

FINANCIAL STATEMENTS
TOWN OF MURFREESBORO
MURFREESBORO, NORTH CAROLINA
JUNE 30, 2020

TOWN COUNCIL

Hal Thomas, Mayor

Berna Steoherns, Mayor Pro-Tem

Sarah Wallace, Councilwoman

John P. Revelle Jr., Councilman

Craig Dennis, Councilman

David Brown, Councilman

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JUNE 30, 2020**

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Independent Auditors' Report

To the Honorable Mayor and Members of the Town Council
 Town of Murfreesboro
 Murfreesboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Murfreesboro, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Murfreesboro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Murfreesboro, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 51 through 52, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules in Total Pension Liability as a Percentage of Covered Payroll on pages 53 and 54, respectively, be presented to supplement to the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Murfreesboro, North Carolina. Budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

January 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
Town of Murfreesboro**

**Town of Murfreesboro, North Carolina
Management's Discussion and Analysis
June 30, 2020**

As management of the Town of Murfreesboro, we offer readers of the Town of Murfreesboro's financial statements this narrative overview and analysis of the financial activities of the Town of Murfreesboro for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

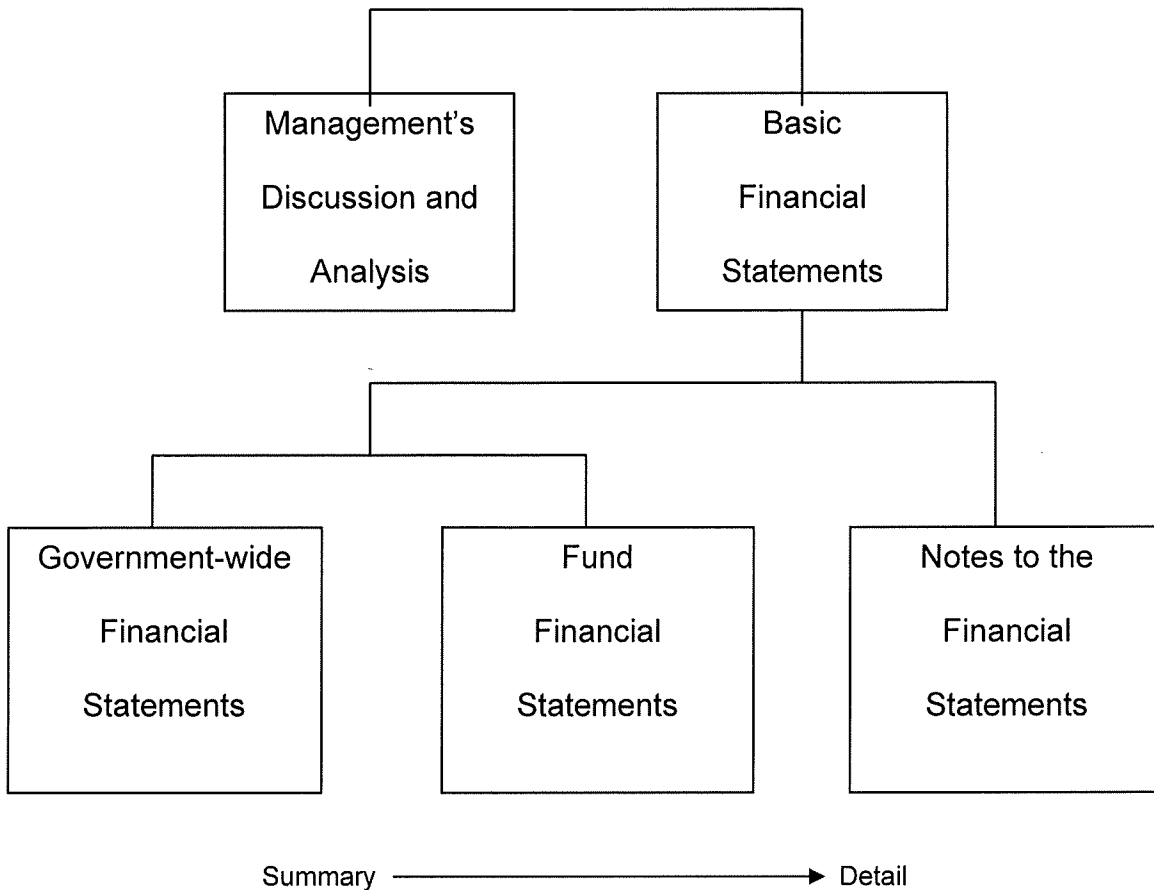
- The assets and deferred outflows of resources of the Town of Murfreesboro exceeded its liabilities at the close of the fiscal year by \$7,563,280 (*net position*).
- The government's total net position increased by \$236,252, due to increases of the governmental activities of \$105,653 netted with an increase in the business-type activities of \$130,599.
- As of the close of the current fiscal year, the Town of Murfreesboro's governmental funds reported combined ending fund balances of \$1,560,768 an increase of \$162,400 in comparison with the prior year. Approximately 76 percent of this total amount, or \$1,189,033, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,189,033, or 62 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Murfreesboro's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Murfreesboro.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Management Discussion and Analysis

Town of Murfreesboro

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position are the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town's charges customers to provide. These include the water and sewer services offered by the Town of Murfreesboro.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Murfreesboro, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Murfreesboro can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Murfreesboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town's, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances

Management Discussion and Analysis

Town of Murfreesboro

in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Town of Murfreesboro has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Murfreesboro uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

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 are included in this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found beginning on page 50 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publically held U.S. Treasury Securities.

