68,155	101,889	939,118
Operating grants and contributions	65,691,516	72,198,409	79,319,540	84,693,419	90,515,105	92,215,228	95,507,893	109,583,280	119,172,851	123,872,748
Capital grants and contributions	19,498,764	13,119,857	8,480,664	14,571,133	9,647,200	19,310,293	4,329,142	13,002,769	9,996,580	7,215,833
Total governmental activities program revenues	\$ 101,388,167	\$ 101,615,234	\$ 104,879,907	\$ 116,536,362	\$ 118,263,781	\$ 133,680,097	\$ 124,122,350	\$ 150,796,807	\$ 158,329,344	\$ 161,100,028
Business-type activities:										
Charges for services:										
Water, sewer and stormwater	\$ 43,378,899	\$ 48,571,739	\$ 45,169,465	\$ 46,724,784	\$ 47,422,308	\$ 48,796,878	\$ 49,128,525	\$ 50,876,132	\$ 53,138,752	\$ 54,679,162
Electric	164,065,088	165,924,035	161,953,457	169,127,855	174,059,044	177,182,481	173,112,761			
Cemetery	394,639	438,619	457,576	530,329	539,170	690,444	611,632	862,182	705,693	
Operating grants and contributions	173,516	48,278	70,293	146,279	114,403	179,095	146,523	356,955	213,455	4,077,230
Capital grants and contributions	7,136,091	5,951,974	17,898,163	18,484,428	18,135,871	20,976,493	17,686,278	25,707,574	17,559,419	19,243,681
Total business-type activities program revenues	\$ 215,148,233	\$ 220,934,645	\$ 225,548,954	\$ 235,013,675	\$ 240,270,796	\$ 247,825,391	\$ 240,685,719	\$ 277,802,843	\$ 271,617,319	\$ 278,000,073
Total primary government program revenues	\$ 316,536,400	\$ 322,549,879	\$ 330,428,861	\$ 351,550,037	\$ 358,534,577	\$ 381,505,488	\$ 364,808,069	\$ 228,599,650	\$ 229,946,663	\$ 239,100,101
Net (expense)/revenue:										
Governmental activities	\$ (81,247,376)	\$ (82,135,068)	\$ (89,855,209)	\$ (96,903,764)	\$ (110,740,676)	\$ (107,754,772)	\$ (133,987,114)	\$ (122,836,555)	\$ (129,544,037)	\$ (159,375,709)
Business-type activities	32,505,160	34,294,425	42,046,853	38,397,125	35,804,256	37,535,170	29,481,108	31,594,653	23,994,337	29,575,671
Total primary government net expense	\$ (48,742,216)	\$ (47,840,643)	\$ (47,808,356)	\$ (58,506,639)	\$ (74,936,420)	\$ (70,219,602)	\$ (104,506,006)	\$ (91,241,902)	\$ (105,549,700)	\$ (129,800,038)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Position (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2014(1)	2015	2016	2017	2018	2019 (2)	2020	2021 (3)	2022 (4)	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 36,827,383	\$ 37,527,743	\$ 38,522,427	\$ 40,313,087	\$ 42,327,419	\$ 43,181,786	\$ 60,999,320	\$ 62,931,365	\$ 66,860,041	\$ 68,635,738
Sales taxes	35,373,537	37,583,362	41,068,791	43,676,526	46,479,708	48,261,887	49,517,291	58,120,451	67,403,539	70,308,782
Other taxes	10,801,335	11,473,134	12,275,340	12,644,870	13,117,471	13,509,099	15,022,189	15,839,948	18,578,369	19,189,006
Grants and contributions not restricted to specific programs	12,192,744	12,068,104	12,860,289	12,323,331	13,116,964	14,983,399	14,892,958	19,944,630	23,001,167	23,153,252
Unrestricted investment earnings	163,775	136,810	210,921	812,812	739,635	2,135,524	1,354,422	(150,642)	5,902,427	12,624,252
Miscellaneous	422,525	442,140	139,871	65,488	267,085	81,868	243,899	7,813	33,055	967,835
Gain on sale of assets		1,907,322				6,092,943	1,760,784	1,084,725	1,537,656	2,638,819
Transfers	3,227,809	3,179,376	3,306,464	3,310,007	3,306,763	3,242,111	3,492,945	193,339,471	1,323	
Special item								52,248,794	(3,442,001)	
Total governmental activities	\$ 99,009,108	\$ 104,317,991	\$ 108,384,103	\$ 113,146,121	\$ 119,355,045	\$ 131,488,617	\$ 147,283,808	\$ 403,366,555	\$ 179,875,576	\$ 197,517,684
Business-type activities:										
Grants and contributions not restricted to specific programs							\$ 11,236	\$ 779		
Unrestricted investment earnings	\$ 126,436	\$ 173,959	\$ 210,653	\$ 245,485	\$ 293,489	\$ 1,774,940	1,542,510	225,643	\$ 243,908	\$ 5,164,618
Gain (loss) on sale of assets				324,069		(3,177,608)	160,743			108,710
Contributions to permanent funds	63,225	63,575	33,433	91,529	95,102	112,551	79,082	156,896	138,114	
Transfers	(3,227,809)	(3,179,376)	(3,306,464)	(3,310,007)	(3,306,763)	(3,242,111)	(3,492,945)	(193,339,471)	(1,323)	
Special item									(1,689,435)	
Total business-type activities	\$ (3,038,148)	\$ (2,941,842)	\$ (3,062,378)	\$ (2,648,924)	\$ (2,918,172)	\$ (4,532,228)	\$ (1,699,374)	\$ (192,956,153)	\$ (1,308,736)	\$ 5,273,328
Total primary government	\$ 95,970,960	\$ 101,376,149	\$ 105,321,725	\$ 110,497,197	\$ 116,436,873	\$ 126,956,389	\$ 145,584,434	\$ 210,410,402	\$ 178,566,840	\$ 202,791,012
Change in Net Position										
Governmental activities	\$ 17,761,732	\$ 22,182,923	\$ 18,528,894	\$ 16,242,357	\$ 8,614,369	\$ 23,733,845	\$ 13,296,694	\$ 280,530,000	\$ 50,331,539	\$ 38,141,975
Business-type activities	29,467,012	31,352,583	38,984,475	35,748,201	32,886,084	33,002,942	27,781,734	(161,361,500)	22,685,601	34,848,999
Total primary government	\$ 47,228,744	\$ 53,535,506	\$ 57,513,369	\$ 51,990,558	\$ 41,500,453	\$ 56,736,787	\$ 41,078,428	\$ 119,168,500	\$ 73,017,140	\$ 72,990,974

- (1) In 2014, the City divided the planning and engineering function into two separate functions and combined the streets and signs functions with the engineering function. Additionally state street aid which was previously included in the streets and signs function was moved to a separate function.
- (2) In 2019, the following changes were made to classifications by function which may affect comparability with prior years.
- a) Communications which was formerly included in the community services function is reclassified to the general government function.
 - b) The streets function is reported separate from the engineering function.
 - c) Community development expenditures are reclassified as a component of planning from the community development/economic development function.
 - d) Urban environmental expenditures are now considered expenditures of the streets function.
 - e) Senior citizens expenditures are reclassified as a segment of the recreation services function from the community services function.
 - f) Expenditures for the airport previously classified in the community services function, are reported as a separate function.
 - g) The public, health, education and welfare function is renamed strategic partners.
- (3) In 2021, the City sold the Murfreesboro Electric Department to Middle Tennessee Electric Membership Cooperative. The gain on the sale in the amount of \$52,248,794 was reported as a special item.
- (4) In 2022, the City transferred the operations of Evergreen Cemetery to a separate entity. The loss on the transfer of the Perpetual Care Cemetery fund in the amount of \$(3,442,001) was reported as a governmental activities special item. The transfer of the cemetery operations and associated assets and liabilities in the amount of \$(1,689,435) is reported as a business-type activities special item.

