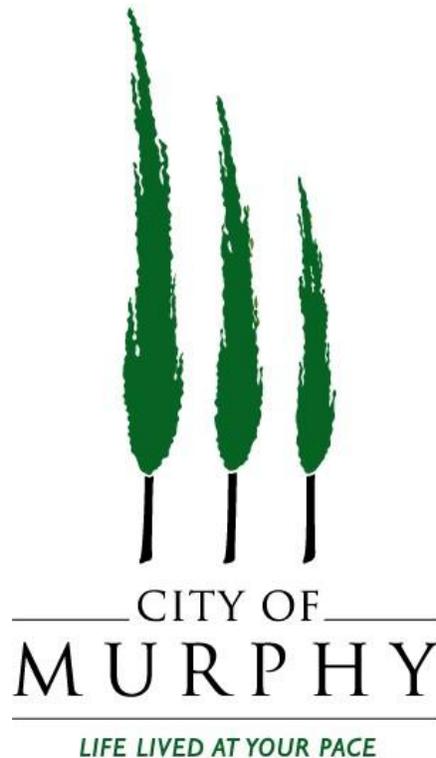


# City of Murphy, Texas



## Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2018

Prepared by: City of Murphy, Texas Finance Department

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**City of Murphy, Texas**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2018

Prepared by: City of Murphy, Texas Finance Department

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**City of Murphy, Texas**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018  
 Table of Contents

**Introductory Section**

Letter of Transmittal	v
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
Organization Chart	x
List of Elected Officials and Administrative Officers	xi

**Financial Section**

Independent Auditor's Report	3
Management's Discussion and Analysis	7

**Basic Financial Statements**

Government-Wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	27
Proprietary Funds Financial Statements	
Statement of Fund Net Position – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Discretely Presented Component Unit Financial Statements	
Combining Statement of Net Position	33
Combining Statement of Activities	34
Notes to the Basic Financial Statements	35

**Required Supplementary Information**

Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	68
Schedule of Pension Contributions - TMRS	69
Schedule of Total OPEB Liability and Related Ratios - TMRS	70
Schedule of OPEB Contributions - TMRS	71
Notes to Required Supplementary Information - TMRS	72

**Supplementary Information**

Major Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (Modified Accrual Basis) and Actual – Debt Service Fund	74
Discretely Presented Component Units:	
Balance Sheet - Murphy Community Development Corporation	75
Reconciliation of Fund Balance to Net Position - Murphy Community Development Corporation	76

**City of Murphy, Texas**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018  
 Table of Contents – Continued

	Table	Page
Statement of Revenues, Expenditures and Changes in Fund Balance - Murphy Community Development Corporation		77
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Murphy Community Development Corporation		78
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Modified Accrual Basis) and Actual – Community Development Corporation		79
Balance Sheet - Murphy Municipal Development District		80
Reconciliation of Fund Balance to Net Position - Murphy Municipal Development District		81
Statement of Revenues, Expenditures and Changes in Fund Balance - Murphy Municipal Development District		82
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Murphy Municipal Development District		83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Modified Accrual Basis) and Actual – Murphy Municipal Development District		84
 <b>Statistical Section</b>		
Net Position By Component	1	88
Changes in Net Position	2	90
Governmental Activities Tax Revenue by Source	3	94
Fund Balances, Governmental Funds	4	96
Changes in Fund Balances of Governmental Funds	5	98
Assessed Value and Estimated Actual Value of Taxable Property	6	100
Property Tax Rates – Direct and Overlapping Governments	7	101
Principal Property Taxpayers	8	102
Property Tax Levies and Collections	9	103
Water and Sewer Revenues	10	104
Ratio of Outstanding Debt by Type	11	105
Ratio of Net General Bonded Debt Outstanding	12	106
Direct and Overlapping Governmental Activities Debt	13	107
Legal Debt Margin Information	14	108
Pledged-Revenue Coverage	15	109
Demographic and Economic Statistics	16	110
Principal Area Employers	17	111
Full-Time Equivalent City Government Employees by Function/Program	18	112
Operating Indicators by Function	19	114
Capital Asset Statistics by Function/Program	20	116
 <b>Continuing Disclosure Section (Unaudited)</b>		
Valuations, Exemptions and General Obligation Debt	1CD	117
Tax Rate Levy and Collection History	2CD	118
General Obligation Debt Service Requirements	3CD	119
Governmental Fund Revenues and Expenditure History	4CD	120
Municipal Sales Tax History	5CD	124
Cash and Investments for Primary Government	6CD	125
Proprietary Funds Debt Service Requirements	7CD	126

# Introductory Section

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Mike Castro  
City Manager

206 North Murphy Road  
Murphy, TX 75094  
[www.murphytx.org](http://www.murphytx.org)

March 26, 2019

Honorable Mayor Scott Bradley and City Council  
City of Murphy  
Murphy, Texas

Dear Mayor Bradley and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the City of Murphy, Texas for the year ended September 30, 2018 is submitted herewith.

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

Weaver has issued an unmodified ("clean") opinion on the City of Murphy's financial statements for the year ended September 30, 2018. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

#### GENERAL INFORMATION CITY OF MURPHY

The City of Murphy, Texas incorporated in 1958, is located in Collin County, the northeastern part of the Dallas-Fort Worth metroplex. The City occupies 5.1 square miles and serves a population of approximately 20,100. The City of Murphy is authorized under state law to levy a property tax on both real and personal property located within its boundaries. It also is authorized by state law to extend its corporate limits by annexation, which it has done from time to time.

The City of Murphy has operated under the council-manager form of government since February 7, 2004. Policy-making and legislative authority are vested in the governing body of the City Council ("Council"). The Council consists of the Mayor and six other members, all elected on a non-partisan basis. The Mayor and each Council member serve a three-year term and are elected at large. The City Council appoints the City Manager, who serves as Chief Administrative Officer of the City. The City Manager is responsible to the City Council for all of the administrative and operational duties of the City. The City Manager also establishes, directs and supervises the administration of all departments of the City, with the exception of those offices outlined in the city charter.

The City of Murphy provides a full range of services, including police and fire protection; emergency medical services; water and sewer operations/maintenance, utility billing and solid waste collection and disposal; municipal court; animal control services; community development (planning and zoning, code compliance, building inspections and health inspections); construction and maintenance of roadways, streets, sidewalks, drainage and other infrastructure; public improvements; and parks, recreational and community activities.

The financial reporting entity includes all funds of the primary government (i.e., the City of Murphy as legally defined), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable and are not part of the primary government's operations. The Murphy Municipal Development District and the Murphy Community Development Corporation are included in the financial statements as discretely presented component units.

The City Manager is required by city charter to present the proposed budget to the City Council by August 10th of each year. The City Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared and adopted by fund and department levels.

#### ECONOMIC CONDITIONS AND OUTLOOK

The local economy remained stable during 2018. The City saw several new businesses come to town over the past year which in turn, has generated additional growth. These businesses have contributed to an increase of sales tax. Property values have increased as the economy locally and state wide has improved. The housing industry has continued to expand but the City will soon reach build out within the next few years. The new sales tax generated from new businesses should help offset the declining building and development fee revenues as the City reaches build out.

#### MAJOR INITIATIVES

For the fiscal year ended September 30, 2018, the top priority projects of the City of Murphy included:

- Complete the construction of the South Maxwell Creek Parallel Trunk Sewer Line

- Complete the closeout with NCTCOG of two new lanes of Betsy Lane from North Murphy Road to McCreary Road

- Finalize the construction of the Timber Nature Preserve and Trail

- Upgrade and replace IT infrastructure for Public Safety

- Upgrade the City's internet connections

- Purchase of vehicles for Police

- Purchase Computer Aided Dispatch (CAD) Program, Incident Command Module, for Fire Department

- Work toward awarding contracts for all approved Bond Election Projects associated with Bond Issuance #1

- Maintenance and repairs of sidewalks and streets

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The City's accounting records for the general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on an accrual basis.

The budgetary process begins each year with an update of current year revenue and expenditure projections, as well as proposed new year revenue and expenditure estimates. In order to achieve a five year forecast, revenues and expenditures are also estimated for the succeeding four years. A budget calendar is approved by City Council each year, which outlines the dates for review of proposed revenues and expenditures, along with the City Council work session dates, and the date for submission of the recommended budget.

Throughout the fiscal year, departmental expenditures are controlled by the directors. Additional expenditure controls include quarterly reviews with the City Manager and Finance Director, as well as City Council approval for any budget amendments to increase expenditures. The purpose of these controls is to ensure expenditures are in accordance with the adopted budget and policy directives of the City Council.

### Relevant financial policies

The City has adopted an investment policy to document the strategy of the City's investments and maintain an efficient cash management program. First Southwest Company provides financial advisory services to the City for the issuance of any long term debt such as general obligation bonds, certificates of obligation, and tax notes.

### General Governmental Functions

Tax Rates: All eligible property within the City is subject to assessment, levy and collection of an ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds, and the payment of operation and maintenance costs as approved by the City Council in the annual adopted budget. The City's tax rate history as adopted by the City Council is shown below:

#### Tax Rate per \$100 of Assessed Valuation

2014-2015	.5500
2015-2016	.5300
2016-2017	.5100
2017-2018	.5000
2018-2019	.4900

## OTHER INFORMATION

### Awards and Acknowledgments

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murphy, Texas for the FY17 CAFR. This was the fourteenth year that the City has received this prestigious award. In order to be awarded a Certificate of

Achievement, the City was required to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current CAFR continues to meet the Certificate of Achievement program requirements, and will be submitting it to the GFOA for consideration.

#### Acknowledgements

There are many people responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to Karen Montgomery, Finance Director, Ernie Bannister, Controller, and to City employees throughout the organization who were instrumental in the successful completion of this report.

Our appreciation is also extended to Mayor Bradley and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mike Castro". The signature is written in a cursive style with a large, sweeping initial "M".

Mike Castro, PhD  
City Manager



Government Finance Officers Association

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

Presented to

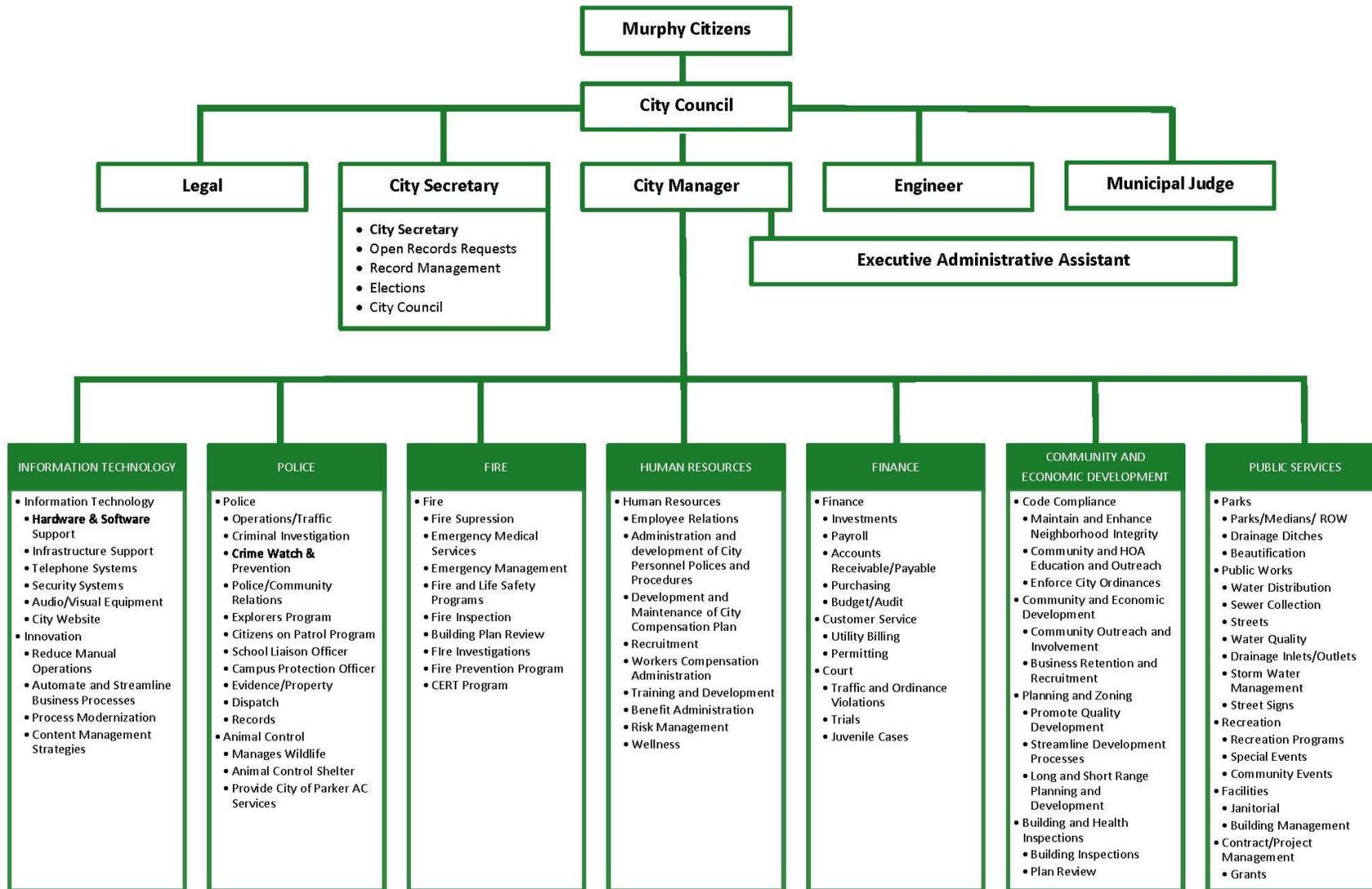
**City of Murphy  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO





### City Council

Scott Bradley  
Mayor

Jennifer Berthiaume  
Mayor Pro Tem

Sarah Fincanon  
Deputy Mayor  
Pro Tem

Owais Siddiqui  
Council, Place 1

Chris George  
Council, Place 3

Betty Nichols Spraggins  
Council, Place 4

Don Reilly  
Council, Place 6

### City Manager

Mike Castro, PhD

### Leadership Team

Susie Quinn, TRMC  
City Secretary

Trey Cotten,  
Chief of Police

Jared Mayfield, AICP  
Community & Econ.  
Develop Director

Tim Rogers, Public  
Services Director

Taylor Prentice,  
IT Director

Karen Montgomery, CPA  
Finance Director

Del Albright, Fire Chief

Jana Traxler, SPHR  
Human Resources  
Director

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# **Financial Section**

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## Independent Auditor's Report

The Honorable Mayor, and Members of the City Council  
City of Murphy, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Murphy, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Murphy, Texas' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Murphy, Texas, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows 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.