**Management Discussion and Analysis
Town of Murfreesboro**

Government-Wide Financial Analysis

The Town of Murfreesboro's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 1,696,956	\$ 1,514,334	\$ 905,941	\$ 831,638	\$ 2,602,897	\$ 2,345,972
Capital assets	1,134,113	1,191,772	6,278,541	6,457,588	7,412,654	7,649,360
Deferred outflows of resources	223,002	223,405	76,849	69,314	299,851	292,719
Total assets and deferred outflows of resources	3,054,071	2,929,511	7,261,331	7,358,540	10,315,402	\$ 10,288,051
Liabilities:						
Long-term liabilities outstanding	586,182	546,139	1,685,198	1,866,496	2,271,380	2,412,635
Other liabilities	45,853	69,722	411,254	454,565	457,107	524,287
Total liabilities	632,035	615,861	2,096,452	2,321,061	2,728,487	2,936,922
Deferred inflows of resources:						
Pension deferrals	21,828	19,095	1,807	5,006	23,635	24,101
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	21,828	19,095	1,807	5,006	23,635	24,101
Net Position:						
Net investment in capital assets	1,134,113	1,191,772	4,520,944	4,438,154	5,655,057	5,629,926
Restricted	330,202	401,537	-	-	330,202	401,537
Unrestricted	935,893	701,246	642,128	594,319	1,578,021	1,295,565
Total net assets	\$ 2,400,208	\$ 2,294,555	\$ 5,163,072	\$ 5,032,473	\$ 7,563,280	\$ 7,327,028

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Murfreesboro exceeded liabilities by \$7,563,280 as of June 30, 2020. The Town's net position increased by \$236,252 for the fiscal year ended June 30, 2020. However, the largest portion (74.8%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Murfreesboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Murfreesboro's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Murfreesboro net position \$330,202 (4.3%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Murfreesboro's net position of \$1,578,021 (20.9%) is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in controlling expenses across all departments
- Continued low cost of debt due to the Town's high bond rating.

**Management Discussion and Analysis
Town of Murfreesboro**

Town of Murfreesboro Changes in Net Position

Figure 3

	Governmental Activities 2020	Governmental Activities 2019	Business Type Activities 2020	Business Type Activities 2019	Total 2020	Total 2019
Revenues:						
Program revenues:						
Charges for services	\$ 331,629	\$ 322,277	\$ 1,387,047	\$ 1,336,823	\$ 1,718,676	\$ 1,659,100
Operating grants and contributions	154,902	132,167	-	-	154,902	132,167
Capital grants and contributions	-	28,953	-	-	-	28,953
General revenues:						
Property taxes	927,815	944,015	-	-	927,815	944,015
Other taxes	646,424	787,885	-	-	646,424	787,885
Other	26,552	246,817	2,507	4500	29,059	251,317
Total revenues	2,087,322	2,462,114	1,389,554	1,341,323	3,476,876	3,803,437
Expenses:						
General government	481,204	422,448	-	-	481,204	422,448
Public safety	1,020,412	989,184	-	-	1,020,412	989,184
Transportation	164,640	137,418	-	-	164,640	137,418
Economic and Physical Development	-	-	-	-	-	-
Environmental Protection	300,508	315,391	-	-	300,508	315,391
Culture and Recreation	14,531	108,775	-	-	14,531	108,775
Interest on long-term debt	374	457	-	-	374	457
Water and sewer	-	-	1,258,955	1,324,937	1,258,955	1,324,937
Total expenses	1,981,669	1,973,673	1,258,955	1,324,937	3,240,624	3,298,610
Increase in net assets before transfers	105,653	488,441	130,599	16,386	236,252	504,827
Transfers	-	-	-	-	-	-
Increase in net assets	105,653	488,441	130,599	16,386	236,252	504,827
Net Position, July 1	2,294,555	1,862,998	5,032,473	5,025,536	7,327,028	6,888,534
Restatement of pervious year	-	(56,884)	-	(9,449)	-	(66,333)
Net Position, June 30	\$ 2,400,208	\$ 2,294,555	\$ 5,163,072	\$ 5,032,473	\$ 7,563,280	\$ 7,327,028

Governmental activities. Governmental activities increased the Town's net position by \$105,653. Revenues were \$374,794 less than the previous year due to receiving less property and sales tax revenue in addition to other revenue related to COVID-19. Also the Town received a one-time large miscellaneous revenue the previous year not received in the current year. Expenses were \$7,996 more than the previous year.

Business-type activities. Business-type activities increased the Town of Murfreesboro's net position by \$130,599. Expenses were \$65,982 less than the previous year and revenues were up \$48,231.

Management Discussion and Analysis Town of Murfreesboro

Financial Analysis of the Town's Funds

As noted earlier, the Town of Murfreesboro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Murfreesboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Murfreesboro's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Murfreesboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,189,033 while total fund balance was \$1,560,768. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62 percent of total General Fund expenditures, while total fund balance represents 81 percent of that same amount.

At June 30, 2020, the governmental funds of Town of Murfreesboro reported a combined fund balance of \$1,560,768 with a net increase of \$162,400, an 11.6 percent increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were \$106,809 more than budgeted. Expenditures were \$132,248 less than budgeted.

The Town held expenditures in check to comply with its budgetary requirements.

Proprietary Funds. The Town of Murfreesboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$642,128. The town had an increase in total net position of \$130,599 for the current year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Murfreesboro's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$7,412,654 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and construction in progress.

The Town had increases of \$99,804 in the governmental activities. The business-type had increase of \$43,815 related to plant and distributions systems, and equipment. The Town did not have any disposals.

**Management Discussion and Analysis
Town of Murfreesboro**

Town of Murfreesboro's Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Total 2020	Total 2019
Land	\$ 124,128	\$ 124,128	\$ 882,432	\$ 882,432	\$ 1,006,560	\$ 1,006,560
Buildings, improvements & systems	458,104	432,056	5,204,539	5,334,272	5,662,643	5,766,328
Infrastructure	146,545	155,809	-	-	146,545	155,809
Computer equipment	20,251	22,672	-	-	20,251	22,672
Equipment	64,639	82,182	175,953	218,227	240,592	300,409
Vehicles and motorized equipment	320,446	374,925	15,617	22,657	336,063	397,582
Total	\$ 1,134,113	\$ 1,191,772	\$ 6,278,541	\$ 6,457,588	\$ 7,412,654	\$ 7,649,360

Additional information on the Town's capital assets can be found in notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, the Town of Murfreesboro had bonded debt outstanding of \$8,000. The entire amount of this debt is collateralized by the full faith and credit of the Town.

Town of Murfreesboro's Outstanding Debt

During the past fiscal year, the Town's net long-term debt decreased by \$219,599.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Murfreesboro is \$7,934,943.

**Management Discussion and Analysis
Town of Murfreesboro**

**Long-term Debt
Figure 5**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2020	2019	2020	2019	2020	2019
General Obligation bonds	\$ -	\$ -	\$ 8,000	\$ 16,000	\$ 8,000	\$ 16,000
Installment purchases	-	-	1,749,597	2,003,434	1,749,597	2,003,434
Net pension liability	209,458	139,010	154,301	108,900	363,759	247,910
Total Pension liability	376,724	407,129	-	-	376,724	407,129
Compensated absences	9,283	37,533	13,559	28,515	22,842	66,048
Total	\$ 595,465	\$ 583,672	\$ 1,925,457	\$ 2,156,849	\$ 2,520,922	\$ 2,740,521

Economic Factors and Next Year's Budgets and Rates

The Town of Murfreesboro in the past has maintained its fiscal growth despite it being a small college/historic town. The Town lacks manufacturing and has relied on the small retail community and has been able to maintain a low unemployment rate in the past.