CITY OF MURFREESBORO, TENNESSEE

Governmental Activities Tax Revenue By Source

Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2014	\$ 36,827,383	\$ 35,373,537	\$ 10,801,335	\$ 83,002,255
2015	37,527,743	37,583,362	11,473,134	86,584,239
2016	38,522,427	41,068,791	12,275,340	91,866,558
2017	40,313,087	43,676,526	12,644,870	96,634,483
2018	42,327,419	46,479,708	13,117,471	101,924,598
2019	43,181,786	48,261,887	13,509,099	104,952,772
2020	60,999,320	49,517,291	15,022,189	125,538,800
2021	62,931,365	58,120,451	15,839,948	136,891,764
2022	66,860,041	67,403,539	18,578,369	152,841,949
2023	68,635,738	70,308,782	19,189,006	158,133,526

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund										
Nonspendable	\$ 590,727	\$ 828,550	\$ 252,766	\$ 221,096	\$ 230,178	\$ 222,861	\$ 225,458	\$ 601,981	\$ 769,896	\$ 891,262
Restricted	1,971,000	2,574,940	3,521,217	4,179,590	4,520,908	5,150,775	5,516,057	13,981,902	11,304,458	7,513,470
Committed	10,939	11,415	12,480	13,987	15,922	17,959	19,805	20,649	21,076	21,136
Assigned	5,755,682	4,550,786	3,037,958	4,968,129	5,440,249	264,660	5,816,070	41,314,782	63,182,592	59,436,369
Unassigned	47,920,845	53,972,416	60,760,771	54,466,817	53,319,406	61,086,685	66,658,417	93,825,764	122,999,999	132,942,370
Total general fund	<u>\$ 56,249,193</u>	<u>\$ 61,938,107</u>	<u>\$ 67,585,192</u>	<u>\$ 63,849,619</u>	<u>\$ 63,526,663</u>	<u>\$ 66,742,940</u>	<u>\$ 78,235,807</u>	<u>\$ 149,745,078</u>	<u>\$ 198,278,021</u>	<u>\$ 200,804,607</u>
All other governmental funds										
Nonspendable	\$ 1,998,894	\$ 2,063,648	\$ 2,140,514	\$ 2,203,696	\$ 2,307,969	\$ 2,408,134	\$ 2,553,021	\$ 2,734,228	\$ 173,215	\$ 217,134
Restricted	40,322,556	31,730,340	95,472,628	25,549,677	52,501,376	71,250,718	47,625,632	118,032,739	146,828,664	114,892,251
Committed	13,824,667	4,786,658	7,126,208	9,133,773	10,457,606	12,850,046	16,390,560	22,676,947	27,132,750	74,868,790
Assigned	4,285,060	4,774,005	3,996,118	2,984,535	2,918,922	1,296,624	1,678,099	1,735,481	5,565,858	8,630,857
Unassigned	(1,986,492)	(1,317,050)								
Total all other governmental funds	<u>\$ 58,444,685</u>	<u>\$ 42,037,601</u>	<u>\$ 108,735,468</u>	<u>\$ 39,871,681</u>	<u>\$ 68,185,873</u>	<u>\$ 87,805,522</u>	<u>\$ 68,247,312</u>	<u>\$ 145,179,395</u>	<u>\$ 179,700,487</u>	<u>\$ 198,609,032</u>

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014 (1)	2015	2016	2017	2018	2019 (2)	2020	2021(3)	2022 (4)	2023
Revenues -										
Taxes	\$ 80,374,346	\$ 83,758,245	\$ 89,213,117	\$ 93,897,667	\$ 98,993,976	\$ 102,171,241	\$ 122,765,776	\$ 134,238,753	\$ 149,913,300	\$ 155,287,222
Intergovernmental	81,477,120	90,216,373	97,668,474	101,741,569	106,356,364	116,517,401	110,742,416	140,771,403	146,391,017	153,670,037
Charges for services	9,767,616	9,608,159	10,910,191	11,722,234	12,296,943	15,533,224	17,505,372	21,030,868	22,486,848	24,316,009
Donations	213,626	2,465,421	270,491	664,826	2,886,121	5,081,782	927,128	230,942	221,688	115,049
Interest and investment earnings (losses)	383,809	234,045	297,961	1,018,871	724,844	1,547,018	1,518,695	347,489	(189,831)	6,252,866
Licenses and permits	6,060,119	5,911,533	6,480,093	5,954,352	5,743,450	6,410,167	6,071,744	6,877,713	6,077,727	5,019,839
Miscellaneous	8,160,521	7,359,725	7,444,648	6,889,011	8,597,781	7,594,968	5,025,273	4,357,880	3,872,008	5,075,797
Revenue from prior sale of department									17,290,134	17,290,134
	<u>\$ 186,437,157</u>	<u>\$ 199,553,501</u>	<u>\$ 212,284,975</u>	<u>\$ 221,888,530</u>	<u>\$ 235,599,479</u>	<u>\$ 254,855,801</u>	<u>\$ 264,556,404</u>	<u>\$ 307,855,048</u>	<u>\$ 346,062,891</u>	<u>\$ 367,026,953</u>
Expenditures -										
General government	\$ 8,363,816	\$ 9,143,076	\$ 11,312,397	\$ 12,749,023	\$ 12,127,724	\$ 15,081,733	\$ 16,964,890	\$ 19,123,919	\$ 21,871,563	\$ 25,279,075
Police	25,435,965	26,207,156	27,000,769	29,000,704	29,413,498	31,284,402	31,973,674	34,137,904	36,719,748	53,299,570
Fire and rescue	15,598,308	16,130,072	17,303,000	18,450,837	18,772,942	20,417,057	21,278,007	21,958,223	23,863,668	26,575,213
City court	436,176	471,130	485,937	555,170	505,752	527,619	572,003	579,791	697,214	728,194
Engineering	6,702,549	6,850,831	8,619,498	9,967,941	6,536,397	1,529,111	1,122,743	1,100,326	1,095,021	1,284,869
Streets						6,368,614	5,662,062	5,752,625	6,338,961	6,724,798
State street aid	2,767,337	2,196,271	2,204,354	2,605,724	3,561,304	5,033,481	4,169,754	3,348,527	4,698,456	5,128,273
Planning	647,529	1,137,183	1,170,359	1,219,254	1,217,832	2,345,713	1,722,121	2,294,378	2,464,513	6,249,098
Building and codes	1,747,137	1,867,817	1,824,265	1,820,890	1,885,639	1,975,910	2,095,289	1,983,692	2,017,906	2,043,311
Solid waste	3,959,760	4,125,198	4,088,139	4,352,696	4,790,418	4,377,586	5,345,740	5,688,977	6,740,802	7,764,944
Transportation	2,455,001	2,254,624	2,284,855	2,594,705	2,903,408	3,157,018	3,385,972	4,231,439	4,278,524	3,880,670
Urban environmental	1,025,071	984,480	1,120,873	1,252,127	1,161,760					
Strategic partners	2,163,154	2,586,700	2,160,002	2,310,740	2,365,967	2,428,550	2,354,765	1,551,452	1,601,614	1,592,605
Community services	7,018,662	6,642,973	7,004,495	7,730,418	8,257,416	5,232,889	4,032,288	4,691,927	5,313,177	6,487,975
Airport						1,760,491	1,794,043	2,452,130	3,576,278	3,553,361
Recreation services	10,705,833	12,900,236	11,780,820	14,067,897	13,099,353	13,738,645	13,775,803	13,440,539	15,547,779	16,934,936
Community/economic development	991,968	827,336	1,030,539	1,096,327	1,171,088					
Education	59,441,056	61,373,035	62,583,431	71,168,215	77,318,299	80,347,105	85,768,724	96,334,067	100,103,656	104,394,974
Food service	4,746,679	5,969,987	6,166,512	6,133,761	5,986,705	5,319,174	5,380,896	4,884,077	5,909,430	7,055,778
Capital outlay	44,702,645	28,114,251	33,530,662	78,850,740	59,761,895	59,165,282	29,071,876	18,882,865	31,363,025	33,481,890
Debt service										
Principal	26,106,008	24,670,628	23,957,073	58,179,582	28,109,673	32,046,791	50,641,100	50,223,315	26,965,437	31,561,618
Interest	4,279,120	4,526,651	4,254,038	7,753,702	7,308,618	9,502,677	9,511,773	8,840,242	11,290,532	11,711,386
Debt issuance cost and other	481,810	81,090	496,226	599,004	353,197	175,756	135,847	465,919	317,287	12,170
Total expenditures	<u>\$ 229,775,584</u>	<u>\$ 219,060,725</u>	<u>\$ 230,378,244</u>	<u>\$ 332,459,457</u>	<u>\$ 286,608,885</u>	<u>\$ 301,815,604</u>	<u>\$ 296,759,370</u>	<u>\$ 301,966,334</u>	<u>\$ 312,774,591</u>	<u>\$ 355,744,708</u>
Excess of revenues										
over (under) expenditures	<u>\$ (43,338,427)</u>	<u>\$ (19,507,224)</u>	<u>\$ (18,093,269)</u>	<u>\$ (110,570,927)</u>	<u>\$ (51,009,406)</u>	<u>\$ (46,959,803)</u>	<u>\$ (32,202,966)</u>	<u>\$ 5,888,714</u>	<u>\$ 33,288,300</u>	<u>\$ 11,282,245</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014 (1)	2015	2016	2017	2018	2019 (2)	2020	2021(3)	2022 (4)	2023
Other financing sources (uses) -										
Issuance of debt	\$ 34,550,167	\$ 2,646,853	\$ 79,401,856	\$ 3,757,383	\$ 71,106,041	\$ 58,580,405	\$ 16,885,000	\$ 82,560,000	\$ 48,700,000	
Issuance of SBITA liability										\$ 9,736,948
Premium on bonds issued	1,918,664		7,549,033	3,741,565	4,784,824		2,003,206	14,316,059	3,734,024	
Refunding bonds issued				27,430,000						
Proceeds from sale of capital assets		2,762,510				8,271,403	1,926,648	1,313,377	1,488,511	335,463
Transfers in	41,016,927	41,722,681	42,683,626	48,227,105	49,526,460	55,208,475	60,488,371	57,001,766	53,966,838	102,402,523
Transfers out	(38,025,859)	(38,655,158)	(39,480,888)	(45,154,907)	(46,429,202)	(52,258,010)	(57,221,031)	(57,214,539)	(54,029,261)	(102,402,523)
	<u>\$ 39,459,899</u>	<u>\$ 8,476,886</u>	<u>\$ 90,153,627</u>	<u>\$ 38,001,146</u>	<u>\$ 78,988,123</u>	<u>\$ 69,802,273</u>	<u>\$ 24,082,194</u>	<u>\$ 97,976,663</u>	<u>\$ 53,860,112</u>	<u>\$ 10,072,411</u>
Special item								\$ 43,000,000	\$ (3,442,001)	
Net change in fund balances	<u>\$ (3,878,528)</u>	<u>\$ (11,030,338)</u>	<u>\$ 72,060,358</u>	<u>\$ (72,569,781)</u>	<u>\$ 27,978,717</u>	<u>\$ 22,842,470</u>	<u>\$ (8,120,772)</u>	<u>\$ 146,865,377</u>	<u>\$ 83,706,411</u>	<u>\$ 21,354,656</u>
Debt service as a percentage of noncapital expenditures	16.62%	15.39%	14.53%	26.68%	15.59%	17.27%	22.64%	20.97%	13.65%	13.71%