## **Emphasis of Matters**

### Change in Accounting Principles

As discussed in Note 18 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle for implementation of this Statement. Our opinion is not modified with respect to this matter.

### Restatement

As discussed in Note 18 to the financial statements, beginning net position of the governmental activities, business-type activities and enterprise fund and beginning fund balance of the capital projects fund have been restated to correct errors in capital assets, receivables, and revenue recognition. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 7 through 16), and the TMRS pension and OPEB liability schedules (pages 68-72) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murphy, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

The Honorable Mayor, and Members of the City Council  
City of Murphy, Texas

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the City of Murphy, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Murphy, Texas' internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 26, 2019

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## Management's Discussion and Analysis

As management of the City of Murphy ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Murphy for the fiscal year September 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Murphy exceeded its liabilities at the close of the fiscal year by \$90,066,020 (net position). Of this amount, \$73,499,966 or 82%, is net investment in capital assets. Net position restricted for a specific purpose is \$2,383,975. The remaining, \$14,182,079 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The government's total net position increased by \$1,038,312, exclusive of the cumulative effect of the change in accounting principle and prior period adjustments, mainly due to increased water and sewer revenues, the result of rate increases.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,885,750, an increase of \$13,612,353, in comparison with the prior year. The increase in combined ending fund balances is attributable to the issuance of general obligation bonds and tax notes. Approximately 28% of this total amount, or \$5,868,855, is available for spending at the government's discretion (unassigned).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund of \$5,868,855 was 43% percent of total general fund expenditures for the fiscal year. The increase in fund balance of the General Fund in the amount of \$770,502 was due to a decrease in capital outlay and expenditures in all departments with the exception of public safety and sanitation services.
- The City's total outstanding long-term debt increased by \$15,312,686 during the current fiscal year due to the sale of general obligation bonds and tax notes.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Murphy's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City 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 City of Murphy.

#### Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the City'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 proprietary fund statements, and 3) component units.

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 these financial statements. After the notes, required

supplementary information is provided to show details about the City's pension and OPEB plans and supplementary information about the individual component units.

**Government-wide financial statements.** The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the government-wide financial statements distinguish functions of the City of Murphy that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and permit fees/court fees finance most of these activities. The business-type activities are those that the City charges customers to provide utility services. The final category is the component units. The City of Murphy has two component units, the Murphy Municipal Development District and the Murphy Community Development Corporation.

**Fund financial statements.** The fund financial statements provide a more detailed look at the City'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 City of Murphy, like other governmental entities in Texas, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Murphy 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 City'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 City'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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Murphy adopts an annual appropriated 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 City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the GAAP 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; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary funds.** The City of Murphy has one type of proprietary fund which is the Water & Sewer Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Because these services benefit both governmental as well as business type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Murphy's net pension liability and total OPEB liability associated with participation in the Texas Municipal Retirement System.

**Table 1**  
**Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 22,511,298	\$ 9,176,825	\$ 14,492,432	\$ 6,748,690	\$ 37,003,730	\$ 15,925,515
Capital Assets	78,583,145	80,829,794	30,820,875	31,826,745	109,404,020	112,656,539
Total Assets	101,094,443	90,006,619	45,313,307	38,575,435	146,407,750	128,582,054
Deferred Outflows	1,382,337	1,604,167	147,610	170,273	1,529,947	1,774,440
Current liabilities	1,340,133	1,129,705	1,177,238	1,017,638	2,517,371	2,147,343
Noncurrent liabilities	40,644,781	30,397,114	13,732,276	8,667,257	54,377,057	39,064,371
Total liabilities	41,984,914	31,526,819	14,909,514	9,684,895	56,894,428	41,211,714
Deferred Inflows	870,204	103,890	107,045	13,182	977,249	117,072
Net position:						
Net investment in capital assets	54,480,130	54,144,354	19,019,836	25,647,001	73,499,966	79,791,355
Restricted	1,556,906	2,208,595	827,069	706,567	2,383,975	2,915,162
Unrestricted	3,584,626	3,627,128	10,597,453	2,694,063	14,182,079	6,321,191
Total net position	\$ 59,621,662	\$ 59,980,077	\$ 30,444,358	\$ 29,047,631	\$ 90,066,020	\$ 89,027,708

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources exceed liabilities and deferred inflows by \$90,066,020 as of September 30, 2018. Of this amount, \$59,621,662 is recorded in the governmental activities and \$30,444,358 in the business-type activities. The City's net position increased by \$1,038,312, exclusive of the cumulative effect of the change in accounting principles and the prior period adjustment for the fiscal year ended September 30, 2018.

**Net investment in capital assets.** The largest portion of the City's net position (82%) reflects the City's net 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 City of Murphy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Murphy'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.

**Restricted net position.** Restricted net position represents 3% which is subject to external restrictions on how it may be used, or by enabling legislation. The restricted net position is comprised of (a) \$1,134,337 for debt service and, (b) \$1,249,638 for state imposed and other restrictions.

**Unrestricted net position.** Unrestricted net position in the amount of \$14,182,079 is available to fund the City programs to citizens and creditors.

**Table 2**  
**Changes in Net Position**

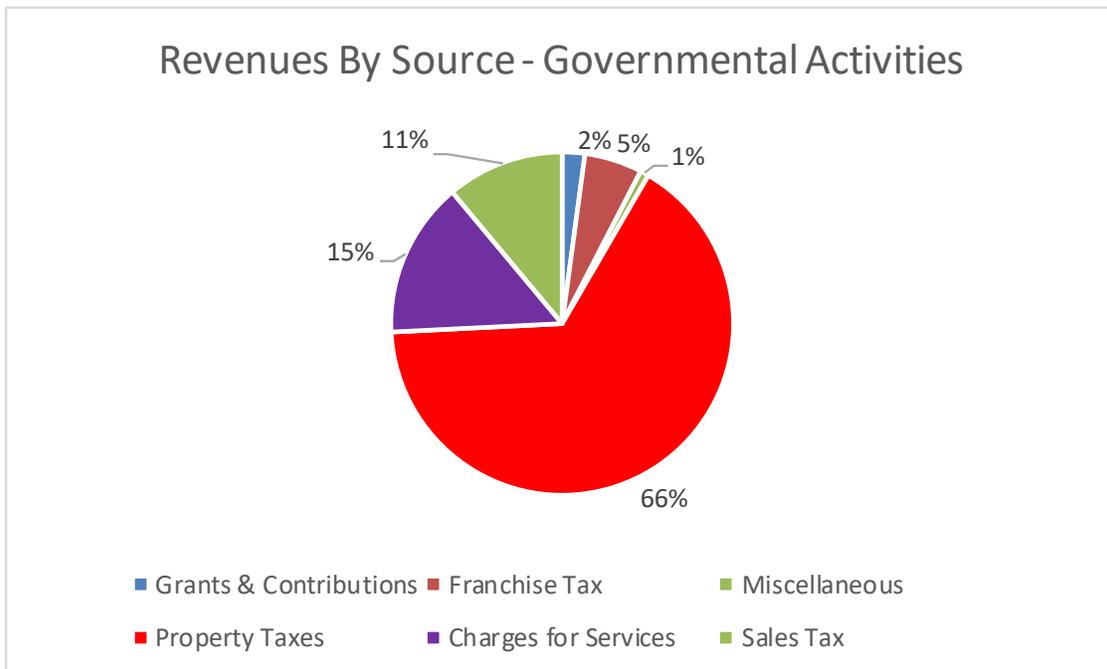
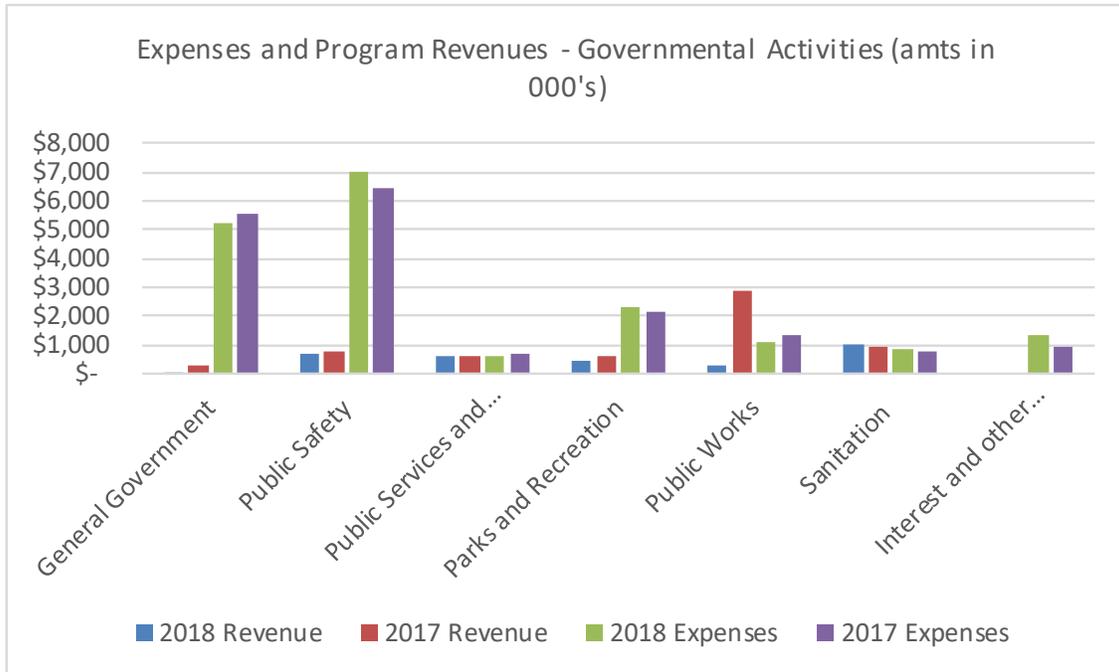
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for Services	\$ 2,633,614	\$ 2,722,772	\$ 11,110,714	\$ 9,439,667	\$ 13,744,328	\$ 12,162,439
Operating Grants and Contributions	382,950	749,828	-	-	382,950	749,828
Capital Grants and Contributions	-	3,274,505	-	-	-	3,274,505
General revenues:						
Property Taxes	11,791,964	11,178,829	-	-	11,791,964	11,178,829
Sales Taxes	1,986,217	2,000,975	-	-	1,986,217	2,000,975
Franchise Taxes	975,414	991,976	-	-	975,414	991,976
Investment Income	80,974	48,857	36,449	32,451	117,423	81,308
Other	64,219	1,236,276	84,415	11,848	148,634	1,248,124
<b>Total Revenues</b>	<b>17,915,352</b>	<b>22,204,018</b>	<b>11,231,578</b>	<b>9,483,966</b>	<b>29,146,930</b>	<b>31,687,984</b>
Expenses:						
General Government	5,219,431	5,522,920	-	-	5,219,431	5,522,920
Public Safety	6,978,838	6,478,115	-	-	6,978,838	6,478,115
Public services and operations	581,297	723,266	-	-	581,297	723,266
Parks and recreation	2,342,453	2,121,627	-	-	2,342,453	2,121,627
Public works	1,312,630	1,216,617	-	-	1,312,630	1,216,617
Development	144,117	156,813	-	-	144,117	156,813
Sanitation services	879,819	769,519	-	-	879,819	769,519
Interest on long-term debt	1,200,547	933,038	-	-	1,200,547	933,038
Water and sewer	-	-	9,449,486	8,667,626	9,449,486	8,667,626
<b>Total expenses</b>	<b>18,659,132</b>	<b>17,921,915</b>	<b>9,449,486</b>	<b>8,667,626</b>	<b>28,108,618</b>	<b>26,589,541</b>
Increase (decrease) in Net Position						
Before Transfers	(743,780)	4,282,103	1,782,092	816,340	1,038,312	5,098,443
Transfers	385,365	850,000	(385,365)	(850,000)	-	-
<b>Change in Net Position</b>	<b>(358,415)</b>	<b>5,132,103</b>	<b>1,396,727</b>	<b>(33,660)</b>	<b>1,038,312</b>	<b>5,098,443</b>
Net Position at beginning of year, as restated	59,980,077	54,847,974	29,047,631	29,081,291	89,027,708	83,929,265
<b>Net Position, End of Year</b>	<b>\$ 59,621,662</b>	<b>\$ 59,980,077</b>	<b>\$ 30,444,358</b>	<b>\$ 29,047,631</b>	<b>\$ 90,066,020</b>	<b>\$ 89,027,708</b>

The Governmental Activities decreased net position, excluding prior period adjustments and the cumulative effect of implementation of GASB Statement No. 75, by \$358,415. This is primarily due a reduction in capital grants and contributions and other revenue (insurance proceeds received in the previous year resulting from hail damage to City assets).