Unfortunately the near term outlook will depend upon how quickly the COVID-19 pandemic can be brought under control. Like many communities, the Town relies heavily on sales tax revenue and tourism. These will remain under pressure through the next year. The Town is committed to working with outside federal and state agencies to secure grant revenue to help offset any local revenue shortfalls and stimulate economic growth.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes remained at .66 cents per \$100.

Budgeted expenditures in the General Fund for the 2021 budget was set at \$1,937,792 compared to the 2020 final expenditures of \$1,918,569 and budget of \$2,050,817.

Business – type Activities: The water and sewer rates for the year ending 2021 were schedule to increase in September. The sewer flat charge rate will increase from \$35.00 to \$40.00 and the out of town rate from \$70.00 to \$80.00.

An operating expense budget for 2021 was set at \$1,322,276.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Murfreesboro, P.O. Box 6, Murfreesboro, NC 27855.

BASIC FINANCIAL STATEMENTS

Town of Murfreesboro
Statement of Net Position
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,243,273	\$ 621,929	\$ 1,865,202
Restricted cash	67,262	125,740	193,002
Taxes receivables (net)	76,555	-	76,555
Accrued interest receivable on taxes	13,575	-	13,575
Accounts receivable (net)	158,492	164,457	322,949
Due from other governments	41,866	29,870	71,736
Internal balances	54,400	(54,400)	-
Inventories	12,559	-	12,559
Prepays	28,974	18,345	47,319
Total current assets	1,696,956	905,941	2,602,897
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements	124,128	882,432	1,006,560
Other capital assets, net of depreciation	1,009,985	5,396,109	6,406,094
Total capital assets	1,134,113	6,278,541	7,412,654
Total assets	2,831,069	7,184,482	10,015,551
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	223,002	76,849	299,851
Total deferred outflows of resources	223,002	76,849	299,851
LIABILITIES			
Current liabilities:			
Accounts payable	36,570	45,255	81,825
Customer deposits	-	125,740	125,740
Current portion of long-term liabilities	-	226,700	226,700
Compensated absences payable	9,283	13,559	22,842
Total current liabilities	45,853	411,254	457,107
Long-term liabilities:			
Net pension liability	209,458	154,301	363,759
Total pension liability - LEO	376,724	-	376,724
Due in more than one year	-	1,530,897	1,530,897
Total liabilities	632,035	2,096,452	2,728,487
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	21,828	1,807	23,635
Total deferred inflows of resources	21,828	1,807	23,635
NET POSITION			
Net investment in capital assets	1,134,113	4,520,944	5,655,057
Restricted for:			
Stabilization by State Statute	262,940	-	262,940
Streets	67,262	-	67,262
Unrestricted	935,893	642,128	1,578,021
Total net position	\$ 2,400,208	\$ 5,163,072	\$ 7,563,280

The notes to the financial statements are an integral part of this statement.

**Town of Murfreesboro
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 481,204	\$ 11,601	\$ -	\$ -	\$ (469,603)	\$ -	\$ (469,603)
Public safety	1,020,412	25,817	57,336	-	(937,259)	-	(937,259)
Transportation	164,640	-	89,566	-	(75,074)	-	(75,074)
Environmental protection	300,508	289,996	-	-	(10,512)	-	(10,512)
Cultural and recreation	14,531	4,215	8,000	-	(2,316)	-	(2,316)
Interest on long-term debt	374	-	-	-	(374)	-	(374)
Total governmental activities	1,981,669	331,629	154,902	-	(1,495,138)	-	(1,495,138)
Business-type activities:							
Water and sewer	1,258,955	1,387,047	-	-	-	128,092	128,092
Total business-type activities	1,258,955	1,387,047	-	-	-	128,092	128,092
Total primary government	\$ 3,240,624	\$ 1,718,676	\$ 154,902	\$ -	(1,495,138)	128,092	(1,367,046)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					927,815	-	927,815
Local option sales tax					646,114	-	646,114
Other taxes					310	-	310
Unrestricted investment earnings					11,518	2,507	14,025
Miscellaneous					15,034	-	15,034
Total general revenues					1,600,791	2,507	1,603,298
Change in Net position					105,653	130,599	236,252
Net position, beginning					2,294,555	5,032,473	7,327,028
Net position, ending					\$ 2,400,208	\$ 5,163,072	\$ 7,563,280

The notes to the financial statements are an integral part of this statement.

Town of Murfreesboro, North Carolina
 Balance Sheet
 Governmental Funds
 June 30, 2020

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,243,273	\$ 1,243,273
Restricted Cash	67,262	67,262
Receivables, net:		
Taxes	76,555	76,555
Accounts - trade	128,312	128,312
Refuse	30,180	30,180
Due from other funds	54,400	54,400
Due from other governments	32,378	32,378
Inventories	12,559	12,559
Prepays	28,974	28,974
Total assets	<u>\$ 1,673,893</u>	<u>\$ 1,673,893</u>
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	36,570	36,570
Due to other funds	-	-
Total liabilities	<u>36,570</u>	<u>36,570</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	76,555	76,555
Total deferred inflows of resources	<u>76,555</u>	<u>76,555</u>
FUND BALANCES		
Non spendable		
Inventories	12,559	12,559
Prepaid items	28,974	28,974
Restricted		-
Stablization by State Statute	262,940	262,940
Streets	67,262	67,262
Unassigned	1,189,033	1,189,033
Total fund balances	<u>1,560,768</u>	<u>1,560,768</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,673,893</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,134,113
Deferred outflows of resources related to pensions are not reported in funds	223,002
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds	23,063
Liabilities for earned revenues considered deferred inflows of resources in fund statements	76,555
Net pension liability	(209,458)
Total pension liability - LEO	(376,724)
Deferred inflows of resources related to pensions are not reported in the funds	(21,828)
Compensated absences	(9,283)
Net position of governmental activities	<u>\$ 2,400,208</u>

The notes to the financial statements are an integral part of this statement.