- (1) In 2014, the City divided the planning and engineering function into two separate functions and combined the streets and signs functions with the engineering function. Additionally state street aid which was previously included in the streets and signs function was moved to a separate function.
- (2) In 2019, the following changes were made to classifications by function which may affect comparability with prior years.
- a) Communications which was formerly included in the community services function is reclassified to the general government function.
 - b) The streets function is reported separate from the engineering function.
 - c) Community development expenditures are reclassified as a component of planning from the community development/economic development function.
 - d) Urban environmental expenditures are now considered expenditures of the streets function.
 - e) Senior citizens expenditures are reclassified as a segment of the recreation services function from the community services function.
 - f) Expenditures for the airport previously classified in the community services function, are reported as a separate function.
 - g) The public, health, education and welfare function is renamed strategic partners.
- (3) In 2021, the City sold the Murfreesboro Electric Department to Middle Tennessee Electric Membership Cooperative. Proceeds received in the year of the sale in the amount of \$43,000,000 was reported as a special item.
- (4) In 2022, the City transferred the operations of Evergreen Cemetery permanent fund to a separate entity. The transfer of operations in the amount of \$(3,442,001) was reported as a special item.

CITY OF MURFREESBORO, TENNESSEE

General Governmental Tax Revenues By Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Beer Tax</u>	<u>Liquor Tax</u>	<u>Gross Receipts Tax</u>	<u>Alcohol Privilege Taxes</u>	<u>Hotel/Motel Tax</u>	<u>Total Tax Revenue</u>
2014	\$ 36,952,185	\$ 35,373,537	\$ 3,281,336	\$ 947,463	\$ 2,604,069	\$ 89,638	\$ 1,126,118	\$ 80,374,346
2015	37,527,743	37,583,362	3,299,165	1,001,145	2,959,129	86,426	1,301,275	83,758,245
2016	38,522,427	41,068,791	3,374,864	1,193,499	3,415,677	90,222	1,547,637	89,213,117
2017	40,313,087	43,676,526	3,413,269	1,268,204	3,552,569	96,419	1,577,593	93,897,667
2018	42,327,419	46,479,708	3,441,080	1,326,012	3,669,176	103,151	1,647,430	98,993,976
2019	43,181,786	48,261,887	3,432,189	1,448,538	4,059,690	148,015	1,639,136	102,171,241
2020	60,999,320	49,517,291	3,640,149	1,722,825	4,220,087	153,176	2,512,928	122,765,776
2021	62,931,365	58,120,451	3,823,573	2,005,724	4,586,751	158,704	2,612,185	134,238,753
2022	66,860,041	67,403,539	3,922,475	2,112,431	5,508,098	176,916	3,929,800	149,913,300
2023	68,635,738	70,308,782	3,698,940	2,218,794	6,011,364	179,341	4,234,263	155,287,222

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		
2014	\$ 1.270	\$ 2,762,134,012	\$ 65,885,601	\$ 2,828,019,613	\$ 9,919,544,100	28.5%
2015	1.207	2,960,160,999	72,771,332	3,032,932,331	10,531,859,044	28.8%
2016	1.207	3,021,423,414	79,969,866	3,101,393,280	10,764,327,739	28.8%
2017	1.207	3,182,518,801	77,456,717	3,259,975,518	10,697,906,581	30.5%
2018	1.207	3,353,697,849	75,950,556	3,429,648,405	11,270,710,643	30.4%
2019	0.949	4,368,802,208	89,322,370	4,458,124,578	14,576,856,982	30.6%
2020	1.289	4,599,183,789	95,836,372	4,695,020,161	16,403,692,283	28.6%
2021	1.289	4,721,139,848	89,798,100	4,810,937,948	15,640,997,430	30.8%
2022	1.289	4,907,814,567	178,349,458	5,086,164,025	16,441,342,128	30.9%
2023	0.953	6,909,307,743	205,937,843	7,115,245,586	23,059,184,559	30.9%