The Business-type Activities increased net position, excluding prior period adjustments and the cumulative effect of implementation of GASB Statement No. 75, by \$1,396,727 due in part to increased water and sewer revenues, the result of rate increases.

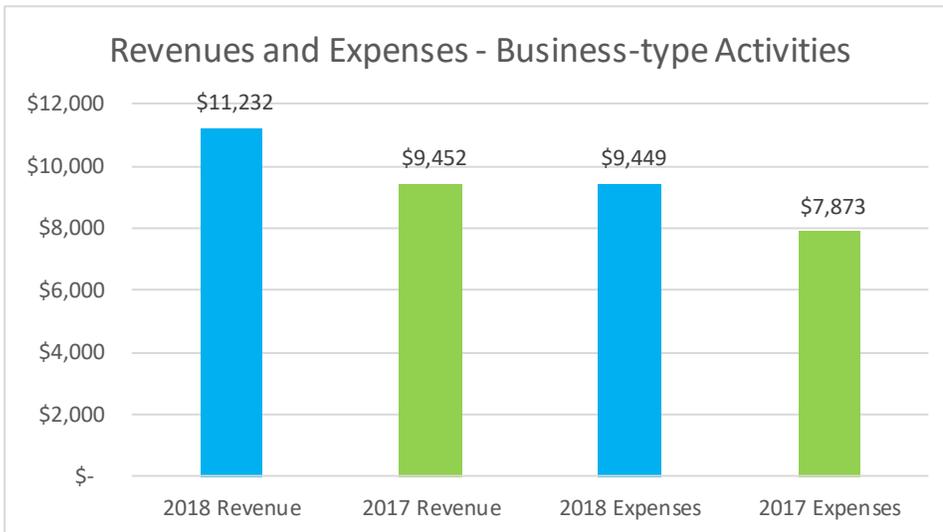
**Governmental-type activities.** Governmental-type activities decreased the City's net position by \$358,415. A key element of this decrease is as follows:

The City received greater revenues from property taxes; however, the increase was more than offset by the loss of capital grants and contributions and other revenue (insurance proceeds) received in the previous year but not in the current year.

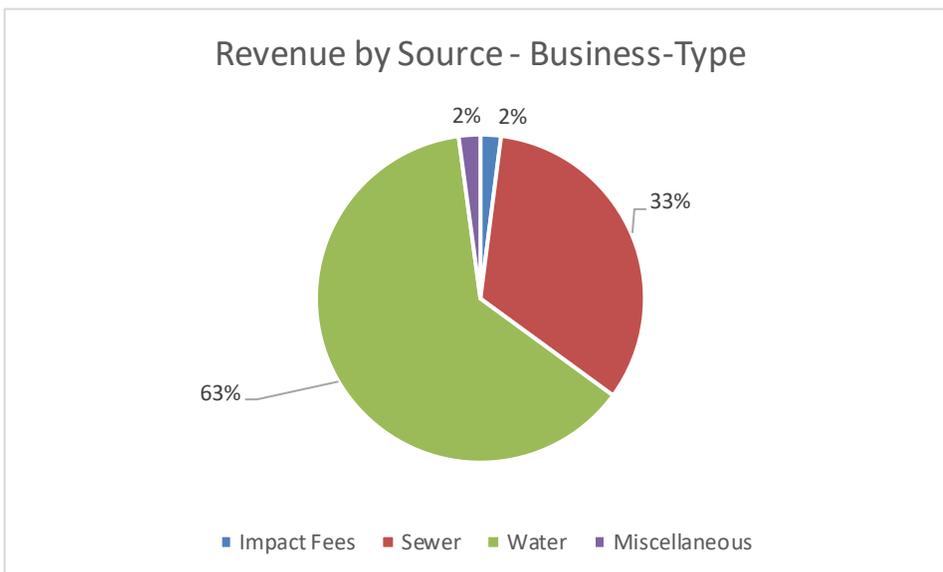


**Business-type Activities** – Business-type activities increased the City's net position by \$1,396,727. Key elements for this increase are as follows:

The City experienced an increase in water and sewer revenues, the result of rate increases, which was partially offset by increased water purchase costs.



**Revenues by Source – Business-type Activities**



**Financial Analysis of the City's Funds**

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

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's resources available for spending as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been granted authority to assign resources for a particular purpose for the City.

The General Fund is the chief operating fund of the City of Murphy. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,868,855. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 43% of total General Fund expenditures. The increase in fund balance of the General Fund in the amount of \$770,502 was due to a decrease in capital outlay and expenditures in all departments with the exception of public safety and sanitation services.

At September 30, 2018, the governmental funds of the City of Murphy reported a combined fund balance of \$20,885,750, a 187% increase from last year primarily due to proceeds from the issuance of bonds and tax notes to fund new capital projects. The City reported total restricted fund balance of \$15,005,921 as of September 30, 2018, of which \$ 13,983,426 is for capital improvements.

At September 30, 2018, the debt service fund, a major governmental fund, had a total fund balance of \$934,031 which is restricted for the payment of debt. An increase of \$31,518 in fund balance during the current year was due to collecting more delinquent property taxes than the prior year.

At September 30, 2018, the capital projects fund, a major fund, had an increase in fund balance of \$12,810,333. The increase is due to the issuance of bonds and tax notes in the current year to fund new capital projects.

**General Fund Budgetary Highlights:** During the fiscal year 2018, the City's General Fund budget was revised, increasing appropriations from the original budget by \$134,310. 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.

Overall, General Fund revenues were \$19,952 more than the budgeted amounts. Expenditures were \$134,310 less than budgeted amounts across all departments within the General Fund.

**Proprietary Funds** – The City of Murphy'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 \$10,597,453 and \$19,019,836 was invested in net capital assets less related debt. \$827,069 was restricted for use of impact fees. Other factors concerning the finances of these funds have already been addressed in the discussion of the City business-type activities.

**Capital assets** – The City of Murphy's investment in capital assets for its governmental and business-type activities as of September 30, 2018, totals \$109,404,020 (net of accumulated depreciation). This investment in capital assets includes buildings, roads and bridges, land, park facilities, machinery and equipment and water infrastructure.

Major capital asset events during the current fiscal year included the following:

- Completed construction of South Maxwell Creek Parallel Trunk Sewer Line
- Completed closeout with NCTCOG of two new lanes of Betsy Lane from North Murphy Road to McCreary Road
- Finalized construction of the Timber Nature Preserve and Trail
- Upgraded and replaced IT infrastructure for Public Safety
- Various equipment purchases

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

**Table 3  
Capital Assets at Year-end**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and improvements	\$ 10,124,051	\$ 10,124,051	\$ -	\$ -	\$ 10,124,051	\$ 10,124,051
Construction in progress	1,006,909	-	60,778	-	1,067,687	-
Buildings and improvements	27,402,655	27,402,655	-	43,676,601	27,402,655	71,079,256
Infrastructure	65,248,956	65,224,946	43,764,651	-	109,013,607	65,224,946
Machinery and equipment	9,997,236	9,476,961	1,141,778	1,102,282	11,139,014	10,579,243
Accumulated depreciation	(35,196,662)	(31,398,819)	(14,146,332)	(12,952,137)	(49,342,994)	(44,350,956)
<b>Total</b>	<b>\$ 78,583,145</b>	<b>\$ 80,829,794</b>	<b>\$ 30,820,875</b>	<b>\$ 31,826,746</b>	<b>\$ 109,404,020</b>	<b>\$ 112,656,540</b>

### **Long-Term Debt**

As of September 30, 2018, total long-term debt for the City was \$54,377,057 .

**Table 4  
Outstanding Debt  
Outstanding Debt and Long-Term Liabilities**

	Governmental activities		Business-type activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Gross bonded debt:</b>						
General obligation and certificates of obligation	\$ 16,065,000	\$ 3,510,000	\$ 13,130,000	\$ 8,085,000	\$ 29,195,000	\$ 11,595,000
Refunding Bonds	17,390,000	19,795,000	-	-	17,390,000	19,795,000
Tax notes	2,885,000	2,405,000	-	-	2,885,000	2,405,000
<b>Total bonded debt</b>	<b>36,340,000</b>	<b>25,710,000</b>	<b>13,130,000</b>	<b>8,085,000</b>	<b>49,470,000</b>	<b>33,795,000</b>
<b>Other long-term debt:</b>						
Unamortized premiums	1,636,952	1,237,492	295,450	166,436	1,932,402	1,403,928
Net pension liability	2,023,416	2,982,370	260,967	378,425	2,284,383	3,360,795
Total OPEB liability	181,422	145,524	22,221	17,824	203,643	163,348
Compensated absences	462,991	321,728	23,638	19,572	486,629	341,300
<b>Total other long-term debt</b>	<b>4,304,781</b>	<b>4,687,114</b>	<b>602,276</b>	<b>582,257</b>	<b>4,907,057</b>	<b>5,269,371</b>
<b>Total</b>	<b>\$ 40,644,781</b>	<b>\$ 30,397,114</b>	<b>\$ 13,732,276</b>	<b>\$ 8,667,257</b>	<b>\$ 54,377,057</b>	<b>\$ 39,064,371</b>

The City of Murphy's long-term debt increased by \$15,312,686, or during the past fiscal year. The increase was primarily due to the issuance of bonds, certificates of obligation and tax notes by the City.

More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

Texas statutes limit the amount of bonds a governmental entity may issue to 10% of the assessed calculation of taxable property to the most recent ad valorem tax roll. The current debt limitation for the City is \$242,630,000, which is significantly in excess of the outstanding general obligation debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the fifth year in a row, the City Council reduced the property tax rate. The FY19 tax rate is \$0.4900 per \$100 of assessed valuation, compared to \$0.5000 the previous year. The FY19 budget reflects a 2.95% decrease in the M&O tax rate from \$0.317750 to \$0.308383 per \$100 of assessed valuation. The tax rate for debt service (I&S) decreased by \$0.000633 to \$0.181617.

The FY19 budget will raise more total property taxes than last year's budget by \$464,938 or 3.95 percent, and of that amount, \$129,598 is tax revenue to be raised from new property added to the tax roll.

The City continues to see growth in sales tax collection as the retail and commercial areas continue to develop. Sales tax revenues are projected to generate approximately 13% of the FY19 General Fund revenues. This number will hopefully continue to increase as new businesses open.

The main source of revenue for the Utility Fund are water and sewer fees from residential and commercial customers. Revenue from the sale of water is budgeted at \$7,034,111 for FY19, an 8.7 percent increase from the FY18 budget. This is due to the end of water conservation measures enacted during drought conditions, and the increase in water rates. Sewer revenue is budgeted at \$3,751,326, an increase of 6.7 percent, due to an increase in sewer rates. Water and sewer rates were adjusted on October 1, 2018 by 8.46 percent and 5.09 percent, respectively. The increases were necessary to cover the cost from North Texas Municipal Water District (NTMWD) for providing water and sewer services, and the amounts the City spends to maintain, operate, and make capital improvements to the utility systems. The NTMWD increased the wholesale cost of water from \$2.83 to \$3.11 per thousand gallons, and will base that rate on a larger volume of water in FY19 due to the City's consumption increasing over the cap in FY18. This is in accordance with the City's "Take or Pay" customer contract with NTMWD. The City's capital costs will increase in FY19 to cover \$5.5 million in Certificates of Obligation that were sold to make improvements to the water and sewer system.