Town of Murfreesboro
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major Funds</u>	
	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES		
Ad valorem taxes	\$ 921,462	\$ 921,462
Other taxes and licenses	310	310
Restricted intergovernmental	154,901	154,901
Unrestricted intergovernmental	646,115	646,115
Permits and fees	30	30
Sales and services	331,599	331,599
Investment earnings	11,518	11,518
Miscellaneous	15,034	15,034
Total revenues	<u>2,080,969</u>	<u>2,080,969</u>
EXPENDITURES		
General government	405,489	405,489
Public safety	964,015	964,015
Transportation	139,446	139,446
Environmental protection	291,060	291,060
Cultural and recreation	108,697	108,697
Debt service:		
Principal	9,488	9,488
Interest and other charges	374	374
Total expenditures	<u>1,918,569</u>	<u>1,918,569</u>
Excess (deficiency) of revenues over expenditures	<u>162,400</u>	<u>162,400</u>
OTHER FINANCING SOURCES (USES)		
Transfers (to) from other funds	-	-
Total other financing sources	<u>-</u>	<u>-</u>
Net change in fund balance	162,400	162,400
Fund balances, beginning	1,398,368	1,398,368
Fund balances, ending	<u>\$ 1,560,768</u>	<u>\$ 1,560,768</u>

The notes to the financial statements are an integral part of this statement.

Town of Murfreesboro
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 162,400
<p>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</p>		
Capital outlay expenditures which were capitalized	99,804	
Depreciation expense for governmental assets	(157,463)	
Net book value of asset disposed of during the year	-	(57,659)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		75,331
Benefit payments and pension administration costs for LEOWSA are deferred outflows of resources on the Statement of Net Position financial resources are not reported as revenues in the fund		47,869
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds		
Changes in unavailable revenue for tax revenues		6,353
<p>The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payment on long-term debt		9,488
<p>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.</p>		
Pension expense		(166,379)
Compensated absences		28,250
Total changes in net position of governmental activities		\$ 105,653

The notes to the financial statements are an integral part of this statement.

Town of Murfreesboro
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 888,000	\$ 888,000	\$ 921,462	\$ 33,462
Other taxes and licenses	150	150	310	160
Restricted intergovernmental	147,242	157,244	154,901	(2,343)
Unrestricted intergovernmental	582,000	582,000	646,115	64,115
Permits and fees	-	-	30	30
Sales and services	320,300	320,300	331,599	11,299
Investment earnings	9,000	9,000	11,518	2,518
Miscellaneous	3,000	17,466	15,034	(2,432)
Total revenues	<u>1,949,692</u>	<u>1,974,160</u>	<u>2,080,969</u>	<u>106,809</u>
Expenditures:				
General government	425,253	461,077	405,489	55,588
Public safety	974,477	1,007,020	964,015	43,005
Transportation	154,308	156,416	139,446	16,970
Environmental protection	306,500	306,500	291,060	15,440
Cultural and recreation	109,166	109,816	108,697	1,119
Debt service:				
Principal retirement	9,492	9,492	9,488	4
Interest and other charges	496	496	374	122
Total expenditures	<u>1,979,692</u>	<u>2,050,817</u>	<u>1,918,569</u>	<u>132,248</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>(76,657)</u>	<u>162,400</u>	<u>239,057</u>
Other financing sources (uses):				
Appropriated fund balance	30,000	76,657	-	(76,657)
Total other financing sources (uses)	<u>30,000</u>	<u>76,657</u>	<u>-</u>	<u>(76,657)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>162,400</u>	<u>\$ 162,400</u>
Fund balances, beginning			<u>1,398,368</u>	
Fund balances, ending			<u>\$ 1,560,768</u>	

The notes to the financial statements are an integral part of this statement.

**Town of Murfreesboro
Statement of Fund Net Position
Proprietary Funds
June 30, 2020**

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 621,929
Restricted cash	125,740
Accounts receivable, net	164,457
Due from other governments	29,870
Due from other funds	-
Prepays	18,345
Total current assets	960,341
Noncurrent assets:	
Land and other non-depreciable assets	882,432
Other capital assets, net of depreciation	5,396,109
Total non-current assets	6,278,541
Total assets	7,238,882
DEFERRED OUTFLOW OF RESOURCES:	
Pension deferrals	76,849
Total deferred outflows of resources	76,849
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	45,255
Customer Deposits	125,740
Due to other funds	54,400
Compensated absences	13,559
General obligation bonds payable-current	8,000
Installment purchase payable-current	218,700
Total current liabilities	465,654
Noncurrent liabilities:	
Net pension liability	154,301
General obligation bonds	-
Installment purchase payable	1,530,897
Total liabilities	2,150,852
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	1,807
Total deferred inflows of resources	1,807
NET POSITION	
Net investment in capital assets	4,520,944
Unrestricted	642,128
Total net position	\$ 5,163,072

The notes to the financial statements are an integral part of this statement.

Exhibit 8

Town of Murfreesboro
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,371,051
Water and sewer taps and connection fees	4,000
Reconnection fees, late charges	810
Other operating revenues	11,186
Total operating revenues	1,387,047
OPERATING EXPENSES	
Water treatment and distribution	572,866
Waste collection and treatment	243,897
Wastewater treatment plant	169,466
Depreciation	222,862
Total operating expenses	1,209,091
Operating income (loss)	177,956
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	2,507
Interest and other charges	(49,864)
Total nonoperating revenues (expenses)	(47,357)
Change in net position	130,599
Total net position, beginning	5,032,473
Total net position, ending	\$ 5,163,072

The notes to the financial statements are an integral part of this statement.

Exhibit 9

**Town of Murfreesboro
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020**

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,324,705
Cash paid for goods and services	(341,174)
Cash paid to or on behalf of employees for services	(645,592)
Customer deposits received - net	8,686
Net cash provided by operating activities	346,625
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Due (to) from other funds	9,194
Total cash flows provided by non-capital financing activities	9,194
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(43,815)
Principal paid on bond maturities and equipment contracts	(252,350)
Interest paid on bond maturities and equipment contracts	(49,864)
Net cash provided (used) for capital and related financing activities	(346,029)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	2,507
Net cash flows from investing activities	2,507
Net increase (decrease) in cash and cash equivalents	12,297
Balances, beginning	735,372
Balances, ending	\$ 747,669

The notes to the financial statements are an integral part of this statement.