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Year	Tax Rate Per \$100 Assessed Value									Tax Levies		
		Direct Rate City	County								City	County	Total
			General	Ambulance	Highway/ Roads	Education	Education Capital Projects	General Debt Service	Total County	Total			
2014	2013	\$ 1.270	\$0.670	\$0.058	\$0.013	\$ 1.193	\$ 0.045	\$ 0.586	\$2.565	\$ 3.835	\$ 35,924,769	\$ 72,544,359	\$108,469,128
2015	2014	1.207	0.650	0.056	0.013	1.157	0.044	0.568	2.488	3.695	36,595,836	75,419,928	112,015,764
2016	2015	1.207	0.640	0.066	0.013	1.343	0.050	0.568	2.680	3.887	37,421,756	83,117,340	120,539,096
2017	2016	1.207	0.620	0.066	0.013	1.293	0.060	0.628	2.680	3.887	39,330,214	87,367,344	126,697,558
2018	2017	1.207	0.620	0.066	0.013	1.283	0.060	0.638	2.680	3.887	41,380,932	91,914,577	133,295,509
2019	2018	0.949	0.485	0.052	0.010	1.005	0.047	0.500	2.099	3.048	42,296,726	93,593,867	135,890,593
2020	2019	1.289	0.535	0.072	0.010	1.047	0.075	0.480	2.219	3.508	60,398,763	104,201,277	164,600,040
2021	2020	1.289	0.535	0.072	0.010	1.047	0.075	0.480	2.219	3.508	61,912,953	106,773,957	168,686,910
2022	2021	1.289	0.578	0.059	0.010	1.047	0.055	0.470	2.219	3.508	65,534,749	112,882,324	178,417,073
2023	2022	0.953	0.476	0.043	0.007	0.693	0.110	0.287	1.616	2.569	67,643,853	114,996,599	182,640,452

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

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

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2023

<u>Taxpayer</u>	<u>2022 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>2013 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
Middle TN Electric Membership	\$ 127,796,836	1	1.80 %	\$ 20,964,946	4	0.74 %
General Mills	81,617,916	2	1.15	54,616,469	1	1.93
BVA Avenue	76,345,867	3	1.07			
Progress Residential Borro	64,177,578	4	0.90			
LC Murfreesboro Owner	41,880,000	5	0.59			
Walmart	35,038,465	6	0.49			
Parc at Murfreesboro	30,806,839	7	0.43			
Everwood at the Avenue	27,388,013	8	0.38			
Kroger	26,882,646	9	0.38	14,159,998	8	0.50
SVAP II Stones River LLC	26,807,844	10	0.38			
CF Murfreesboro Associates				31,038,589	2	1.10
Transwestern Stones River				23,583,880	3	0.83
Mahle Filter Systems/Tennex Industries				18,132,305	5	0.64
Murfreesboro Medical property				15,588,639	6	0.55
Embassy Suites			-	15,285,805	7	0.54
BES Stoneridge Fund IX LLC				13,614,200	9	0.48
Middle TN Medical Center				13,472,257	10	0.48
	<u>\$ 538,742,004</u>		<u>7.57 %</u>	<u>\$ 220,457,088</u>		<u>7.79 %</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 Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2014	\$ 35,924,769	\$ 35,235,728	98.08 %	\$ 649,282	\$ 35,885,010	99.89 %	\$ 39,759	0.11 %
2015	36,595,836	35,967,377	98.28	584,359	36,551,736	99.88	44,100	0.12
2016	37,421,756	36,850,973	98.47	530,750	37,381,723	99.89	40,033	0.11
2017	39,330,214	38,737,865	98.49	550,121	39,287,986	99.89	42,228	0.11
2018	41,380,932	40,868,419	98.76	466,732	41,335,151	99.89	45,781	0.11
2019	42,296,725	41,741,658	98.69	506,625	42,248,283	99.89	48,442	0.11
2020	60,398,763	59,488,956	98.49	853,558	60,342,514	99.91	56,249	0.09
2021	61,912,953	61,071,393	98.64	752,112	61,823,505	99.86	89,448	0.14
2022	65,534,749	64,785,404	98.86	575,784	65,361,188	99.74	173,561	0.26
2023	67,643,853	67,015,306	99.07		67,015,306	99.07	628,547	0.93

Source: City of Murfreesboro Tax Department

Note: The City files delinquent property taxes with the Clerk and Master in March of each year for property taxes receivable aged over two years.

CITY OF MURFREESBORO, TENNESSEE

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income (6)	Per Capita (6)
	General Obligation Bonds (1)	Notes from Direct Placements (2)	State and Other Loans (3)	General Obligation Bonds	Matured Bonds	Notes from Direct Placements (4)	Revenue Bonds (1)	State and Other Loans (5)			
2014	\$ 56,513,566	\$ 172,704,771	\$ 3,135,563		\$ 36,000	\$ 67,305,000	\$ 33,479,011	\$ 4,799,592	\$ 337,973,503	8.74 %	\$ 2,888
2015	50,708,062	156,268,144	2,628,415		36,000	60,993,000	30,859,010	20,172,609	321,665,240	7.57	2,659
2016	130,987,713	138,685,077	2,116,267		36,000	54,510,000	28,749,439	35,389,088	390,473,584	8.55	3,268
2017	151,308,029	91,918,460	3,715,685		36,000	47,851,000	25,510,140	50,785,488	371,124,802	7.47	2,813
2018	212,945,039	77,067,501	3,028,012		36,000	41,010,000	22,133,956	53,328,452	409,548,960	8.75	3,332
2019	194,941,395	120,180,907	2,503,220		36,000	33,975,000	18,659,515	50,695,957	420,991,994	7.45	2,978
2020	197,450,957	84,485,907	1,987,120	\$ 18,870,137	36,000	3,745,000	15,046,046	48,055,369	369,676,536	6.13	2,517
2021	275,039,277	51,600,000	1,614,717	16,302,129	36,000	-	12,160,739	45,384,457	402,137,319	6.16	2,632
2022	301,182,777	48,265,000	1,299,275	13,743,901	36,000		9,228,795	42,682,837	416,438,585	5.83	2,644
2023	270,359,807	44,835,000	1,064,705	11,127,555	36,000		6,248,871	39,950,173	373,622,111	4.66	2,301

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

- (1) Presented net of original issue discounts and premiums.
- (2) Governmental Activities - Notes from Direct Placements include the Local Government Public Improvement Loan and Tennessee Municipal Bond Fund Loans.
- (3) Governmental Activities - State and Other Loans includes capital outlay notes, a bank loan, and Energy Efficient School Loans
- (4) Business-type Activities - Notes from Direct Placements include the direct placement refunding loan and Tennessee Municipal Bond Fund Loans.
- (5) Business-Type Activities - State and Other Loans includes state revolving loans and utility plant acquisition loans.
- (6) See the Schedule of Demographic and Economic Statistics on page 180 for personal income and population data.

CITY OF MURFREESBORO, TENNESSEE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Total Estimated Actual Value of Property</u>	<u>General Bonded Debt (2)</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2014	117,044	\$ 9,919,544,100	\$ 229,218,337	2.31 %	\$ 1,958
2015	120,924	10,531,859,044	206,976,206	1.97	1,712
2016	126,118	10,764,327,739	269,672,790	2.51	2,138
2017	131,947	10,697,906,581	243,226,489	2.27	1,843
2018	122,904	11,270,710,643	290,012,540	2.57	2,360
2019	141,344	14,576,856,982	315,122,302	2.16	2,229
2020	146,900	16,403,692,283	281,936,864	1.72	1,919
2021	152,769	15,640,997,430	326,639,277	2.09	2,138
2022	157,519	16,441,342,128	349,447,777	2.13	2,218
2023	162,398	23,059,184,559	315,194,807	1.37	1,941

Note:

(1) Census performed 2021, Special Census conducted 2018, others are estimated.

(2) General bonded debt includes general obligation bonds and direct placement borrowings which are payable from general government resources.