A new Enterprise Fund – the Stormwater Utility Fund was created as part of the FY19 budget. An engineering study will take place to allocate drainage costs and related fees to the system users, in a nondiscriminatory, equitable and reasonable manner, in accordance with state law.

## **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City of Murphy, Finance Department, 206 N. Murphy Road, Murphy, Texas 75094.

# **Basic Financial Statements**

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**City of Murphy, Texas**  
**Statement of Net Position**  
**September 30, 2018**

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,203,374	\$ 7,129,153	\$ 26,332,527	\$ 2,985,989
Receivables (Net of allowance for uncollectibles)	570,180	1,006,005	1,576,185	327,584
Note receivable from component units	412,897	-	412,897	-
Internal Balances	2,248,147	(2,248,147)	-	-
Restricted cash and cash equivalents	75,149	8,592,732	8,667,881	-
Prepaid items	1,551	12,689	14,240	-
Capital assets not being depreciated				
Land	10,124,051	-	10,124,051	-
Construction in progress	1,006,909	60,778	1,067,687	-
Capital assets net of accumulated depreciation				
Infrastructure	65,248,956	43,764,651	109,013,607	-
Buildings and improvements	27,402,655	-	27,402,655	-
Machinery and equipment	9,997,236	1,141,778	11,139,014	-
Accumulated depreciation	(35,196,662)	(14,146,332)	(49,342,994)	-
<b>TOTAL ASSETS</b>	<b>101,094,443</b>	<b>45,313,307</b>	<b>146,407,750</b>	<b>3,313,573</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	1,137,368	145,118	1,282,486	-
Deferred outflows related to OPEB	20,353	2,492	22,845	-
Deferred charge on refunding	224,616	-	224,616	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,382,337</b>	<b>147,610</b>	<b>1,529,947</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	686,376	629,557	1,315,933	120,462
Accrued liabilities	308,371	42,621	350,992	27,294
Due to other governments	106,866	-	106,866	-
Other liabilities	8,947	10,899	19,846	9
Unearned revenues	-	2,753	2,753	-
Customer deposits	4,631	431,040	435,671	-
Accrued interest payable	224,942	60,368	285,310	-
Noncurrent liabilities:				
Due within one year	3,403,955	627,364	4,031,319	356,517
Due in more than one year	37,240,826	13,104,912	50,345,738	56,380
<b>TOTAL LIABILITIES</b>	<b>41,984,914</b>	<b>14,909,514</b>	<b>56,894,428</b>	<b>560,662</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	870,204	107,045	977,249	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>870,204</b>	<b>107,045</b>	<b>977,249</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	54,480,130	19,019,836	73,499,966	-
Restricted:				
Debt service	1,134,337	-	1,134,337	-
Use of impact fees	-	827,069	827,069	-
Court use	63,902	-	63,902	-
Capital improvements	334,105	-	334,105	-
Animal shelter	10,632	-	10,632	-
PEG fees	13,930	-	13,930	-
Unrestricted	3,584,626	10,597,453	14,182,079	2,752,911
<b>TOTAL NET POSITION</b>	<b>\$ 59,621,662</b>	<b>\$ 30,444,358</b>	<b>\$ 90,066,020</b>	<b>\$ 2,752,911</b>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Functions/Programs:				
Governmental activities:				
General government	\$ 5,219,431	\$ 16,715	\$ 15,196	\$ -
Public safety	6,978,838	633,382	23,464	-
Public services and operations	581,297	583,773	3,290	-
Parks and recreation	2,342,453	125,911	341,000	-
Public works	1,312,630	248,379	-	-
Development	144,117	-	-	-
Sanitation services	879,819	1,025,454	-	-
Interest on long-term debt	1,200,547	-	-	-
Total governmental activities	<u>18,659,132</u>	<u>2,633,614</u>	<u>382,950</u>	<u>-</u>
Business-type activities:				
Water and sewer	<u>9,449,486</u>	<u>11,110,714</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,449,486</u>	<u>11,110,714</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 28,108,618</u>	<u>\$ 13,744,328</u>	<u>\$ 382,950</u>	<u>\$ -</u>
<b>Component units:</b>				
Governmental Activities:				
Community Development Corporation	\$ 705,858	\$ 33,996	\$ -	\$ -
Municipal Development District	424,807	-	216,000	-
Total component units	<u>\$ 1,130,665</u>	<u>\$ 33,996</u>	<u>\$ 216,000</u>	<u>\$ -</u>

General revenues and transfers:  
Property taxes  
Sales taxes  
Franchise taxes  
Investment income  
Contributions  
Miscellaneous  
Transfers  
Total general revenues and transfers

Change in net position  
Net position - beginning, as restated  
Net position - Ending

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (5,187,520)	\$ -	\$ (5,187,520)	\$ -
(6,321,992)	-	(6,321,992)	-
5,766	-	5,766	-
(1,875,542)	-	(1,875,542)	-
(1,064,251)	-	(1,064,251)	-
(144,117)	-	(144,117)	-
145,635	-	145,635	-
(1,200,547)	-	(1,200,547)	-
<u>(15,642,568)</u>	<u>-</u>	<u>(15,642,568)</u>	<u>-</u>
-	1,661,228	1,661,228	-
-	<u>1,661,228</u>	<u>1,661,228</u>	<u>-</u>
<u>\$ (15,642,568)</u>	<u>\$ 1,661,228</u>	<u>\$ (13,981,340)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (671,862)
-	-	-	(208,807)
-	-	-	<u>(880,669)</u>
11,791,964	-	11,791,964	-
1,986,217	-	1,986,217	1,956,623
975,414	-	975,414	-
80,974	36,449	117,423	3,349
-	-	-	2,595
64,219	84,415	148,634	-
385,365	(385,365)	-	-
<u>15,284,153</u>	<u>(264,501)</u>	<u>15,019,652</u>	<u>1,962,567</u>
(358,415)	1,396,727	1,038,312	1,081,898
<u>59,980,077</u>	<u>29,047,631</u>	<u>89,027,708</u>	<u>1,671,013</u>
<u>\$ 59,621,662</u>	<u>\$ 30,444,358</u>	<u>\$ 90,066,020</u>	<u>\$ 2,752,911</u>

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# City of Murphy, Texas

Balance Sheet  
 Governmental Funds  
 September 30, 2018

	General Fund	Debt Service	Capital Projects	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,881,613	\$ 1,048,032	\$ 14,273,729	\$ 19,203,374
Receivables, net of allowance	558,305	11,875	-	570,180
Note receivable from component units	-	412,897	-	412,897
Prepaid items	1,551	-	-	1,551
Due from other funds	2,361,272	-	-	2,361,272
Restricted cash and cash equivalents	75,149	-	-	75,149
Total assets	<u>\$ 6,877,890</u>	<u>\$ 1,472,804</u>	<u>\$ 14,273,729</u>	<u>\$ 22,624,423</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 402,312	\$ 400	\$ 283,664	\$ 686,376
Accrued liabilities	301,899	-	6,472	308,371
Due to other governments	106,866	-	-	106,866
Due to other funds	-	113,125	-	113,125
Customer deposits	4,631	-	-	4,631
Other liabilities	8,780	-	167	8,947
Total liabilities	<u>824,488</u>	<u>113,525</u>	<u>290,303</u>	<u>1,228,316</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	31,411	12,351	-	43,762
Unavailable revenue - ambulance fees	48,415	-	-	48,415
Unavailable revenue - municipal fines	5,283	-	-	5,283
Unavailable revenue - note receivable	-	412,897	-	412,897
Total deferred inflows of resources	<u>85,109</u>	<u>425,248</u>	<u>-</u>	<u>510,357</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	1,551	-	-	1,551
Restricted:				
Debt service	-	934,031	-	934,031
Animal shelter	10,632	-	-	10,632
Municipal court	63,902	-	-	63,902
PEG fees	13,930	-	-	13,930
Capital improvements	-	-	13,983,426	13,983,426
Assigned:				
Police	9,423	-	-	9,423
Unassigned	5,868,855	-	-	5,868,855
Total fund balances	<u>5,968,293</u>	<u>934,031</u>	<u>13,983,426</u>	<u>20,885,750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,877,890</u>	<u>\$ 1,472,804</u>	<u>\$ 14,273,729</u>	<u>\$ 22,624,423</u>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**

Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Position  
September 30, 2018

Total governmental fund balances	\$ 20,885,750
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	78,583,145
Bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	(36,340,000)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.	(1,636,952)
For debt refunding, the difference between the acquisition price and the net carrying value amount of the debt has been deferred and amortized in the government-wide financial statements.	224,616
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.	(224,942)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(462,991)
The net effect of deferred outflows, \$1,157,721, and deferred inflows (\$870,204) of resources related to the City's net pension and total other postemployment benefits (OPEB) liabilities increases net position in the government-wide financial statements.	287,517
The City's net pension liability, \$2,023,416, and total OPEB liability, \$181,422, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(2,204,838)
Unavailable revenue reported as a deferred inflow of resources in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.	510,357
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 59,621,662</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# City of Murphy, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balance

### Governmental Funds

For the Fiscal Year Ended September 30, 2018

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Revenues:</b>				
Property tax	\$ 7,504,981	\$ 4,300,237	\$ -	\$ 11,805,218
Franchise taxes	975,414	-	-	975,414
Fines and forfeitures	297,982	-	-	297,982
Sales tax	1,986,217	-	-	1,986,217
Charges for services	1,839,391	-	26,820	1,866,211
Licenses and permits	485,074	-	-	485,074
Grants	14,339	-	-	14,339
Intergovernmental	337,500	356,774	-	694,274
Donations	7,843	-	-	7,843
Investment income	36,367	7,994	36,613	80,974
Miscellaneous	85,512	2,171	-	87,683
Total revenues	<u>13,570,620</u>	<u>4,667,176</u>	<u>63,433</u>	<u>18,301,229</u>
<b>Expenditures:</b>				
Current operating:				
General government	3,998,974	-	-	3,998,974
Public safety	6,345,865	-	-	6,345,865
Public works	234,794	-	-	234,794
Public services and operations	536,794	-	-	536,794
Parks and recreation	1,482,387	-	-	1,482,387
Development	143,685	-	-	143,685
Sanitation services	879,819	-	-	879,819
Debt service:				
Principal retirement	-	3,215,000	-	3,215,000
Interest and fiscal agent fees	-	931,023	-	931,023
Bond issuance costs	-	-	288,149	288,149
Capital outlay	-	-	1,420,703	1,420,703
Total expenditures	<u>13,622,318</u>	<u>4,146,023</u>	<u>1,708,852</u>	<u>19,477,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,698)</u>	<u>521,153</u>	<u>(1,645,419)</u>	<u>(1,175,964)</u>
<b>Other financing sources (uses):</b>				
Transfers in	875,000	-	52,800	927,800
Transfers out	(52,800)	(489,635)	-	(542,435)
Bonds issued	-	-	13,845,000	13,845,000
Premium on bonds issued	-	-	557,952	557,952
Total other financing sources (uses)	<u>822,200</u>	<u>(489,635)</u>	<u>14,455,752</u>	<u>14,788,317</u>
Net change in fund balances	770,502	31,518	12,810,333	13,612,353
<b>Fund balance, beginning of year, as restated</b>	<u>5,197,791</u>	<u>902,513</u>	<u>1,173,093</u>	<u>7,273,397</u>
<b>Fund balance, end of year</b>	<u>\$ 5,968,293</u>	<u>\$ 934,031</u>	<u>\$ 13,983,426</u>	<u>\$ 20,885,750</u>

The Notes to the Financial Statements are an integral part of this statement.