Exhibit 9

**Town of Murfreesboro
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020**

	Water and Sewer Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 177,956
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	222,862
Changes in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	(62,342)
(Increase) decrease in prepaids	(18,345)
Increase (decrease) in accounts payable & accrued liabilities	(1,902)
Increase (decrease) in customer deposits	8,685
Increase in pension liability	45,401
Decrease in deferred inflows of resources for pensions	(3,199)
Increase in deferred outflows of resources for pensions	(7,535)
Increase in accrued vacation pay	(14,956)
Total adjustments	168,669
Net cash provided (used) by operating activities	\$ 346,625

The notes to the financial statements are an integral part of this statement.

Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Murfreesboro, North Carolina (the Town), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Murfreesboro is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – 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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, street maintenance and construction, and sanitation services.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and Sewer Operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Murfreesboro because the tax is levied by Hertford County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town of Murfreesboro are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration on .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the services for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Murfreesboro Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 67,262
Total Governmental Activities	\$ 67,262
Business-type Activities	
Water and Sewer Fund	
Customer deposits	\$ 125,740
Total Business-type Activities	\$ 125,740
 Total Restricted Cash	 \$ 193,002

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien sale); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates the market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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 and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$20,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$20,000; infrastructure, \$20,000; equipment and furniture, \$5,000; and vehicles and motorized equipment, \$10,000; \$5,000 computer software and computer equipment \$500. Donated capital assets

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

received after June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at the acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Buildings	30
Infrastructure	50
Equipment and furniture	10
Vehicles and motorized equipment	6
Computer equipment	3
Computer hardware	5
Substations, lines, and related equipment	40
Other improvements	25

8. 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 Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense of expenditure until then. The Town has one item that meets this criterion contributions made to the pension plan in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category – property taxes receivable and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and 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 are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 21 days earned vacation leave with such leave being fully vested when earned. For the Town's government wide and proprietary funds,

Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact,

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it represents year-end balance of prepayments for insurance.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**Town of Murfreesboro, North Carolina
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For the Fiscal Year Ended June 30, 2020**

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERs) and additions to/deductions from LGERs' fiduciary net position have been determined on the same basis as they are reported by LGERs. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Murfreesboro's employer contributions are recognized when due and the Town of Murfreesboro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERs. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

3. Deficit in Fund Balance or Net Position of Individual Funds

None.

4. Excess of Expenditures over Appropriations

None.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the

**Town of Murfreesboro, North Carolina
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For the Fiscal Year Ended June 30, 2020**

potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$753,990 and a bank balance of \$773,446. Of this bank balance, \$256,711 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2020, the Town of Murfreesboro had \$1,304,089 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2020, were as follows:

General Fund:	
Taxes Receivable	\$ 76,555
Accrued Interest Receivable	13,575
Accounts Receivable, net	158,492
Due from other governments	41,866
Total General Fund	<u>290,488</u>
Enterprise Funds:	
Service Receivable	164,457
Due from other governments	29,870
Total Enterprise Fund	<u>194,327</u>
Total	<u><u>\$ 484,815</u></u>

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 124,128	\$ -	\$ -	\$ 124,128
Total capital assets not being depreciated	124,128	-	-	124,128
Capital assets being depreciated				
Buildings and Improvements	1,487,692	62,125	-	1,549,817
Computer Equipment	140,230	3,979	-	144,209
Infrastructure	277,887	-	-	277,887
Equipment	728,682	-	-	728,682
Vehicles	1,772,563	33,700	-	1,806,263
Total capital assets being depreciated	4,407,054	99,804	-	4,506,858
Less accumulated depreciation for				
Buildings and Improvements	1,055,636	36,077	-	1,091,713
Computer Equipment	117,558	6,400	-	123,958
Infrastructure	122,078	9,264	-	131,342
Equipment	646,500	17,543	-	664,043
Vehicles	1,397,638	88,179	-	1,485,817
Accumulated depreciation	3,339,410	\$ 157,463	\$ -	3,496,873
Total capital assets, depreciated, net	1,067,644			1,009,985
Governmental activity capital assets, net	<u>\$ 1,191,772</u>			<u>\$ 1,134,113</u>

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

General government	\$ 45,664
Public safety	77,157
Transportation	25,194
Environmental	9,448
	<u>\$ 157,463</u>

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated				
Land	\$ 882,432	\$ -	\$ -	\$ 882,432
Total capital assets not being depreciated	882,432	-	-	882,432
Capital assets being depreciated				
Plant and distribution systems	8,913,991	34,554	-	8,948,545
Equipment	709,450	9,261	-	718,711
Vehicles	82,801	-	-	82,801
Total capital assets being depreciated	9,706,242	43,815	-	9,750,057
Less accumulated depreciation for				
Plant and distribution systems	3,579,719	164,287	-	3,744,006
Equipment	491,223	51,535	-	542,758
Vehicles	60,144	7,040	-	67,184
Accumulated Depreciation	4,131,086	\$ 222,862	\$ -	4,353,948
Capital assets, depreciated, net	5,575,156			5,396,109
Water and Sewer Fund capital assets	\$ 6,457,588			\$ 6,278,541

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Murfreesboro is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age

Town of Murfreesboro, North Carolina
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60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Murfreesboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Murfreesboro contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Murfreesboro were \$75,331 for the year ended June 30, 2020.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$363,759 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.01332%, which was an increase of 0.00287% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$163,789. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Murfreesboro, North Carolina
Notes to the Financial Statements
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,285	\$ -
Changes of assumptions	59,587	-
Net difference between projected and actual earnings on pension plan investments	8,872	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	40,874	3,233
Town contributions subsequent to the measurement date	75,331	-
Total	\$ 246,949	\$ 3,233

\$75,331 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 74,506
2022	30,265
2023	46,715
2024	16,600
2025	-
Thereafter	-
Total	\$ 168,086

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan 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 Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 831,983	\$ 363,759	\$ (25,430)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
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b. Law Enforcement Officers Special Separation Allowance

1. Plan Description. The Town of Murfreesboro administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3	
Terminated plan members entitled to but not yet receiving benefits	-	
Active plan members	8	
Total	11	

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no such assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent	
Salary Increases	3.50 to 7.35 percent, including inflation productivity factor	
Discount rate	3.26 percent	

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the

**Town of Murfreesboro, North Carolina
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General Fund operating budget. There were no contributions made by employees, The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$47,869 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$376,725, The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$37,256.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,143	\$ 11,272
Changes of assumptions	13,059	9,130
Town benefit payment and plan administrative Expense made subsequent to the measurement date	-	-
Total	\$ 53,202	\$ 20,402

\$0 paid as benefits came due to subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 13,774
2022	13,774
2023	6,222
2024	(970)
2025	-
Thereafter	-

Sensitivity of the Town's total pension liability to change in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent town's total pension liability would be if it were calculate using a discount rate that is 1-percentage point (2.26 percent) or 1-percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	399,654	376,724	355,566

**Town of Murfreesboro, North Carolina
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For the Fiscal Year Ended June 30, 2020**

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
2020**

Beginning Balance	\$	407,129
Service Cost		9,534
Interest on the total pension liability		13,948
Changes of benefit terms		-
Differences between expected and actual experience		(14,262)
Changes in assumptions or other inputs		8,244
Benefit payments		(47,869)
Other changes		-
Ending balance of the total pension liability	<u>\$</u>	<u>376,724</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Total Expenses, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions.