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2023

<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			\$ 316,259,512
Rutherford County direct debt (2)	\$ 486,062,736	45.03%	<u>218,874,050</u>
Total direct and overlapping debt			<u>\$ 535,133,562</u>
Ratio of direct and estimated overlapping debt to 2022 assessed value (3)			<u>7.52%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,295</u>

(1) As of June 30, 2023

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2023 Table 12.

(3) Based upon 2022 Taxable Assessed Valuation of \$7,115,245,586

(4) Based upon estimated population of 162,398

(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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 424,202,942	\$ 454,939,850	\$ 465,208,992	\$ 488,996,328	\$ 514,447,261	\$ 668,718,687	\$ 704,253,024	\$ 721,640,692	762,924,604	\$ 1,067,286,838
Total net debt applicable to limit	<u>222,998,834</u>	<u>202,060,557</u>	<u>257,040,072</u>	<u>231,163,455</u>	<u>274,196,535</u>	<u>302,456,269</u>	<u>268,507,277</u>	<u>300,615,358</u>	<u>322,329,629</u>	<u>\$ 290,950,053</u>
Legal debt margin	\$ <u>201,204,108</u>	\$ <u>252,879,293</u>	\$ <u>208,168,920</u>	\$ <u>257,832,873</u>	\$ <u>240,250,726</u>	\$ <u>366,262,418</u>	\$ <u>435,745,747</u>	\$ <u>421,025,334</u>	<u>440,594,975</u>	<u>776,336,785</u>
Total net debt applicable to the limit as a percentage of the debt limit	52.57%	44.41%	55.25%	47.27%	53.30%	45.23%	38.13%	41.66%	42.25%	27.26%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	\$ <u>7,115,245,586</u>
Debt limit (15% of assessed value)	\$ <u>1,067,286,838</u>
Debt applicable to limit:	
General Obligation Bonds	\$ 245,930,000
Local government public improvement bonds	44,835,000
Energy Efficient School Loan	1,064,705
Less: debt service fund	<u>(879,652)</u>
Total debt applicable to limit	\$ <u>290,950,053</u>
Legal debt margin	\$ <u><u>776,336,785</u></u>

Note: Under the City of Murfreesboro's charter, the City's general obligation debt and other indebtedness (excluding amounts payable from fees and charges of enterprise funds or special assessments) should not exceed 15% of the total assessed property value of the prior year.

CITY OF MURFREESBORO, TENNESSEE

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues (1)	Net Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service (3)		Times Coverage
				Principal	Interest	
Water Resources -						
2014	\$ 42,075,884	\$ 19,775,421	\$ 22,300,463	\$ 2,515,000	\$ 1,367,750	5.74
2015	46,735,420	20,605,427	26,129,993	2,115,000	1,242,000	7.78
2016	53,017,876	20,541,191	32,476,685	2,195,000	1,157,400	9.69
2017	44,246,674	21,340,482	22,906,192	2,260,000	1,081,800	6.85
2018	44,603,061	21,921,958	22,681,103	2,370,000	968,800	6.79
2019	46,667,125	23,269,111	23,398,014	2,575,000	780,750	6.97
2020	46,974,295	24,239,645	22,734,650	2,470,000	652,000	7.28
2021	47,867,364	24,423,056	23,444,308	2,585,000	528,500	7.53
2022	50,339,875	26,653,668	23,686,207	2,705,000	399,250	7.63
2023	60,431,694	28,454,107	31,977,587	2,830,000	264,000	10.34
Electric Department -						
2014	\$ 164,065,956	\$ 141,709,019	\$ 22,356,937	\$ 2,415,000	\$ 132,588	8.78
2015	166,009,764	143,507,326	22,502,438	325,000	72,212	56.65
2016	162,059,585	141,332,499	20,727,086	330,000	64,900	52.49
2017	169,569,603	150,139,923	19,429,680	335,000	56,650	49.61
2018	174,183,702	154,110,831	20,072,871	350,000	46,600	50.61
2019	177,989,270	158,844,423	19,144,847	360,000	36,100	48.33
2020	173,819,797	155,882,248	17,937,549	370,000	24,850	45.43
2021 (4)	-	-	-	-	-	N/A
2022 (4)	-	-	-	-	-	N/A
2023 (4)	-	-	-	-	-	N/A

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.
- (4) The Murfreesboro Electric Department was sold to Middle Tennessee Electric Membership Cooperative on July 1, 2020.

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>
2014	117,044	\$ 3,903,417,400	\$ 33,350	32.1	7,204	5.80 %
2015	120,924	4,246,004,412	35,113	32.1	7,707	5.10
2016	126,118	4,564,714,892	36,194	32.8	8,419	3.89
2017	131,947	4,968,332,338	37,654	32.9	8,597	3.70
2018	122,904	4,682,396,592	38,098	32.9	8,855	2.63
2019	141,344	5,649,236,992	39,968	33.1	8,465	2.58
2020	146,900	6,027,453,900	41,031	32.2	8,774	5.21
2021	152,769	6,525,069,528	42,712	34.1	9,000	5.00
2022	157,519	7,147,267,106	45,374	33.6	9,400	2.78
2023	162,398	8,024,247,578	49,411	33.6	9,300	2.63

Notes:

- (1) Census conducted in 2020 used for 2021; Special Census conducted 2018, others are estimated.
- (2) Source: University of Tennessee, Center for Business & Economic Research, Tennessee Department of Education, Bureau of Economic Analysis and Business and Economic Research Center, TACIR Tennessee Department of Economic and Community Development. These figures represent the entire County of which Murfreesboro is a part.
- (3) The Census Bureau determines the median age for local areas each decade; TNECD information was used for 2016-2023
These figures represent the entire County of which Murfreesboro is a part.

CITY OF MURFREESBORO, TENNESSEE

Principal Employers

June 30, 2023

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Nissan Motor Manufacturing Corp. USA	8,000	1	3.98 %	7,500	1	5.04 %
Rutherford County Government and Board of Education	7,441	2	3.70	6,073	2	4.08
Amazon Fulfillment Center	2,700	3	1.34	1,200	10	0.81
City of Murfreesboro (includes schools)	2,388	4	1.19	1,912	5	1.29
Middle Tennessee State University	2,205	5	1.10	2,205	3	1.48
Ascension St. Thomas Rutherford	1,741	6	0.87			
Ingram Book Company	1,700	7	0.85	1,500	7	1.01
Taylor Farms	1,700	8	0.85			
Alvin C. York Veterans Administration Medical Center	1,300	9	0.65	1,461	8	0.98
Asurion	1,250	10	0.62	1,250	9	0.84
National Healthcare Corp.				2,071	4	1.39
State Farm Insurance				1,662	6	1.12
			<u>15.15 %</u>			<u>18.04 %</u>