## City of Murphy, Texas

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities For the Fiscal Year Ended September 30, 2018

Net change in fund balances - total governmental funds	\$ 13,612,353
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the capital outlay is to increase net position.	1,551,195
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(3,797,844)
Current year long-term debt principal payments are expenditures in the fund financial statements and are shown as a reduction of long term debt in the government-wide financial statements.	3,215,000
The issuance of long-term debt provides current resources to governmental funds.; however, in the government-wide financial statements it reduces net position.	(13,845,000)
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses but these are amortized over the term of the bonds in the government-wide financial statements. This amount is the net effect of current year increases (\$557,952) and amortization of \$158,492 of premium.	(399,460)
Current year amortization of deferred charges on refundings decreases net position in the government-wide financial statements.	(37,436)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, the change is not reported in the governmental funds.	(102,431)
Changes to compensated absences liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(141,263)
Certain pension items are not recorded as current year inflows or outflows in the government-wide financial statements and are, instead, recorded as deferred resource outflows or inflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized.	10,392
Certain OPEB expenditures are not recorded as current year inflows or outflows in the government-wide financial statements and are, instead, recorded as deferred resource outflows or inflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the OPEB liability were amortized.	(38,044)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	<u>(385,877)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (358,415)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# City of Murphy, Texas

## General Fund

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

For the Fiscal Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Property tax	\$ 7,480,810	\$ 7,480,810	\$ 7,504,981	\$ 24,171
Franchise taxes	966,300	966,300	975,414	9,114
Fines and forfeitures	339,300	339,300	297,982	(41,318)
Sales tax	2,009,280	2,009,280	1,986,217	(23,063)
Charges for services	1,697,128	1,697,128	1,839,391	142,263
Licenses and permits	620,000	620,000	485,074	(134,926)
Grants	-	-	14,339	14,339
Intergovernmental	349,800	349,800	337,500	(12,300)
Donations	-	-	7,843	7,843
Investment income	60,000	60,000	36,367	(23,633)
Miscellaneous	28,050	28,050	85,512	57,462
Total revenues	<u>13,550,668</u>	<u>13,550,668</u>	<u>13,570,620</u>	<u>19,952</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
City Administration	597,149	597,149	578,540	18,609
Human Resources	189,797	189,797	175,285	14,512
Information Technology	1,344,282	1,344,282	1,184,778	159,504
City Council	352,112	352,112	276,884	75,228
City Secretary	171,748	171,748	134,364	37,384
Finance	626,830	626,830	542,048	84,782
Facilities	723,384	750,397	694,125	56,272
Municipal Court	426,951	426,951	412,950	14,001
<b>TOTAL GENERAL GOVERNMENT</b>	<u>4,432,253</u>	<u>4,459,266</u>	<u>3,998,974</u>	<u>460,292</u>
<b>Public Safety</b>				
Fire Department	2,875,558	2,875,558	2,691,896	183,662
Police Department	3,953,844	3,848,514	3,653,969	194,545
<b>TOTAL PUBLIC SAFETY</b>	<u>6,829,402</u>	<u>6,724,072</u>	<u>6,345,865</u>	<u>378,207</u>
<b>Public works:</b>				
Public works department	405,400	405,400	234,794	170,606
<b>TOTAL PUBLIC WORKS</b>	<u>405,400</u>	<u>405,400</u>	<u>234,794</u>	<u>170,606</u>
<b>Public Services and Operations</b>				
Community Services	440,795	440,795	400,531	40,264
Animal Control	194,035	194,035	136,263	57,772
<b>TOTAL PUBLIC SERVICES AND OPERATIONS</b>	<u>634,830</u>	<u>634,830</u>	<u>536,794</u>	<u>98,036</u>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual -- Continued

For the Fiscal Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Parks and Recreation:</b>				
Parks	\$ 1,268,896	\$ 1,481,523	\$ 1,138,782	\$ 342,741
Recreation	418,229	418,229	343,605	74,624
<b>TOTAL PARKS AND RECREATION</b>	<u>1,687,125</u>	<u>1,899,752</u>	<u>1,482,387</u>	<u>417,365</u>
<b>Economic Development:</b>	177,017	177,017	143,685	33,332
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<u>177,017</u>	<u>177,017</u>	<u>143,685</u>	<u>33,332</u>
<b>Solid Waste Management</b>				
Other services	798,400	798,400	879,819	(81,419)
<b>TOTAL SOLID WASTE MANAGEMENT</b>	<u>798,400</u>	<u>798,400</u>	<u>879,819</u>	<u>(81,419)</u>
Total expenditures	<u>14,964,427</u>	<u>15,098,737</u>	<u>13,622,318</u>	<u>1,476,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,413,759)</u>	<u>(1,548,069)</u>	<u>(51,698)</u>	<u>1,496,371</u>
Other financing sources (uses):				
Transfers in	881,500	881,500	875,000	(6,500)
Transfers out	(130,120)	(130,120)	(52,800)	77,320
Total other financing sources (uses)	<u>751,380</u>	<u>751,380</u>	<u>822,200</u>	<u>70,820</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(662,379)</u>	<u>(796,689)</u>	<u>770,502</u>	<u>1,567,191</u>
<b>FUND BALANCES, beginning of year</b>	<u>5,197,791</u>	<u>5,197,791</u>	<u>5,197,791</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 4,535,412</u>	<u>\$ 4,401,102</u>	<u>\$ 5,968,293</u>	<u>\$ 1,567,191</u>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**  
Statement of Net Position  
Proprietary Funds  
September 30, 2018

	<b>Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,129,153
Receivables, net	1,006,005
Due from other funds	113,125
Prepaid items	12,689
Restricted cash and investments	8,592,732
Total current assets	<u>16,853,704</u>
Noncurrent assets:	
Capital assets:	
Infrastructure	43,764,651
Vehicles, machinery and equipment	1,141,778
Construction in progress	60,778
Less: accumulated depreciation	<u>(14,146,332)</u>
Total noncurrent assets	<u>30,820,875</u>
Total assets	<u>47,674,579</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	145,118
Deferred outflows related to OPEB	2,492
Total deferred outflows of resources	<u>147,610</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	629,557
Accrued liabilities	42,621
Other liabilities	10,899
Due to other funds	2,361,272
Unearned revenues	2,753
Payables from restricted assets:	
Customer deposits	431,040
Accrued interest payable	60,368
Compensated absences - current	2,364
Revenue bonds payable - current	625,000
Total current liabilities	<u>4,165,874</u>
Non-current liabilities:	
Compensated absences	21,274
Net pension liability	260,967
Total OPEB liability	22,221
Revenue bonds payable	12,800,450
Total noncurrent liabilities	<u>13,104,912</u>
Total liabilities	<u>17,270,786</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	107,045
Total deferred inflows of resources	<u>107,045</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,019,836
Restricted for:	
Impact fees	827,069
Unrestricted	<u>10,597,453</u>
Total net position	<u>30,444,358</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 47,822,189</u>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**

## Statement of Revenues, Expenses and Changes in Fund Net Position

## Proprietary Funds

For the Fiscal Year Ended September 30, 2018

	<b>Water and Sewer</b>
<b>Operating revenues:</b>	
Charges for sales and services	
Service charges	\$ 11,110,714
Miscellaneous	84,415
Total operating revenues	<u>11,195,129</u>
<b>Operating expenses:</b>	
Personnel services	1,112,371
Supplies and material	187,391
Maintenance and repair	121,257
Contractual services	6,390,577
Depreciation	1,194,195
Total operating expenses	<u>9,005,791</u>
Operating income	<u>2,189,338</u>
<b>Non-operating revenues (expenses):</b>	
Investment earnings	36,449
Interest expense	(443,695)
Total non-operating revenue (expenses)	<u>(407,246)</u>
Income before transfers	<u>1,782,092</u>
<b>Transfers</b>	
Transfers in	489,635
Transfers out	(875,000)
Total transfers (net)	<u>(385,365)</u>
Change in net position	1,396,727
<b>TOTAL NET POSITION, beginning of year, as restated</b>	<u>29,047,631</u>
<b>TOTAL NET POSITION, end of year</b>	<u>\$ 30,444,358</u>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

	<b>Water and Sewer</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 12,391,671
Cash paid to employees	(999,911)
Cash paid for goods and services	(6,515,113)
	<hr/>
Net cash provided by operating activities	4,876,647
	<hr/>
<b>Cash flows from non-capital financing activities:</b>	
Transfers from other funds	489,635
Transfers to other funds	(875,000)
	<hr/>
Net cash used in noncapital financing activities	(385,365)
	<hr/>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from long-term debt	5,525,000
Interest and fiscal charges	(457,264)
Premium on issuance of bonds	142,583
Principal payments on bonds payables	(480,000)
Acquisition or construction of capital assets	(188,324)
	<hr/>
Net cash provided by capital and related financing activities	4,541,995
	<hr/>
<b>Cash flows from investing activities:</b>	
Interest income	36,449
	<hr/>
Net cash provided by investing activities	36,449
	<hr/>
Net increase in cash and cash equivalents	9,069,726
	<hr/>
Cash and cash equivalents, beginning of year	6,652,159
	<hr/>
Cash and cash equivalents, end of the year	\$ 15,721,885
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**City of Murphy, Texas**  
Statement of Cash Flows – Continued  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

**Reconciliation of operating income to net cash  
provided by operating activities:**

Operating income	\$ 2,189,338
<b>Adjustments to reconcile operating income to  net cash provided by operating activities:</b>	
Change in assets and liabilities	
(Increase) decrease in assets:	
Depreciation	1,194,195
Other assets	(6,198)
Receivables	41,086
Interfund receivables (payables)	(113,125)
Increase (decrease) in other liabilities	(2,797)
Accounts payable and accrued liabilities	160,555
Interfund payables	1,404,221
Customer deposits	29,272
Compensated absences	4,066
Unearned revenue	(30,394)
Other liabilities	2,964
Deferred inflows and outflows - net pension liability and total OPEB liability	3,464
	<hr/>
Net cash provided by operating activities	<u><u>\$ 4,876,647</u></u>

**City of Murphy, Texas**

Discretely Presented Component Units  
 Combining Statement of Net Position  
 For the Fiscal Year Ended September 30, 2018

<b>ASSETS</b>	<b>Community Development Corporation</b>	<b>Municipal Development Corporation</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 726,575	2,259,414	\$ 2,985,989
Receivables (net of allowance for uncollectibles)	163,792	163,792	327,584
Total Assets	<u>890,367</u>	<u>2,423,206</u>	<u>3,313,573</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	57,236	63,226	120,462
Accrued liabilities	27,294	-	27,294
Other liabilities	9	-	9
Current portion -note payable to primary government	206,384	150,133	356,517
Noncurrent liabilities:			
Note payable to primary government	-	56,380	56,380
Total Liabilities	<u>290,923</u>	<u>269,739</u>	<u>560,662</u>
<b>NET POSITION</b>			
Unrestricted	<u>599,444</u>	<u>2,153,467</u>	<u>2,752,911</u>
Total Net Position	<u>\$ 599,444</u>	<u>\$ 2,153,467</u>	<u>\$ 2,752,911</u>

The Notes to the Financial Statements are an integral part of this statement.

## City of Murphy, Texas

Discretely Presented Component Units

Combining Statement of Activities

For the Fiscal Year Ended September 30, 2018

			Program Revenues		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Community Development Corporation	Municipal Development Corporation	Total
<b>Governmental Activities:</b>							
Community Development Corporation	\$ 705,858	\$ 33,996	\$ -	\$ -	\$ (671,862)	\$ -	\$ (671,862)
Municipal Development Corporation	424,807	-	216,000	-	-	(208,807)	(208,807)
<b>Total component units</b>	<u>\$ 1,130,665</u>	<u>\$ 33,996</u>	<u>\$ 216,000</u>	<u>\$ -</u>	<u>\$ (671,862)</u>	<u>\$ (208,807)</u>	<u>\$ (880,669)</u>
General revenues:							
Sales taxes					979,373	977,250	\$ 1,956,623
Investment income					913	2,436	3,349
Contributions					2,595	-	2,595
Total general revenues					<u>982,881</u>	<u>979,686</u>	<u>1,962,567</u>
Change in net position					311,019	770,879	1,081,898
Net position - beginning of year, as restated					<u>288,425</u>	<u>1,382,588</u>	<u>1,671,013</u>
Net position - end of year					<u>\$ 599,444</u>	<u>\$ 2,153,467</u>	<u>\$ 2,752,911</u>

The Notes to the Financial Statements are an integral part of this statement.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### Note 1. Summary of Significant Accounting Policies

##### A. Reporting Entity

The City of Murphy, Texas ("City") is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1959, and first adopted its Home Rule Charter in February, 2004. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The City provides the following services as authorized by its charter: public safety, public works, water and sanitary sewer utilities, culture-recreation, planning and zoning, and general administrative services.

The more significant accounting policies of the City are described below.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support, likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

*Discretely Presented Component Units:* The City has two component units, the Murphy Community Development Corporation ("CDC") and the Murphy Municipal Development District ("MDD"). The CDC was incorporated July 29, 2003, and the MDD was incorporated April 16, 2012. The CDC is governed by a seven-member board and the MDD is governed by a five member board, both appointed and serving at the pleasure of the City Council. The funding for the CDC and MDD occurs by the City transferring one-half of one (1) percent of sales tax revenue collected by the City respectively to each corporation. Adding the creation of the CDC and MDD to the resources currently available significantly increases the City's ability to assist community development and financing development projects beneficial to the City. All of the CDC and MDD funding can be used for direct assistance to prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. Separate financial statements are not issued for the CDC or the MDD.

#### **B. Basis of Presentation, Basis of Accounting**

##### 1. Basis of Presentation

*Government-wide Statements:* The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

*Fund Financial Statements:* The fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the funds financial statements. The major governmental funds are the general fund, debt service, and capital projects fund. The City does not have any non-major funds.

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and service administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

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

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

#### 2. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year-end.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fine and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreements to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from the General Fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt paid from taxes levied by the City.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

The *Capital Projects Fund* accounts for the acquisition and construction of major capital facilities being financed from obligation or certificate of obligation bond proceeds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperation items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the City's water and sewer services are charges to customers for sales and services. Operating expenses for proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. The revenues and expenses not meeting this definition are reported as nonoperation revenues and expenses.