Following is information related to the proportionate share and pension expenses for all pension plans:

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

	LGERS	LEOSSA	Total
Pension Expense	\$ 163,789	\$ 37,256	\$ 201,045
Pension Liability	363,759	376,724	740,483
Proportionate share of the net pension liability	0.01332%	n/a	
Deferred of Outflows of Resources			
Difference between expected and actual experience	62,285	40,143	102,428
Changes of assumption	59,287	13,059	72,346
Net difference between projected and actual earnings on plan investments	8,872	-	8,872
Changes in proportion and differences between contributions and proportionate share of contributions	40,874	-	40,874
Benefit payments and administrative cost paid subsequent to the measurement date	75,331	-	75,331
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	11,272	11,272
Changes of assumptions	-	9,130	9,130
Net difference between projected and actual earnings on plan in investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,233	-	3,233

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement of benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$20,132, which consisted of \$16,818 from the Town and \$3,314 from law enforcement officers.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. The Town's contribution for general employees for the year ended June 30, 2020 were \$18,110, which consisted of \$4,260 from the Town and \$13,850 from the employees.

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

	Amount
Contributions to pension plan in fiscal year	\$ 75,331
Benefit payments and administrative expenses for LEOSSA	-
Differences between expected and actual experience	102,428
Changes in assumptions	72,346
Net difference between projected and actual	8,872
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,874
Total	<u>\$ 299,851</u>

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 76,555
Pension deferrals	23,635	-
Total	<u>\$ 23,635</u>	<u>\$ 76,555</u>

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town of Murfreesboro carries flood insurance through the Interlocal Risk Financing Fund of North Carolina with a limit of \$2,500,000 per single occurrence.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond of \$30,000.

5. Claims, Judgments and Contingent Liabilities

According to the Town's attorney, there are no suits pending against the Town that would materially affect the financial statements as of June 30, 2020.

6. Long-Term Obligations

a. Installment Purchase Agreements

In June 2007, the Town entered into a direct placement contract to finance improvements to the Town's Wastewater Treatment Plant through bond issue in the amount of \$4,373,992. The contract requires annual installments of \$218,700 plus interest at 2.10%, maturing in May 2028. The placement contract collateralized by the Wastewater plant has outstanding balance at June 30, 2020 of \$1,749,597.

In June 2018, the Town entered into a direct borrowing contract to finance equipment. The placement contract collateralized by the equipment is financed with PNC Bank, and requires annual installments of \$39,376 including interest at 3.490% maturing June 1, 2020. A portion of the debt service is allocated to the general fund. The outstanding balance at June 30, 2020 was \$0.

b. General Obligation Indebtedness – Direct Placement

The Town's general obligation bond issues to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by full faith, credit, and tax power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2020 are comprised of the following individual issues:

Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Serviced by the Water and Sewer Fund:

\$150,000 1983 Series A Sanitary Sewer Bonds due in increasing annual installments through 2021 plus interest at 5 percent	\$ 8,000
Total	\$ 8,000

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2021	\$ 8,000	\$ 400
Total	\$ 8,000	\$ 400

The outstanding balance at June 30, 2020 was \$8,000.

Total annual debt service payments of the installment purchases and general obligations as of June 30, 2020 were as follows:

Year-Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 218,700	\$ 36,742
2022	-	-	218,700	32,149
2023	-	-	218,700	27,556
2024	-	-	218,700	22,963
2025	-	-	218,700	18,371
2026-2028	-	-	656,097	27,556
Total	\$ -	\$ -	\$ 1,749,597	\$ 165,337

At June 30, 2020, the Town of Murfreesboro, North Carolina, had a legal debt margin of \$7,934,943.

c. Changes in Long-Term Liabilities

	Balance			Balance	
	7/1/2019	Increases	Decreases	6/30/2020	Current Portion
Governmental Activities:					
Compensated Absences	\$ 37,533	\$ -	\$ 28,250	\$ 9,283	\$ 9,283
Net pension liability (LGERS)	139,010	70,448	-	209,458	-
Total pension Liability	407,129	-	30,405	376,724	-
Total Governmental Activities	\$ 583,672	\$ 70,448	\$ 58,655	\$ 595,465	\$ 9,283
Business-type Activities:					
Compensated absences	\$ 28,515	\$ -	\$ 14,956	\$ 13,559	\$ 13,559
Net pension liability (LGERS)	108,900	45,401	-	154,301	-
General obligation bonds	16,000	-	8,000	8,000	8,000
Installment purchases	2,003,434	-	253,837	1,749,597	218,700
Business-type activity long-term liabilities	\$2,156,849	\$ 45,401	\$ 276,793	\$ 1,925,457	\$ 240,259

**Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

Due to the General Fund from the Water and Sewer Fund	\$ 54,400
Due from the Water and Sewer Fund to the General Fund	\$ (54,400)

Due to/from of \$54,400 represents amounts due to the General Fund for refuse collections. The amounts were all paid subsequent to the fiscal end in July 2020. The amount of \$9,488 was a repayment to the General Fund for debt service incurred in the Water and Sewer Fund.

The interfund balances resulted 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) payments between funds are made.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance-General Fund	\$	1,560,768
Less:		
Inventories		12,559
Stablization by State Statute		262,940
Streets-Powell Bill		67,262
Prepaid items		28,974
Remaining Fund Balance	\$	1,189,033

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with five counties and thirty-two other municipalities established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$550 to the Commission during the fiscal year ended June 30, 2020.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

COVID-19 Contingencies

During the year ended June 30, 2020, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably

Town of Murfreesboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

predicted and estimated at this time. The COVID-19 outbreak is ongoing as of June 30, 2020, and additional impact on operational and financial performance may occur.