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

Source: Rutherford County Annual Comprehensive Financial Report, June 30, 2023, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (2)</u>	<u>2020</u>	<u>2021 (3)</u>	<u>2022 (4)</u>	<u>2023</u>
General Government										
Administrative and General	20	22	24	25	32					
City Manager's Office						11	13	11	13	15
Finance and Tax						18	18	18	21	21
Purchasing						2	2	2	3	3
Legal and Risk Management	10	10	10	10	10	9	9	9	10	10
Information Technologies	11	11	12	14	16	17	20	23	25	24
Employee services	9	9	9	10	10	9	10	10	11	11
Communications	6	6	6	6	5	5	6	6	6	7
Fleet Services	13	13	14	14	15	15	16	17	20	21
General Government Buildings						11	11	12	13	13
Police -										
Officers	229	232	237	250	260	267	281	300	305	315
Civilians	53	53	53	55	60	59	70	69	71	78
Fire and Rescue -										
Firefighters and Officers	184	185	185	199	203	232	233	235	238	240
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	6	6	6	6	6	6	6	6	7	7
Engineering	12	15	46	49	49	14	14	14	13	14
Streets	27	29				51	51	51	52	54
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Planning	7	8	8	10	12	14	14	15	15	17
Community Development	2	2	2	2	2	1	1	3	3	4
Building and Codes	22	22	22	25	26	26	26	25	26	26
Solid Waste	41	41	41	41	41	42	43	46	47	47
Transportation	18	18	19	22	23	24	25	27	27	28
Urban Environmental	15	15	16	17	17					
Recreation Services										
Parks & Recreation	84	89	89	90	94	85	90	89	98	100
Golf						14	15	15	17	16
Senior Citizens	9	9	10	10	10					
Airport	1	1	1	2	2	2	2	4	4	4
Education	870	1,026	1,106	1,138	1,189	1,201	1,264	1,299	1,328	1,331
Food Service	30	29	32	32	30	32	33	32	32	33
Water Resources	154	155	159	160	164	168	168	170	173	174
Stormwater	7	7	7	7	8	8	8	8	8	8
Electric	78	83	92	94	92	84	81	NA	NA	NA
Cemetery	9	9	9	10	9	9	9	9	NA	NA
Total	<u>1,931</u>	<u>2,109</u>	<u>2,219</u>	<u>2,302</u>	<u>2,389</u>	<u>2,440</u>	<u>2,543</u>	<u>2,529</u>	<u>2,590</u>	<u>2,625</u>

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

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

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

(3) On July 1, 2020, the City sold the Murfreesboro Electric Department to Middle Tennessee Electric Membership Cooperative.

(4) In 2022, the City transferred the operations of the Evergreen Cemetery to a separate entity.

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police -										
Arrests	9,993	8,921	8,177	6,463	6,681	6,467	6,269	5,813	5,346	4,905
911 calls	40,717	47,660	47,192	43,121	44,828	46,480	47,850	51,393	56,394	62,070
Traffic violations (b)	17,010	19,746	14,977	11,158	4,842	11,756	15,543	17,770	15,664	14,683
Fire and Rescue -										
Emergency responses (a)	9,743	11,060	12,084	12,175	13,386	19,012	19,203	22,294	21,965	21,706
Fire safety inspections (a)	3,731	3,071	2,916	3,038	5,336	5,488	4,945	5,500	5,000	2,271
Fire training hours (a)	72,776	76,310	71,741	77,753	60,083	95,641	88,025	96,000	96,000	98,005
Employee services -										
Full time positions/applications	55/6,960	108/7,620	95/6,205	141/6,225	42/6,472	151/4,564	126/5,881	290/5,768	368/2997	439/3667
Part time positions/applications	94/3,193	176/4,418	91/2,734	143/2,536	92/2,327	119/2,779	128/2,270	433/2,399	531/1,284	345/1180
Streets (a) -										
Street repaving (lane miles)	25	27	37	24	25	29	20	53	32	29
Planning -										
Preliminary plats reviewed	67	41	53	64	49	39	70	39	40	28
Final plats reviewed	103	103	139	136	119	96	182	125	125	112
Site plans reviewed	158	157	201	165	160	165	254	185	185	176
Annexations studied	12	10	13	20	18	14	6	15	7	9
Building and Codes -										
Single family home permits issued	833	704	1,022	1,030	1,092	1,089	1,327	1,372	1,084	872
Total building permits issued	1,950	2,086	2,861	2,357	2,267	2,273	2,976	3,320	2,998	2,111
Substandard and property maintenance complaint notices	2,219	3,742	2,483	2,478	2,944	4,326	5,964	3,832	2,850	2,033
Solid Waste (a) -										
Refuse collected (tons per year)	33,994	34,902	35,562	36,000	37,835	39,987	45,000	47,500	49,500	49,008
Airport -										
Gallons of fuel sold (Avgas and Jet A)	215,048	224,903	216,240	250,498	284,229	350,972	360,185	518,180	572,207	566,874
Education -										
K-6 Enrollment	7,204	7,707	8,419	8,597	8,855	8,955	9,258	9,000	9,400	9,300
Water Resources -										
Water sold annually in 100 cubic feet	3,660,835	3,751,798	3,838,791	4,142,927	4,246,580	4,310,376	4,350,637	4,345,852	4,721,993	4,730,753
Sewer sold annually in 100 cubic feet	4,306,039	4,403,339	4,568,102	4,631,036	4,752,272	4,862,383	4,898,674	5,159,953	5,383,917	5,454,187
Electric -										
Number of customers	55,513	57,610	59,193	62,065	64,387	66,589	68,714	N/A	N/A	N/A
Kilowatt hours sold (in thousands)	1,700,341	1,705,379	1,695,737	1,742,537	1,788,799	1,817,659	1,792,565	N/A	N/A	N/A

Sources: Various city departments

Note: Operating indicators are not available for General Government, City Court, Engineering, State Street Aid, Transportation, Strategic Partners, Community Services, Recreation, and Food Service.

N/A Not applicable

- (a) Calendar year information
- (b) The 2018 drop in traffic violations is due to traffic enforcement resources being directed to other areas temporarily.
- (c) On July 1, 2020, the City sold the Murfreesboro Electric Department to Middle Tennessee Electric Membership Cooperative.

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police -										
Patrol Units	141	148	134	179	157	227	216	200	212	240
Fire and Rescue -										
Fire engines	19	19	17	16	16	16	17	17	18	19
Rescue vehicles	5	6	6	6	6	6	8	7	7	7
Rescue boat	1	1	1	1	1	1	2	3	4	4
Fire stations	10	10	10	10	10	10	11	11	11	11
Streets -										
Streets (miles)	538	541	544	548	548	550	553	554	555	556
Traffic signals	140	145	146	149	152	155	157	159	159	160
Solid Waste -										
Collection trucks	33	32	32	36	35	35	31	36	36	37
Airport										
Tie-downs	80	80	80	80	80	80	84	84	84	84
Hangers	106	106	106	106	106	106	106	106	106	107
Public Transportation -										
Buses	11	11	11	11	11	11	11	11	11	10
Recreation -										
Park acreage	1,235.96	1,235.96	1,235.96	1,235.96	1,247.66	1,283.74	1,313.67	1,383.84	1,383.84	1,425.96
Greenway trails (miles)	11.6	11.6	11.6	12.9	12.9	12.9	12.9	15.6	15.6	15.6
Mountain bike trails (miles)						7.5	7.5	7.5	7.5	7.5
Education -										
Elementary schools	12	13	13	13	13	13	14	14	14	14
Water Resources -										
Water pipe (miles)	437	439	441	442	443	446	449	452	455	459
Water storage capacity (millions of gallons)	12	12	12	12	12	12	12	12	12	12
Water treatment capacity (millions of gallons per day)	22	22	22	22	22	22	22	22	22	22
Sewer pipe (miles)	586	624	633	651	662	679	689	701	714	726
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	24	24	24	24	24	24
Sewage pumping stations	45	46	48	46	44	46	43	45	45	45
Public fire hydrants	3,334	3,369	3,406	3,439	3,466	3,497	3,537	3,571	3,611	3,651
CUD public fire hydrants in City	2,132	2,199	2,330	2,395	2,609	2,735	2,834	2,915	2,964	3,018
Repurified pipe (miles)	25	25	25	25	26	26	27	27	27	28
Stormwater Collection System (miles)	NA	NA	NA	668	678	693	707	737	753	761
Electric -										
Overhead and underground primary and secondary cable (miles)	686.04	705.19	720.85	736.00	757.00	786.87	841.91	N/A	N/A	N/A
Poles	15,789	15,789	16,001	16,409	16,629	16,989	17,422	N/A	N/A	N/A
Transformers	14,229	14,229	14,732	15,241	15,713	16,053	16,393	N/A	N/A	N/A
Substations	11	13	13	13	14	14	14	N/A	N/A	N/A

Sources: Various City departments

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

N/A Information is not applicable - the Murfreesboro Electric Department was sold to Middle Tennessee Electric Membership Cooperative on July 1, 2020.