#### **The City reports the following major enterprise fund:**

The *Water and Sewer Fund* accounts for the operations of the water and sanitary sewer utilities which are self-supporting activities rendering services on a user-charge basis. Water and sewer impact fees are also accumulated in this fund.

### 3. Financial Statement Amounts

#### *a. Cash and Cash Equivalents*

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Obligations of the United States or its agencies and instruments;
- Obligations of State of Texas or its agencies and instrumentalities; and
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities.

#### *b. Receivable and Payable Balances*

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation.

Trade and property tax receivables are shown net of an allowance for uncollectible.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### c. *Property Taxes*

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31'. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities with a population greater than 5,000 limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2018, the City had a tax rate of \$0.50 per \$100 assessed valuation based upon the maximum rates described above.

#### d. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

#### e. *Restricted Assets*

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the business-type funds represent cash and cash equivalents and investments set aside for impact fees, specific capital additions and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and sewer service are, by law, to be considered restricted assets. These activities are included in the Water and Sewer Fund.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### f. *Capital Assets*

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	30-50 years
Buildings and improvements	25-40 years
Machinery and vehicles	5-10 years

#### g. *Pensions and Other Post-employment Benefits (OPEB)*

For purposes of measuring the net pension and total OPEB liabilities, pension and OPEB related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### h. *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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding — A deferred charge on refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension/OPEB contributions after measurement date — These contributions are deferred and recognized as a reduction of the respective liability in the following fiscal year.
- Difference in projected and actual investment earnings on pension assets — This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions — These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types that qualify for reporting in this category in the government-wide financial statements:

- The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference between projected and actual investment earnings on pension assets.

The City also has three items in the fund statements: deferred inflows from property taxes, municipal court fines and ambulance fees.

#### i. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick leave accrued hours shall be carried to the next year with a maximum of 720 hours (one thousand eighty (1080) hours for full-time firefighters).

#### j. *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 on a straight-line basis. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bond issuance costs are expensed during the year they are incurred.

The 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.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### k. *Net Position Flow Assumption*

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

#### l. *Fund equity*

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

*Nonspendable fund balance* — amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* — amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* — amounts can only be used for specific purposes pursuant to constraints imposed by ordinances of the City Council — the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* — amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. The balances can be created with a resolution.

*Unassigned fund balance* — the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

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

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows and to provide financial reserve for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The City's adopted policy is to achieve and maintain an unassigned fund balance in the General Fund equal to 15 percent of total budgeted expenditures for each fiscal year. The City is currently in compliance with this policy.

m. *Fund Balance Flow Assumption*

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

n. *Federal and State Grants*

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal and state agencies including the Texas Parks and Wildlife Department which are accounted for in the General Fund and Capital Projects Fund.

o. *Interfund Activity*

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities.

p. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

q. *Program Revenues*

Certain revenues such as charges for services and impact fees are included in program revenues in the government-wide statement of activities.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### **Note 2. Budgets and Budgetary Accounting**

The City adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget appears on pages 27-28 and other informational budgets are presented in the supplementary information.

The following procedures are followed in establishing the budgetary data:

1. On or before the 10<sup>th</sup> day of August, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and revenues and an accompanying budget message.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action on or prior to such day, the current budget shall be in force on a month-to-month basis until a new budget is adopted by the City Council.
4. Budget for the General Fund and Debt Service Fund are legally adopted on a basis consistent with GAAP. The majority of the City's Capital Projects Funds are budgeted on an annual basis.
5. The level of control (the level at which expenditures may not exceed budget) is the department level. The City Manager and/or Director of Finance are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter any department must be approved by the City Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year end, encumbrances are canceled or appropriated as part of the following year's budget.

The following department had expenditures in excess of appropriations during the fiscal year ended September 30, 2018:

- Solid Waste Management – (\$81,419)

This overage was funded by available fund balance.

#### **Note 3. Deposits and Investments**

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits, for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the applicable depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### Cash Deposits

At September 30, 2018, the carrying amount of the City's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$37,985,047 and the bank balance was \$38,107,595. The City's cash deposits at September 30, 2018 and during the year ended September 30, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. Cash and cash equivalents as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

#### Statement of Net Position

##### Primary government:

Cash and cash equivalents - unrestricted	\$ 26,332,527
Restricted cash and cash equivalents	8,667,881
Total primary government	<u>35,000,408</u>

##### Component units

Cash and cash equivalents - unrestricted	2,985,989
Total	<u>\$ 37,986,397</u>

##### Cash and cash equivalents consisted of the following:

Petty cash	\$ 1,350
Deposits with financial institutions	37,985,047
Total cash and cash equivalents	<u>\$ 37,986,397</u>

Cash and cash equivalents reported as restricted consists of amounts restricted for capital, municipal court and public safety purposes.

#### Investments

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the City to have an independent audit or perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

## **City of Murphy, Texas**

### Notes to the Basic Financial Statements

#### **Investment Accounting Policy**

In fiscal year 2016, the City adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At year-end, the City does not have any investments subject to the fair value hierarchy.

#### **Disclosure relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the time to the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk.

At this time, the City does not have any investment inherent to interest rate risk.

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledge securities in the collateral pool must equal at least the bank balances less the FDIC insurance at all times.

As of September 30, 2018 the City's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### Note 4. Receivables

Receivables as of year-end for the government's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Total Government		Total
				Funds	Proprietary	
Receivables						
Taxes	\$ 365,760	13,065	\$ -	\$ 378,825	\$ -	\$ 378,825
Ambulance fees	124,090	-	-	124,090	-	124,090
Municipal court	105,668	-	-	105,668	-	105,668
Fees and charges	159,592	-	-	159,592	1,064,474	1,224,066
Miscellaneous	-	117	-	117	-	117
Gross receivables	755,110	13,182	-	768,292	1,064,474	1,832,766
Less: allowance for uncollectible	(196,805)	(1,307)	-	(198,112)	(58,469)	(256,581)
Net total	\$ 558,305	\$ 11,875	\$ -	\$ 570,180	\$ 1,006,005	\$ 1,576,185

In addition, the Debt Service Fund recorded a \$412,897 note receivable from component units as of September 30, 2018. This receivable is comprised of \$206,384 from Murphy Community Development Corporation and \$206,513 from Murphy Municipal Development District. See Notes 16 and 17 for additional details on each note.

#### Note 5. Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balance as Restated	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,124,051	\$ -	\$ -	\$ -	\$ 10,124,051
Construction in progress	-	1,006,909	-	-	1,006,909
Total capital assets, not being depreciated	10,124,051	1,006,909	-	-	11,130,960
Capital assets being depreciated:					
Buildings and improvements	27,402,655	-	-	-	27,402,655
Infrastructure	65,224,946	24,010	-	-	65,248,956
Vehicles and equipment	9,476,960	520,276	-	-	9,997,236
Total capital assets being depreciated	102,104,561	544,286	-	-	102,648,847
Less accumulated depreciation for:					
Buildings and improvements	(9,570,336)	(921,113)	-	-	(10,491,449)
Infrastructure	(17,121,598)	(1,745,446)	-	-	(18,867,044)
Vehicles and equipment	(4,706,884)	(1,131,285)	-	-	(5,838,169)
Total accumulated depreciation	(31,398,818)	(3,797,844)	-	-	(35,196,662)
Total capital assets being depreciated, net	70,705,743	(3,253,558)	-	-	67,452,185
Governmental activities capital assets, net	\$ 80,829,794	\$ (2,246,649)	\$ -	\$ -	\$ 78,583,145

**City of Murphy, Texas**  
Notes to the Basic Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ 60,778	\$ -	\$ -	\$ 60,778
Total capital assets, not being depreciated	-	60,778	-	-	60,778
Capital assets being depreciated:					
Buildings and improvements	43,676,601	88,050	-	-	43,764,651
Vehicles and equipment	1,102,282	39,496	-	-	1,141,778
Total capital assets being depreciated	44,778,883	127,546	-	-	44,906,429
Less accumulated depreciation for:					
Buildings and improvements	(12,417,342)	(1,032,254)	-	-	(13,449,596)
Vehicles and equipment	(534,795)	(161,941)	-	-	(696,736)
Total accumulated depreciation	(12,952,137)	(1,194,195)	-	-	(14,146,332)
Total capital assets being depreciated, net	31,826,746	(1,066,649)	-	-	30,760,097
Business-type activities capital assets, net	<u>\$ 31,826,746</u>	<u>\$ (1,005,871)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,820,875</u>

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

Governmental activities:	
General government	\$ 1,038,543
Public safety	756,897
Public works	1,101,846
Public services and operations	43,266
Parks and recreation	857,292
	<u>\$ 3,797,844</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,194,195</u>

**Note 6. Interfund Balances and Transfers**

**Due To and From Other Funds**

Balances due to and due from other funds at September 30, 2018 consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Water and sewer fund	\$ 2,361,272
Water and sewer fund	Debt service fund	113,125
		<u>\$ 2,474,397</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**City of Murphy, Texas**  
Notes to the Basic Financial Statements

**Interfund Transfers**

Transfers between funds during the fiscal year were as follows:

Transfer Out	Transfer In	Amount	Purpose
General Fund	Capital Projects Fund	\$ 52,800	Cost allocation for park dedication fee
Water and Sewer Fund	General Fund	875,000	Cost allocation for administrative costs
Debt Service Fund	Water and Sewer Fund	230,735	To subsidize the water and sewer debt payments
Debt Service Fund	Water and Sewer Fund	258,900	To subsidize the water and sewer debt payments
		<u>\$ 1,417,435</u>	

**Note 7. Long-Term Obligations**

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 23,305,000	\$ 12,770,000	\$ (2,620,000)	\$ 33,455,000	\$ 2,625,000
Tax notes	2,405,000	1,075,000	(595,000)	2,885,000	745,000
Unamortized bond premium	1,237,492	557,952	(158,492)	1,636,952	-
Net pension liability	2,982,370	35,658	(994,612)	2,023,416	-
Total OPEB liability	145,524	38,482	(2,584)	181,422	-
Compensated absences	321,728	478,969	(337,706)	462,991	33,955
	<u>30,397,114</u>	<u>14,956,061</u>	<u>(4,708,394)</u>	<u>40,644,781</u>	<u>3,403,955</u>
Business-type activities:					
Certificates of obligation	8,085,000	5,525,000	(480,000)	13,130,000	625,000
Unamortized bond premium	166,436	142,583	(13,569)	295,450	-
Net pension liability	378,425	4,368	(121,826)	260,967	-
Total OPEB liability	17,824	4,713	(316)	22,221	-
Compensated absences	19,572	22,678	(18,612)	23,638	2,364
	<u>8,667,257</u>	<u>5,699,342</u>	<u>(634,323)</u>	<u>13,732,276</u>	<u>627,364</u>
Total Primary Government	<u>\$ 39,064,371</u>	<u>\$ 20,655,403</u>	<u>\$ (5,342,717)</u>	<u>\$ 54,377,057</u>	<u>\$ 4,031,319</u>

*Compensated Absences*

Compensated absences represent the estimated liability for employees' accrued holiday time and vacation leave which employees are entitled to be paid upon termination. The liability also includes sick leave for retirement eligible employees that were hired prior to 2009. Individuals hired after 2009 are not eligible to receive accrued sick time payments upon retirement. The retirement of this liability is typically paid from the General Fund and the Proprietary Fund based on the assignment of an employee at termination. Retirement of net pension and total OPEB liabilities have also typically been liquidated by these funds.

**City of Murphy, Texas**  
Notes to the Basic Financial Statements

Governmental activities bonds payable at September 30, 2018, includes the following individual issues:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2018
<b>General Obligation Bonds:</b>					
Improvements	\$ 7,915,000	2009	2029	2.5% - 5.0%	\$ 4,240,000
Improvements	4,800,000	2010	2030	2.0% - 4.02%	3,295,000
Improvements	8,725,000	2011	2031	1.35% - 2.05%	6,465,000
Improvements	11,695,000	2012	2024	2.0% - 5.0%	6,685,000
Improvements	12,770,000	2018	2038	3.0% - 4.0%	12,770,000
Total General Obligation Bonds	<u>45,905,000</u>				<u>33,455,000</u>
<b>Tax Notes:</b>					
Improvements	1,500,000	2012	2019	1.35%	205,000
Improvements	1,000,000	2014	2020	1.74%	295,000
Improvements	1,800,000	2016	2023	1.57%	1,310,000
Improvements	1,075,000	2018	2025	2.99%	1,075,000
Total Tax Notes	<u>5,375,000</u>				<u>2,885,000</u>
Total Governmental Activities Debt	<u>\$ 51,280,000</u>				<u>\$ 36,340,000</u>

Governmental activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 3,370,000	\$ 1,520,325	\$ 4,890,325
2020	3,650,000	1,172,940	4,822,940
2021	3,365,000	1,040,968	4,405,968
2022	3,525,000	913,198	4,438,198
2023	3,040,000	784,624	3,824,624
2024-2028	9,210,000	2,632,938	11,842,938
2029-2033	5,920,000	1,053,751	6,973,751
2034-2038	4,260,000	339,047	4,599,047
Total	<u>\$ 36,340,000</u>	<u>\$ 9,457,791</u>	<u>\$ 45,797,791</u>

A description of each governmental activities bond issuance is as follows:

\$7,915,000, Series 2009, general obligation refunding bonds, issued for the purpose of remodeling and equipping the City's community center, parks and recreational facilities, street improvements and refunding a portion of the City's general obligation debt, certificates of obligation, Series 1998.