VI. SUBSEQUENT EVENTS

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

VII. CONTINUING OBLIGATIONS

The Town entered into a contract with CopyPro, Inc., for copiers. The contract agrees that the Town will pay \$153 per month until March 2022.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

Schedule of Proportionate Share of the Net Pension Asset for the Local Government Employees' Retirement System

Schedule of Contributions for the Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance

Town of Murfreesboro
Town of Murfreesboro's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years *

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Murfreesboro's proportion of the net pension liability (asset) (%)	0.01332%	0.01050%	0.97600%	0.01312%	0.01520%	0.01710%	-0.01942%
Murfreesboro's proportion of the net pension liability (asset) (\$)	\$ 363,759	\$ 247,910	\$ 149,106	\$278,450	\$ 68,217	\$ 206,121	\$(114,529)
Murfreesboro's covered-employee payroll	1,058,371	1,123,777	1,051,137	950,278	990,357	1,145,374	1,060,798
Murfreesboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.37%	22.06%	14.19%	29.30%	6.89%	18.00%	-0.108
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

**Town of Murfreesboro
Town of Murfreesboro's Contributions
Required Supplementary Information
Last Seven Fiscal Years**

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 75,331	\$ 69,631	\$ 68,654	\$ 66,453	\$ 65,051	\$ 71,162	\$ 81,889
Contributions in relation to the contractually required contribution	75,331	69,631	68,654	66,453	65,051	71,162	81,889
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Murfreesboro's covered-employee payroll	\$ 1,056,968	\$ 1,058,371	\$ 1,123,777	\$ 1,051,137	\$ 950,357	\$ 990,357	\$ 1,145,374
Contributions as a percentage of covered-employee payroll	7.13%	6.58%	6.11%	6.32%	6.84%	7.19%	7.15%

Town of Murfreesboro
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017
Beginning balance	\$ 407,129	\$ 374,972	\$ 326,254	\$ 311,415
Service Cost	9,534	10,743	8,707	10,615
Interest on the total pension liability	13,948	11,265	12,518	11,118
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,262)	58,766	15,166	-
Changes of assumptions or other inputs	8,244	(11,634)	16,212	(6,894)
Benefit payments	(47,869)	(36,983)	(3,885)	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 376,724</u>	<u>\$ 407,129</u>	<u>\$ 374,972</u>	<u>\$ 326,254</u>

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

Town of Murfreesboro
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 376,724	\$ 407,129	\$ 374,972	\$ 326,254
Covered payroll	379,904	344,153	338,564	376,216
Total pension liability as a percentage of covered payroll	99.16%	118.30%	110.75%	86.72%

Notes to the schedules:

The Town of Murfreesboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

BUDGETARY SCHEDULES

**Town of Murfreesboro
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 883,000	\$ 916,599	\$ 33,599
Penalties and interest	5,000	4,863	(137)
Total	<u>888,000</u>	<u>921,462</u>	<u>33,462</u>
Other taxes and licenses:			
Privilege licenses	150	310	160
Total	<u>150</u>	<u>310</u>	<u>160</u>
Unrestricted intergovernmental:			
Local option sales taxes	384,000	452,003	68,003
Beer and wine tax	14,000	14,172	172
Utility franchise tax	175,000	170,706	(4,294)
Solid waste disposal tax	1,500	2,494	994
ABC profit distribution	7,500	6,740	(760)
Total	<u>582,000</u>	<u>646,115</u>	<u>64,115</u>
Restricted intergovernmental:			
Powell Bill allocation	90,000	89,566	(434)
Fire grant	24,502	24,502	-
Rural fire protection calls	34,742	32,833	(1,909)
Recreation grant	8,000	8,000	-
Total	<u>157,244</u>	<u>154,901</u>	<u>(2,343)</u>
Permits and Fees			
Zoning fees, permits	-	30	30
Total	<u>-</u>	<u>30</u>	<u>30</u>
Sales and services:			
Gasoline Tax Refund	9,000	10,966	1,966
Recreation fees	1,000	100	(900)
Cemetery	2,000	9,285	7,285
Refuse collection fees	285,000	280,711	(4,289)
Jail fees, parking tickets	1,100	1,313	213
Fire fees, per call	15,000	25,109	10,109
Rents and concessions	7,200	4,115	(3,085)
Total	<u>320,300</u>	<u>331,599</u>	<u>11,299</u>
Investment earnings	<u>9,000</u>	<u>11,518</u>	<u>2,518</u>

**Town of Murfreesboro
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Miscellaneous			
Private donations	-	3,685	3,685
Other	17,466	11,349	(6,117)
Total	<u>17,466</u>	<u>15,034</u>	<u>(2,432)</u>
 Total revenues	 <u>1,974,160</u>	 <u>2,080,969</u>	 <u>106,809</u>
Expenditures:			
General Government			
Governing Body			
Salaries and employee benefits	21,381	21,315	66
Operating expenses	38,198	19,142	19,056
Total	<u>59,579</u>	<u>40,457</u>	<u>19,122</u>
Administration			
Salaries and employee benefits	115,481	114,807	674
Operating expenditures	36,005	30,752	5,253
Insurance, workmen's compensation	19,116	20,303	(1,187)
Tax collection	35,000	31,804	3,196
Professional services	38,500	14,361	24,139
Capital outlay	-	1,989	(1,989)
Total	<u>244,102</u>	<u>214,016</u>	<u>30,086</u>
Public Buildings			
Salaries and employee benefits	11,257	10,006	1,251
Operating expenses	115,679	47,126	68,553
Utilities	30,460	31,759	(1,299)
Capital outlay	-	62,125	(62,125)
Total	<u>157,396</u>	<u>151,016</u>	<u>6,380</u>
Total general government	<u>461,077</u>	<u>405,489</u>	<u>55,588</u>
Public Safety			
Police			
Salaries and employee benefits	596,965	599,533	(2,568)
Operating expenses	124,896	101,853	23,043
Capital outlay	35,340	35,690	(350)
Total	<u>757,201</u>	<u>737,076</u>	<u>20,125</u>