NA Information is not available.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure

Year Ended June 30, 2023

Murfreesboro Water Resources Department

As of June 30, 2023, Murfreesboro Water Resources Department serves approximately 30,731 water customers and 55,665 sewer customers of which 25,731 are in the Consolidated Utility District (“CUD”) water service area. The following rate structure was in place during the 2022/2023 fiscal year:

Water:

The water rate is \$3.66 per 1,000 gallons (\$0.00366 per gallon) of consumption over the stated allowances per meter size. The minimum monthly bills applicable to all customers are based upon the following table:

<u>Meter Size (")</u>	<u>Charge (\$)</u>
5/8	9.72
1	21.54
1 1/2	45.08
2	70.77
3	164.40
4	328.80
6 and greater	685.00

Sewer:

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

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

The above rates are before any late fees. A 10% fee is assessed on bills not paid by the due date. Rates for service outside the City limits are 50% higher than the above inside City limit rates. Each residential sewer customer utilizing an unmetered water supply shall be charged a \$19.70 flat monthly rate.

Murfreesboro Stormwater Fund

As of June 30, 2023, Murfreesboro Stormwater Fund serves approximately 44,579 customers.

Residential homeowners pay a fee of \$3.25 per month and owners of non-single family residential properties will pay a fee based on the amount of impervious surfaces on the property (e.g., pavement, concrete, rooftop, sidewalk), at \$3.25 per SFU (3,470-square-feet) per month.

SINGLE AUDIT SECTION

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
USDA FOREST SERVICE				
Passed through the Tennessee Department of Agriculture - Cooperative Forest Health Program	10.680	19-DG-1108317147		\$ 5,000
<i>Total FAL #10.680</i>				\$ 5,000
<i>Total USDA Forest Service</i>				\$ 5,000
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants	14.218	N/A	\$ 7,303	\$ 555,803
Community Development Block Grants	14.218	N/A		528,326
COVID-19 Community Development Block Grants	14.218	N/A	430,667	1,299,762
Community Development Block Grants	14.218	N/A		529,002
Community Development Block Grants	14.218	N/A	117,697	340,543
<i>Total FAL #14.218</i>			\$ 555,667	\$ 3,253,436
<i>Total CDBG - Entitlement Grants Cluster</i>			\$ 555,667	\$ 3,253,436
Passed through the Tennessee Housing Development Agency -				
Emergency Solutions Grant Program	14.231	ESG-21-27	\$ 45,972	\$ 45,972
COVID-19 Emergency Solutions Grant Program	14.231	ESG-CV-20-04	12,259	12,259
Emergency Solutions Grant Program	14.231	ESG-22-20	150,000	161,250
<i>Total FAL #14.231</i>			\$ 208,231	\$ 219,481
Home Investment Partnership Program	14.239	N/A		\$ 31,811
<i>Total FAL #14.239</i>				\$ 31,811
Homeless Management Information Systems Technical Assistance	14.261	N/A	\$ 609	\$ 609
<i>Total FAL #14.261</i>			\$ 609	\$ 609
<i>Total Department of Housing and Urban Development</i>			\$ 764,507	\$ 3,505,337
DEPARTMENT OF JUSTICE				
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A		\$ 30,782
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	\$ 30,785	30,785
<i>Total FAL #16.738</i>			\$ 30,785	\$ 61,567
Equitable Sharing Program	16.922	N/A		\$ 247,426
<i>Total FAL #16.922</i>				\$ 247,426
<i>Total Department of Justice</i>			\$ 30,785	\$ 308,993

(continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2023

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
DEPARTMENT OF TRANSPORTATION				
Passed through the Tennessee Department of Transportation -				
Airport Improvement Program	20.106	3-47-SBGp-57,59		\$ 76,673
Airport Improvement Program	20.106	3-47-SBGp-59,64		168,539
FAA American Rescue Plan Act Funding for Airports	20.106	3-47-SBGp-67		59,000
ACRGP Coronavirus Response Grant Program	20.106	3-47-SBGp-65		23,000
<i>Total FAL #20.106</i>				\$ 327,212
Highway Planning and Construction	20.205	170065		\$ 43,190
Highway Planning and Construction	20.205	210269		130,000
Highway Planning and Construction	20.205	110354		44,713
Highway Planning and Construction	20.205	110327		584,518
Highway Planning and Construction	20.205	170095		50,545
<i>Total FAL #20.205</i>				\$ 852,966
Federal Transit - Formula Grants	20.507	N/A		\$ 185,285
Federal Transit - Formula Grants	20.507	N/A		272,607
Federal Transit - Formula Grants	20.507	N/A	\$ 33,610	1,112,385
<i>Total FAL #20.507</i>			\$ 33,610	\$ 1,570,277
<i>Total Federal Transit Cluster</i>			\$ 33,610	\$ 1,570,277
Passed through the Tennessee Department of Safety and Homeland Security -				
Community-Based Traffic Safety Enforcement and Education	20.600	PT-22-075/402		\$ 40,405
Community-Based Traffic Safety Enforcement and Education	20.600	PT-23-088/402		89,233
<i>Total FAL #20.600</i>				\$ 129,638
Pedestrian Enforcement and Education	20.616	FDLPS-23-009/405d		\$ 20,802
<i>Total FAL #20.616</i>				\$ 20,802
<i>Total Highway Safety Cluster</i>				\$ 150,440
Bicycle and Pedestrian Safety	20.614	DTNH-22-002/403		\$ 9,979
<i>Total Department of Transportation</i>			\$ 33,610	\$ 2,910,874

(continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2023

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
DEPARTMENT OF THE TREASURY				
COVID-19 - American Rescue Plan Act of 2021	21.027	N/A		\$ 3,848,596
Passed through the Tennessee Department of Environment and Conservation - COVID-19 - American Rescue Plan Act of 2021	21.027	N/A		<u>4,077,230</u>
<i>Total FAL #21.027</i>				\$ <u>7,925,826</u>
<i>Total Department of the Treasury</i>				\$ <u>7,925,826</u>
NATIONAL ENDOWMENT FOR THE ARTS				
NEA Arts Engagement in American Communities (AEAC)	45.024	N/A		\$ 6,292
<i>Total FAL #45.024</i>				\$ 6,292
<i>Total National Endowment for the Arts</i>				\$ <u>6,292</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Greater Nashville Regional Council - Special Programs for the Aging - Title III, Part D	93.043	2326-30		\$ 2,690
<i>Total FAL #93.043</i>				\$ 2,690
Special Programs for the Aging - Title III, Part B	93.044	2326-30		\$ 29,897
COVID-19 - American Rescue Plan Act - Special Programs for the Aging - Title III, Part B	93.044	2326-30		<u>3,788</u>
<i>Total FAL #93.044</i>				\$ <u>33,685</u>
<i>Total Aging Cluster</i>				\$ <u>33,685</u>
<i>Total Department of Health and Human Services</i>				\$ <u>36,375</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Martin Luther King Jr. Day of Service Program	94.014	N/A	\$ 1,729	\$ 12,755
<i>Total FAL #94.014</i>			\$ 1,729	\$ 12,755
<i>Total Corporation for National and Community Service</i>			\$ <u>1,729</u>	\$ <u>12,755</u>
DEPARTMENT OF HOMELAND SECURITY				
Assistance to Firefighters Grant	97.044	N/A		\$ 86,956
<i>Total FAL #97.044</i>				\$ 86,956
<i>Total Department of Homeland Security</i>				\$ <u>86,956</u>
TOTAL FEDERAL AWARDS			\$ <u>830,631</u>	\$ <u>14,798,408</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards

Year Ended June 30, 2023

<u>Federal Agency/Pass-through Agency/State Grantor Program or Cluster Title</u>	<u>Contract Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
TENNESSEE COMMISSION ON AGING			
Passed through the Greater Nashville Regional Council - Aging Services	2326-30		\$ 8,588
			<u>\$ 8,588</u>
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION			
Local Park and Recreation Fund	N/A		\$ 71,668
			<u>\$ 71,668</u>
TENNESSEE DEPARTMENT OF HEALTH			
Child Safety Fund	N/A		\$ 4,152
			<u>\$ 4,152</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION			
Airport Maintenance	75-555-0770-23		\$ 15,000
Airport - Taxiway Alpha and Apron Rehabilitation	75-555-0173-23		107,145
State Match - Section 5307 Urbanized Area Formula	GG-22-72064-00		23,156
State Match - Section 5307 Urbanized Area Formula	ZZ-22-5307-06		34,074
State Match - Section 5307 Urbanized Area Formula	ZZ-22-UROP-11		846,502
Multimodal Access Grant Funding	75LPLM-F3-076		62,309
			<u>\$ 1,088,186</u>
TOTAL STATE AWARDS			<u><u>\$ 1,172,594</u></u>

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

CITY OF MURFREESBORO, TENNESSEE

Notes to Schedules of Federal and State Awards

June 30, 2023

Note A – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the grant activity of the City of Murfreesboro under programs of the federal and state governments for the year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of the City of Murfreesboro, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Murfreesboro.

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note B – CONTINGENCY

The grant expenditure amounts are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City of Murfreesboro. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Note C – DE MINIMIS INDIRECT COST RATE

The City will use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, when applicable.



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

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Andrew J. Nickerson, CPA

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Murfreesboro, Tennessee's basic financial statements, and have issued our report thereon dated January 31, 2024. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund as described in our report on the City of Murfreesboro, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Murfreesboro, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jobe, Hastings + Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

Murfreesboro, Tennessee
January 31, 2024



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

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

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Murfreesboro, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Murfreesboro, Tennessee's major federal programs for the year ended June 30, 2023. The City of Murfreesboro, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Murfreesboro, Tennessee's basic financial statements include the operations of the Murfreesboro City Schools which expended \$20,540,915 in federal awards which is not included in the City of Murfreesboro, Tennessee's schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of the Murfreesboro City Schools because the audit in accordance with Uniform Guidance was performed in a separate audit of the Murfreesboro City Schools.

In our opinion, the City of Murfreesboro, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Murfreesboro, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Murfreesboro, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Murfreesboro, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Murfreesboro, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Murfreesboro, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Murfreesboro, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Murfreesboro, Tennessee's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Murfreesboro, Tennessee's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jobe, Hastings + Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

Murfreesboro, Tennessee
January 31, 2024

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Murfreesboro, Tennessee were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor's Report On Internal Control over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee, which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. One significant deficiency and no material weaknesses relating to the audit of major federal award programs are reported in the *Independent Auditor's Report On Compliance For Each Major Program and On Internal Control Over Compliance Required By The Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unmodified opinion on the major federal programs.
6. One audit finding that is required to be reported in accordance with 2 CFR section 200.516(a) is reported in this Schedule.
7. The programs tested as major programs include:

<u>Federal Program Name</u>	<u>FAL Number</u>
Community Development Block Grants – <i>CDBG Entitlement Grants Cluster</i>	14.218
COVID-19-American Rescue Plan Act of 2021	21.027

8. The threshold used for distinguishing between Types A and B programs as defined by the Uniform Guidance was \$750,000.
9. The City of Murfreesboro, Tennessee did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

CURRENT YEAR FINDINGS

None

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2023

C. FINDINGS – FEDERAL AWARDS AUDIT

CURRENT YEAR FINDINGS

2023-001 FAL # 14.218 Community Development Block Grants – Detailed Time Sheets

Condition: A prior year Community Development Block Grant (CDBG grant) was monitored by HUD. As a result of the monitoring, the client was made aware that additional detail may be needed to better support the payroll related expenditures charged to housing rehab and affordable housing allowance activities. Detailed time is not being kept of the amount of time spent on each specific activity, providing a description of the activity assisted, including its location (address).

Criteria: Per 24 CFR 570.506 (a) Grantee shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed: (a) records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus).

Cause of Condition: Time allocated to the housing rehab and affordable housing function is documented on time sheets submitted to the Finance Department. However, the detail of the time charged to the specific activities is not being retained in a distinct orderly fashion that can be reconciled to the time charged per the time sheet.

Effect: Administrative costs under the CDBG grant have a 20% cap. Amounts could be erroneously charged to an activity thereby reducing the amount charged to administrative costs. Administrative costs if they had been reported correctly could exceed the cap resulting in unallowed costs.

Recommendation: Detail time of all housing rehabilitation, affordable housing and any other activities charged with payroll costs should be retained. The records of the time should include a full description of the activity assisted including its location (if the activity has a geographical locus). The detail time retained should be easily traceable to the time charged to each activity per the time sheets submitted to the Finance Department.

Views of Responsible Officials and Planned Corrective Actions: The City continues to work with a consultant to assist staff with administration of the Community Development Block Grants program. Community Development has also hired a new Assistant Director and Grant Coordinator during FY 24 who have worked with the consultant to review processes and implement changes as necessary. Process reviews include reviewing methods for tracking and reporting time and activity spent on the programs.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2023

FINDINGS – FINANCIAL STATEMENTS AUDIT

2022-001 Murfreesboro City Schools – Material Journal Entries

Condition: Material journal entries were required to fairly state the federal programs fund financial statements.

Current Status: Resolved

2022-002 Murfreesboro City Schools - Mass Approval of Timesheets

Condition: During the audit, we were made aware by the client of an internal control weakness identified and addressed by the client subsequent to year end. Through the review of hourly custodial payroll, the client became aware that the custodial supervisor was “mass” approving time sheets rather than reviewing and approving individual time sheets.

Current Status: Resolved

2022-003 City General Fund and Airport Fund – Material Journal Entries

Condition: Material journal entries were required to fairly state the general fund and the airport fund (included in aggregate remaining fund information) financial statements.

Current Status: Resolved

FINDINGS – FEDERAL AWARDS AUDIT

2022-004 FAL # 14.218 Community Development Grant – Detailed Time Sheets

Condition: A prior year Community Development Block Grant (CDBG grant) was monitored by HUD. As a result of the monitoring, the client was made aware that additional detail may be needed to better support the payroll related expenditures charged to housing rehab and affordable housing allowance activities. Detailed time is not being kept of the amount of time spent on each specific activity, providing a description of the activity assisted, including its location (address).

Current Status: Repeat finding. - See 2023-001 on Schedule of Findings and Questioned Costs (original finding #2022-004)



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Management's Corrective Action Plan

The City of Murfreesboro, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Jobe, Hastings & Associates
745 South Church Street, Suite 105
Murfreesboro, Tennessee 37130

Audit Period: June 30, 2023

The findings from the June 30, 2023, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

2023-001 FAL # 14.218 Community Development Block Grants - Detailed Time Sheets

Recommendation: Detail time of all housing rehabilitation, affordable housing and any other activities charged with payroll costs should be retained. The records of the time should include a full description of the activity assisted including its location (if the activity has a geographical locus). The detail time retained should be easily traceable to the time charged to each activity per the time sheets submitted to the Finance Department.

Planned Corrective Actions: The City continues to work with a consultant to assist staff with administration of the Community Development Block Grants program. Community Development has also hired a new Assistant Director and Grant Coordinator during FY 24 who have worked with the consultant to review processes and implement changes as necessary. Process reviews include reviewing methods for tracking and reporting time and activity spent on the programs.

Responsible Person: Robert Holtz, Community Development Director

Anticipated Completion Date: July 1, 2024, going forward

Respectfully submitted,

Jennifer Brown
City Recorder/Finance Director
City of Murfreesboro

Finance and Tax Administration

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