\$4,800,000, Series 2010, general obligation bonds, issued for the purpose of remodeling, renovating and equipping the City's community center, park and recreational facilities and street improvements.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

\$8,725,000, Series 2011, general obligation refunding bonds, issued for the purpose of refunding a portion of the City's general debt obligation, certificates of obligation, Series 2001, 2002, 2002A, acquiring, constructing, improving and equipping park and recreational facilities and acquiring, constructing, improving and maintaining streets, thoroughfares, bridges, alleyways and sidewalks within the City.

\$11,695,000, Series 2012, general obligation refunding bonds, issued for the purpose of refunding a portion of the City's general obligation debt, certificates of obligation, series 2001, 2002, 2002A, 2003, 2004.

During fiscal year 2018, the City issued \$12,770,000 General Obligation Bonds, Series 2018. Proceeds from the sale of the bonds will be used for street improvements, improvements to public safety facilities and improvements to park and recreation facilities.

\$1,500,000, Series 2012, tax notes, issued for the purpose of the development of the City Central Park including design, constructing, renovation, equipping and improving such park and related infrastructure and the professional services rendered in relation to this project.

\$1,000,000, Series 2014, tax notes, issued for the purpose of development of city parks, the renovation of the City Recreational and Community Center, providing signage for a municipal complex and the construction of an animal shelter.

\$1,800,000, Series 2016, tax notes, issued for the purpose of development and purchase of items for a public safety voice, radio dispatch, emergency alert system, and associated software.

During fiscal year 2018, the City issued \$1,075,000 Tax Notes, Series 2018. Proceeds of the notes will be used to pay contractual obligations to be incurred for improvements to municipal buildings and facilities related to security systems and the purchase of machinery and equipment relating to information technology, computer networks, and audio visual systems of the City.

*Business-type activities bonds payable at September 30, 2018, includes the following individual issues:*

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2018
Certificates of Obligation:					
Improvements	\$ 8,000,000	2009	2029	2.5% - 4.625%	\$ 5,175,000
Improvements	2,910,000	2014	2034	2.0% - 4.0%	2,430,000
Improvements	5,525,000	2018	2038	3.0% - 4.0%	5,525,000
Total Certificates of Obligation	<u>16,435,000</u>				<u>13,130,000</u>
Total Business-Type Activities Debt	<u>\$ 16,435,000</u>				<u>\$ 13,130,000</u>

**City of Murphy, Texas**

Notes to the Basic Financial Statements

*Business-type activities debt service requirements are as follows:*

Fiscal Year Ending September 30,	Business Activities		
	Principal	Interest	Total
2019	\$ 625,000	\$ 558,210	\$ 1,183,210
2020	710,000	469,948	1,179,948
2021	740,000	443,398	1,183,398
2022	765,000	414,960	1,179,960
2023	800,000	384,444	1,184,444
2024-2028	4,530,000	1,393,956	5,923,956
2029-2033	2,980,000	567,541	3,547,541
2034-2038	1,980,000	161,888	2,141,888
Total	<u>\$ 13,130,000</u>	<u>\$ 4,394,345</u>	<u>\$ 17,524,345</u>

A description of each business-type activities bond issuance is as follows:

\$8,000,000, Series 2009, certificates of obligation, issued for the purpose of water and sewer infrastructure improvements including the purchase of land and right-of-ways.

\$2,910,000, Series 2014, certificates of obligation, issued for the purpose of sewer infrastructure improvements including the purchase of land and right-of-ways.

During fiscal year 2018, the City issued \$5,525,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018. Proceeds from the sale of the bonds will be used for constructing, renovating, enlarging, equipping, and improving water and wastewater facilities.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### Operating Leases

The City has eight operating leases within the Water and Sewer Fund with DART for the leasing of right-of-way. Payments under the leases are due as follows:

<u>Year Ending September 30</u>	<u>Annual Payment</u>
2019	\$ 19,730
Total	\$ 19,730

#### Note 8. Pension Plan

##### *Plan Description*

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS.

##### *Benefits Provided*

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity increase to retirees	70% of CPI Repeating

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### *Employees covered by benefit terms*

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	96
Active employees	116
Total	<u>246</u>

**Contributions.** The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.96% and 14.41% in calendar years 2018 and 2017, respectively. The City's pension contributions to TMRS for the year ended September 30, 2018, were \$1,062,070, and were equal to the required contributions.

**Net Pension Liability.** The city's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

#### *Actuarial assumptions:*

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rate multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major assets class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	<u>100.00%</u>	

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

**City of Murphy, Texas**  
Notes to the Basic Financial Statements

*Changes in the Net Pension Liability*

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/16	\$18,238,936	\$14,878,141	\$3,360,795
Changes for the year:			
Service cost	1,306,442	-	1,306,442
Interest	1,258,826	-	1,258,826
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(71,082)	-	(71,082)
Changes of assumptions	-	-	-
Contributions - employer	-	1,022,730	(1,022,730)
Contributions - employee	-	496,746	(496,746)
Net investment income	-	2,062,350	(2,062,350)
Benefit payments, including refunds of employee contributions	(485,755)	(485,755)	-
Administrative expense	-	(10,686)	10,686
Other changes	-	(542)	542
Net Changes	<u>2,008,431</u>	<u>3,084,843</u>	<u>(1,076,412)</u>
Balance at 12/31/17	<u>\$20,247,367</u>	<u>\$17,962,984</u>	<u>\$2,284,383</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$ 6,041,936	\$ 2,284,383	\$ (685,478)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at [www.tmrs.org](http://www.tmrs.org).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2018, the City recognized pension expense of \$1,051,798.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 132,895	\$ 130,788
Changes in actuarial assumptions	19,113	-
Difference between projected and actual investment earnings	358,203	846,461
Contributions subsequent to the measurement date	772,275	-
Total	<u>\$ 1,282,486</u>	<u>\$ 977,249</u>

\$772,275 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal Year Ended September 30:	Net Deferred Outflows (Inflows)
2018	\$ (23,679)
2019	(39,381)
2020	(183,916)
2021	(220,062)
	<u>\$ (467,038)</u>

## Note 9. Other Post-employment Benefit Plan (OPEB)

### A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

### B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>116</u>
	<u><u>166</u></u>

#### C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.01% in both calendar years 2017 and 2018. The Town's contributions to the SDBF for the year ended September 30, 2018 were \$8,302, and were equal to the required contributions.

#### D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

#### E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retiree's share of benefit-related costs	\$ -

## City of Murphy, Texas

### Notes to the Basic Financial Statements

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

#### F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 163,348
Changes for the year:	
Service Cost	14,902
Interest on Total OPEB Liability	6,443
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	19,660
Benefit payments	(710)
Administrative expense	-
Other changes	-
Net changes	<u>40,295</u>
Balance at 12/31/17	<u>\$ 203,643</u>

#### G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 255,506	\$ 203,643	\$ 164,852

**City of Murphy, Texas**

Notes to the Basic Financial Statements

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the City recognized OPEB expense of \$24,245. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions and other inputs	\$ 16,760	\$ -
Contributions subsequent to the measurement date	<u>6,085</u>	<u>-</u>
Total	<u><u>\$ 22,845</u></u>	<u><u>\$ -</u></u>

The \$6,085 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended Sept. 30:</u>	<u>Net Deferred Outflows (Inflows)</u>
2019	\$ 2,900
2020	2,900
2021	2,900
2022	2,900
2023	2,900
Thereafter	<u>2,260</u>
Total	<u><u>\$ 16,760</u></u>

**Note 10. Health Care Coverage**

During the year ended September 30, 2018, employees of the City were covered by a health insurance plan ("Plan"). The City contributed \$547 per month per employee and 60% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay additional contributions for dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

#### Note 11. Insurance Coverage

In accordance with state statute, the City was protected against unanticipated catastrophic individual or aggregate loss by insurance coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Insurance coverage was in effect for property with a \$2,500 deductible and vehicles with a \$1,000 deductible.

#### Note 12. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settlement claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

#### Note 13. Litigation

There are no threatened or pending litigations against the City at fiscal year-end.

#### Note 14. Additional Water and Sewer Information

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Pumped	1,538,414,000
Gallons Billed	1,142,828,926

The City of Murphy secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas Independent of the City. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the City's basic financial statements.

The City purchases all of its water from the North Texas Municipal Water District. The cost for water purchases is calculated based upon the maximum or peak usage of prior years. The City currently pays \$2.83 per thousand gallons of water for this fiscal year.

## City of Murphy, Texas

### Notes to the Basic Financial Statements

The City is also contracted for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general area of the East Fork of the Trinity River, which includes the City of Murphy and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation, and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat, and dispose of wastewater for the cities. In order to provide said services, the contract provides that (a) the District will acquire, design, construct, and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all of its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component"; (e) each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility of the District and no city is liable for the District's debt.

#### Note 15. Construction Commitments

The City has active construction projects as of September 30, 2018. The projects include park infrastructure and improvements, street infrastructure, and water/wastewater infrastructure improvements. At September 31, 2018, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Vehicles and equipment	\$ 559,772	\$ -
Infrastructure	903,924	483,979
Facilities	50,995	389,774
Parks and recreation	76,000	124,254
Utilities	148,828	1,556,068
Totals	<u>\$ 1,739,519</u>	<u>\$ 2,554,075</u>

#### Note 16. Murphy Community Development Corporation

The Murphy Community Development Corporation ("CDC") is financed by the City transferring its allocated share of sales tax receipts each month. This has voter approval and is to be used to fund public projects to enhance the quality of life in the community.

##### 1. Deposits and Investments

Cash and investment as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 726,575</u>

# City of Murphy, Texas

## Notes to the Basic Financial Statements

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2018, CDC deposits with financial institutions were covered by FDIC and fully collateralized.

## 2. Receivables

Receivables for CDC at the end of the current fiscal year were as follows:  
Receivables:

Receivables:	
Sales tax	<u>\$ 163,792</u>

### Note Payable

In August 2012, the CDC entered into a formal agreement with the City of Murphy. The City issued tax notes to pay contractual obligations for the development of the City Central Park involving the acquisition of real property, construction, renovation, equipping and improving operations of the Park and related infrastructure. The Board of Directors of the CDC agreed to pay the cost of this project by pledging local sales and use taxes to pay the principal and interest on the tax note. The payments to the City began in fiscal year 2015 with the final payment being due in fiscal year 2019.

The amount of sales tax revenue recognized during the fiscal year was \$979,373 and the amount remitted to the City to pay debt service expenditures on the note was \$204,118 .

Debt service requirements on the note payable are as follows:

Year Ending September 30	Total Requirements
2019	\$ 206,384

## Note 17. Murphy Municipal Development District

In November, 2011, the City held a special election for the purpose of submitting to qualified voters to terminate the Murphy Economic Development Corporation (Type A) and the abolition of its sales tax for the promotion and development of new and expanded business enterprises at the rate of one-half of one percent, and concurrently, authorize the creation of the City of Murphy Municipal Development District ("MDD") with the imposition of a sales and use tax at the rate of one-half of one percent for the purpose of financing development projects beneficial to MDD.

# City of Murphy, Texas

## Notes to the Basic Financial Statements

### 1. Deposits and Investments

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 2,259,414</u>

### Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Public Fund Investments Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2018, MDD deposits with financial institutions were covered by FDIC and fully collateralized.

### 2. Receivables

Receivables for MDD at the end of the current fiscal year were as follows:

Receivables:	
Sales tax	<u>\$ 163,792</u>

### 3. Note Receivable

In January, 2011, the EDC Board of Directors authorized a business incentive loan to Boomerjack's for building improvements. This loan was transferred to the MDD upon its creation in April 2012. The loan was issued in the amount of \$100,000 to be paid back to the MDD annually beginning in fiscal year 2012 at 2% interest. The note was paid in full as of September 30, 2018.

### 4. Note Payable

In December 2013, the MDD entered into a formal agreement with the City of Murphy. The City issued tax notes to pay contractual obligations for the development of City park facilities, the renovation of the City Community Recreation Center, providing signage for the municipal complex and the construction of an animal shelter. The Board of Directors of the Murphy Municipal Development District agreed to pay the cost of a portion of this project by pledging local sales and use taxes to pay the principal and interest on the tax note. The payments to the City began in fiscal year 2015 with the final payment being due in fiscal year 2020.