**Town of Murfreesboro
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Communications			
Salaries and employee benefits	50,524	49,791	733
Operating expenses	41,172	40,669	503
Total	<u>91,696</u>	<u>90,460</u>	<u>1,236</u>
Fire			
Professional services and benefits	21,949	24,077	(2,128)
Operating expenses	108,174	112,402	(4,228)
Capital outlay	28,000	-	28,000
Total	<u>158,123</u>	<u>136,479</u>	<u>21,644</u>
Total public safety	<u>1,007,020</u>	<u>964,015</u>	<u>43,005</u>
Transportation			
Streets and Powell Bill:			
Operating expenses	124,916	110,301	14,615
Utilities	31,500	29,145	2,355
Total	<u>156,416</u>	<u>139,446</u>	<u>16,970</u>
Garage			
Operating expenses	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total transportation	<u>156,416</u>	<u>139,446</u>	<u>16,970</u>
Environmental Protection			
Solid waste:			
Tipping fees	60,000	60,162	(162)
Contracted services	231,000	222,640	8,360
Operating expenditures	2,000	2,148	(148)
Total	<u>293,000</u>	<u>284,950</u>	<u>8,050</u>
Cemetery			
Operating expenses	13,500	6,110	7,390
Total environmental protection	<u>306,500</u>	<u>291,060</u>	<u>15,440</u>

**Town of Murfreesboro
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Cultural and Recreation			
Parks and recreation			
Salaries and employee benefits	-	-	-
Operating expenses	15,650	14,531	1,119
Total	<u>15,650</u>	<u>14,531</u>	<u>1,119</u>
Other			
Donation to Albemarle Library	94,166	94,166	-
Total Culture and Recreation	<u>109,816</u>	<u>108,697</u>	<u>1,119</u>
Debt Service			
Principal retirement	9,492	9,488	4
Interest and other charges	496	374	122
Total debt service	<u>9,988</u>	<u>9,862</u>	<u>126</u>
Total expenditures	<u>2,050,817</u>	<u>1,918,569</u>	<u>132,248</u>
Revenues over (under) expenditures	<u>(76,657)</u>	<u>162,400</u>	<u>239,057</u>
Other financing sources (uses):			
Fund balance appropriated	76,657	-	(76,657)
Total	<u>76,657</u>	<u>-</u>	<u>(76,657)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>162,400</u>	<u>\$ 162,400</u>
Fund balances, beginning		1,398,368	
Fund balances, ending		<u>\$ 1,560,768</u>	

**Town of Murfreesboro
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 1,312,676	\$ 1,371,051	\$ 58,375
Water and sewer taps & connection fees	2,000	4,000	2,000
Reconnection fees, late charges	600	810	210
Other operating revenues	3,600	11,186	7,586
Total operating revenues	<u>1,318,876</u>	<u>1,387,047</u>	<u>68,171</u>
Nonoperating revenues:			
Interest earnings	3,400	2,507	(893)
Total nonoperating revenues	<u>3,400</u>	<u>2,507</u>	<u>(893)</u>
Total revenues	<u>1,322,276</u>	<u>1,389,554</u>	<u>67,278</u>
Expenditures:			
Water treatment and distribution:			
Salaries and employee benefits	367,004	366,445	559
Utilities	41,000	42,533	(1,533)
Repairs and maintenance	50,051	47,302	2,749
Other departmental expenses	94,251	90,564	3,687
Total	<u>552,306</u>	<u>546,844</u>	<u>5,462</u>
Waste collection and treatment:			
Salaries and employee benefits	182,343	180,407	1,936
Utilities	14,500	14,571	(71)
Repairs and maintenance	11,000	6,618	4,382
Other departmental expenses	54,404	46,128	8,276
Total	<u>262,247</u>	<u>247,724</u>	<u>14,523</u>
Wastewater treatment plant:			
Salaries and employee benefits	99,124	98,740	384
Utilities	18,000	17,563	437
Repairs and maintenance	18,350	13,986	4,364
Other departmental expenses	83,942	38,718	45,224
Professional services	5,000	2,943	2,057
Total	<u>224,416</u>	<u>171,950</u>	<u>52,466</u>
Debt service:			
Interest fees	2,863	49,864	(47,001)
Principal retirement	256,620	252,350	4,270
Total	<u>259,483</u>	<u>302,214</u>	<u>(42,731)</u>
Capital Outlay	53,824	43,815	10,009
Total expenditures	<u>1,352,276</u>	<u>1,312,547</u>	<u>39,729</u>

**Town of Murfreesboro
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	<u>(30,000)</u>	<u>77,007</u>	<u>107,007</u>
Other financing sources (uses):			
Appropriated Fund Balance	30,000	-	(30,000)
Installment purchase proceeds	-	-	-
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 77,007</u>	<u>\$ 77,007</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 77,007	
Reconciling items:			
Capital outlay		43,815	
Depreciation		(222,862)	
Principal retirement		252,350	
Decrease in compensated absences		14,956	
Increase in pension liability		(45,401)	
Decrease in deferred inflows of resources - pension		3,199	
Increase in deferred outflow of resources - pension		7,535	
Change in net position		<u>\$ 130,599</u>	

OTHER SCHEDULES

**Town of Murfreesboro
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 799,635	\$ 768,181	\$ 31,454
2018-2019	24,287	-	13,424	10,863
2017-2018	22,772	-	6,313	16,459
2016-2017	6,028	-	1,822	4,206
2015-2016	3,940	-	667	3,273
2014-2015	3,157	-	343	2,814
2013-2014	2,580	-	-	2,580
2012-2013	2,213	-	-	2,213
2011-2012	1,819	-	139	1,680
2010-2011	1,013	-	-	1,013
2009-2010	1,095	-	1,095	-
	<u>\$ 68,904</u>	<u>\$ 799,635</u>	<u>\$ 791,984</u>	<u>\$ 76,555</u>

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 794,987
Reconciling items:	
Interest collected	(4,863)
Releases and adjustments	765
Taxes written off	1,095
Total collections and credits	<u>\$ 791,984</u>

**Town of Murfreesboro
 Analysis of Current Tax Levy
 Town - Wide Levy
 For the Fiscal Year Ended June 30, 2020**

	Town - Wide		Total Levy		
	Property Valuation	Rate per \$100	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at					
Current Year Rate	\$ 105,034,848	0.66	\$ 693,230	\$ 693,230	\$ -
Registered motor vehicles					
taxed at prior year's rate	16,121,900	0.66	106,405	-	106,405
Abatements (Releases)	-	0.66	-	-	-
Total Property Valuation	<u>\$ 121,156,748</u>				
Net levy			799,635	693,230	106,405
Less: Uncollected taxes at June 30, 2020			<u>(31,454)</u>	<u>(31,454)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 768,181</u>	<u>\$ 661,776</u>	<u>\$ 106,405</u>
Current levy collection percentage			<u>96.07%</u>	<u>95.46%</u>	<u>100.00%</u>