The amount of sales tax revenue recognized during the fiscal year was \$977,250 and the amount of debt service expenditures paid to the City were \$152,656 .

## City of Murphy, Texas

### Notes to the Basic Financial Statements

Debt service requirements under the note payable are as follows:

Year Ending September 30	Total Requirements
2019	\$ 150,133
2020	56,380
Total	<u>\$ 206,513</u>

#### Note 18. Restatement

As a result of various errors discovered by the City as described below, as well as the cumulative effect of implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", beginning net position of the governmental activities, business-type activities/enterprise funds, capital projects fund and component units have been restated as follows:

	Governmental Activities	Enterprise Fund Business-type Activities	Component Units	Capital Projects Fund
Beginning net position, as previously reported	\$ 61,217,618	\$ 29,499,504	\$ 2,440,684	\$ 1,319,879
To correct capital assets - net effect of prior year disposals and correction of accumulated depreciation	(1,737,401)	-	-	-
To correct effects of improper revenue recognition in capital projects fund	(146,786)	-	-	(146,786)
To record note receivable from the City's component units	769,671	-	(769,671)	-
Cumulative effect of implementation of GASB Statement No. 75	(123,025)	(15,069)	-	-
To reconcile water and sewer receivables to billing ledger	-	(436,804)	-	-
Beginning net position, as restated	<u>\$ 59,980,077</u>	<u>\$ 29,047,631</u>	<u>\$ 1,671,013</u>	<u>\$ 1,173,093</u>

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## **Required Supplementary Information**

## City of Murphy, Texas

### Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System Last Ten Measurement Periods

	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:				
Service cost	\$ 1,306,442	\$ 1,296,399	\$ 1,245,327	\$ 1,050,852
Interest (on the Total Pension Liability)	1,258,826	1,111,877	1,026,901	918,661
Difference between expected and actual experience	(71,082)	219,473	(100,244)	(124,436)
Change in assumptions	-	-	46,815	-
Benefit payments, including refunds of employee contributions	(485,755)	(425,744)	(458,443)	(333,601)
Net change in total pension liability	2,008,431	2,202,005	1,760,356	1,511,476
Total pension liability - beginning	18,238,936	16,036,931	14,276,575	12,765,099
Total pension liability - ending (a)	20,247,367	18,238,936	16,036,931	14,276,575
Plan fiduciary net position:				
Contributions - employer	1,022,730	931,923	943,727	638,669
Contributions - employee	496,746	474,375	473,766	423,071
Net investment income	2,062,350	879,201	17,806	613,963
Benefit payments, including refunds of employee contributions	(485,755)	(425,744)	(458,443)	(333,601)
Administrative expense	(10,686)	(9,944)	(10,842)	(6,408)
Other	(542)	(537)	(536)	(527)
Net change in plan fiduciary net position	3,084,843	1,849,274	965,478	1,335,167
Plan fiduciary net position - beginning	14,878,141	13,028,867	12,063,389	10,728,222
Plan fiduciary net position - ending (b)	17,962,984	14,878,141	13,028,867	12,063,389
Net pension liability - ending (a) - (b)	\$ 2,284,383	\$ 3,360,795	\$ 3,008,064	\$ 2,213,186
Plan fiduciary net position as a percentage of total pension liability	88.72%	81.57%	81.24%	84.50%
Covered payroll	\$ 7,096,372	\$ 6,776,784	\$ 6,768,083	\$ 6,043,871
Net pension liability as a percentage of covered payroll	32.19%	49.59%	44.44%	36.62%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

**City of Murphy, Texas**  
 Schedule of Pension Contributions  
 Texas Municipal Retirement System  
 Last Ten Fiscal Years

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially determined contribution	\$ 1,062,070	\$ 995,834	\$ 906,822	\$ 841,012	\$ 622,027
Contributions in relation of the actuarially determined contribution	<u>1,062,070</u>	<u>995,834</u>	<u>906,822</u>	<u>841,012</u>	<u>622,027</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 7,546,881	\$ 6,997,115	\$ 6,708,287	\$ 6,442,822	\$ 5,931,242
Contributions as a percentage of covered payroll	14.07%	14.23%	13.52%	13.05%	10.49%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

**City of Murphy, Texas**

Schedule of Total OPEB Liability and Related Ratios  
Texas Municipal Retirement System  
Last Ten Measurement Periods

	Measurement Year 2017
<b>Total OPEB Liability:</b>	
Service cost	\$ 14,902
Interest	6,443
Change in benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	19,660
Benefit payments	<u>(710)</u>
Net change in total OPEB liability	40,295
Total OPEB Liability-beginning	<u>163,348</u>
Total OPEB Liability-ending	<u><u>\$ 203,643</u></u>
Covered payroll	\$ 7,096,372
City's total OPEB liability as a % of covered payroll	2.87%

Only one year of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**City of Murphy, Texas**  
 Schedule of OPEB Contributions  
 Texas Municipal Retirement System  
 Last Ten Fiscal Years

	Fiscal Year 2018
Actuarially determined contribution	\$ 8,302
Contribution in relation of the actuarially determined contribution	<u>8,302</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered payroll	\$ 7,546,881
Contributions as a percentage of covered payroll	0.11%

Only one year of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

## City of Murphy, Texas

Notes to Required Supplementary Information  
Texas Municipal Retirement System  
For the Fiscal Year Ended September 30, 2018

### Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with scale BB.

### Other information:

There were no benefit changes during the year.

# **Combining and Individual Fund Financial Statements and Schedules**

**City of Murphy, Texas**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Modified Accrual Basis) and Actual – Debt Service Fund  
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,297,400	\$ 4,297,400	\$ 4,300,237	\$ 2,837
Investment income	2,000	2,000	7,994	5,994
Intergovernmental	-	-	356,774	356,774
Miscellaneous	-	-	2,171	2,171
Total revenues	<u>4,299,400</u>	<u>4,299,400</u>	<u>4,667,176</u>	<u>367,776</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	3,128,900	3,128,900	3,215,000	(86,100)
Interest and fiscal charges	<u>1,149,100</u>	<u>1,149,100</u>	<u>931,023</u>	<u>218,077</u>
Total expenditures	<u>4,278,000</u>	<u>4,278,000</u>	<u>4,146,023</u>	<u>131,977</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>21,400</u>	<u>21,400</u>	<u>521,153</u>	<u>499,753</u>
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(489,635)</u>	<u>(489,635)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(489,635)</u>	<u>(489,635)</u>
<b>NET CHANGE IN FUND BALANCE</b>	21,400	21,400	31,518	10,118
<b>FUND BALANCE, beginning of year</b>	<u>902,513</u>	<u>902,513</u>	<u>902,513</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 923,913</u>	<u>\$ 923,913</u>	<u>\$ 934,031</u>	<u>\$ 10,118</u>

**City of Murphy, Texas**

Murphy Community Development Corporation

Balance Sheet

September 30, 2018

Community  
Development  
Corporation

---

**ASSETS**

Cash and cash equivalents

\$ 726,575

Receivables:

Sales taxes

163,792

**Total assets**

\$ 890,367

**LIABILITIES**

Accounts payable and other current liabilities

\$ 57,236

Accrued liabilities

27,294

Other liabilities

9

**Total liabilities**

84,539

**FUND BALANCES**

Unrestricted

805,828

Total fund balances

805,828

Total liabilities and fund balance

\$ 890,367

**City of Murphy, Texas**

Murphy Community Development Corporation  
Reconciliation of Balance Sheet to Statement of Net Position  
September 30, 2018

**RECONCILIATION OF TOTAL COMPONENT UNIT FUND BALANCE  
TO NET POSITION OF COMPONENT UNIT**

Total fund balance - governmental funds \$ 805,828

Amounts reported in the Statement of Net Position  
are different because:

Notes payable are not due and payable in the current period and

therefore are not reported in the governmental funds financial statements. (206,384)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 599,444

**City of Murphy, Texas**

Murphy Community Development Corporation  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended September 30, 2018

	<u>Community Development Corporation</u>
<b>Revenues:</b>	
Taxes	
General sales and use taxes	\$ 979,373
Charges for service	33,996
Contributions	2,595
Interest	913
	<hr/>
Total revenues	1,016,877
	<hr/>
<b>Expenditures:</b>	
Current:	
Personnel services	126,120
Administration	240,503
Contractual services	5
Community events	282,857
Intergovernmental	204,268
Capital outlay	56,223
	<hr/>
Total expenditures	909,976
	<hr/>
Excess of revenues over expenditures	106,901
Fund balance, beginning of year	<hr/> 698,927
<b>Fund balance, end of year</b>	<hr/> <hr/> \$ 805,828

**City of Murphy, Texas**

Murphy Community Development Corporation  
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance  
To the Statement of Activities  
For the Year Ended September 30, 2018

**RECONCILIATION OF CHANGES IN FUND BALANCES OF  
COMPONENT UNIT TO THE CHANGE IN NET POSITION IN THE  
STATEMENT OF ACTIVITIES**

Net change in fund balances - governmental funds \$ 106,901

Amounts reported for component unit funds in the statement of activities are different because:

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 204,118

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 311,019

**City of Murphy, Texas**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (Modified Accrual Basis) and Actual – Community Development Corporation

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 991,640	\$ 991,640	\$ 979,373	\$ (12,267)
Charges for service	-	-	33,996	33,996
Donations	-	-	2,595	2,595
Investment income	600	600	913	313
Total revenues	992,240	992,240	1,016,877	24,637
<b>EXPENDITURES</b>				
Current				
Personnel services	155,599	155,599	126,120	29,479
Administration	558,749	558,749	240,503	318,246
Contractual services	4,400	19,400	5	19,395
Community events	-	-	282,857	(282,857)
Supplies	500	500	-	500
Intergovernmental	204,600	204,600	204,268	332
Capital outlay	67,300	67,300	56,223	11,077
Total expenditures	991,148	1,006,148	909,976	96,172
<b>NET CHANGE IN FUND BALANCE</b>	1,092	(13,908)	106,901	(71,535)
<b>FUND BALANCE, October 1</b>	698,927	698,927	698,927	-
<b>FUND BALANCE, September 30</b>	\$ 700,019	\$ 685,019	\$ 805,828	\$ (71,535)

**City of Murphy, Texas**

Murphy Municipal Development District

Balance Sheet

September 30, 2018

	<u>Municipal Development District</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,259,414
Receivables:	
Sales taxes	<u>163,792</u>
<b>Total assets</b>	<u><u>\$ 2,423,206</u></u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	<u>63,226</u>
<b>Total liabilities</b>	<u>63,226</u>
<b>FUND BALANCES</b>	
Restricted	<u>2,359,980</u>
Total fund balances	<u>2,359,980</u>
Total liabilities and fund balances	<u><u>\$ 2,423,206</u></u>

**City of Murphy, Texas**

Murphy Municipal Development District

Reconciliation of Balance Sheet to Statement of Net Position

September 30, 2018

**RECONCILIATION OF TOTAL COMPONENT UNIT FUND BALANCE  
TO NET POSITION OF COMPONENT UNIT**

Total fund balance - governmental funds \$ 2,359,980

Amounts reported in the Statement of Net Position  
are different because:

Notes payable are not due and payable in the current period and  
therefore are not reported in the governmental funds financial  
statements.

(206,513)

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ 2,153,467

**City of Murphy, Texas**

Murphy Municipal Development District

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended September 30, 2018

	<u>Municipal Development District</u>
<b>Revenues:</b>	
Taxes	
General sales and use taxes	\$ 977,250
Intergovernmental	216,000
Interest	2,436
	<hr/>
<b>Total revenues</b>	<b>1,195,686</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Administration	236,841
Contractual services	187,666
Intergovernmental	152,956
	<hr/>
Total expenditures	577,463
	<hr/>
Excess of revenues over expenditures	618,223
Fund balance, beginning of year	1,741,757
	<hr/>
<b>Fund balance, end of year</b>	<b>\$ 2,359,980</b>
	<hr/> <hr/>

**City of Murphy, Texas**

Murphy Municipal Development District

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

For the Year Ended September 30, 2018

**RECONCILIATION OF CHANGES IN FUND BALANCES OF COMPONENT UNIT TO THE CHANGE IN NET POSITION IN THE STATEMENT OF ACTIVITIES**

Net change in fund balances - governmental funds \$ 618,223

Amounts reported for component unit funds in the statement of activities are different because:

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 152,656

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 770,879

**City of Murphy, Texas**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (Modified Accrual Basis) and Actual – Murphy Municipal Development District

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 991,640	\$ 991,640	\$ 977,250	\$ (14,390)
Intergovernmental	224,800	224,800	216,000	(8,800)
Investment income	6,000	6,000	2,436	(3,564)
Total revenues	1,222,440	1,222,440	1,195,686	(26,754)
<b>EXPENDITURES</b>				
Current				
Administration	342,200	342,200	236,841	105,359
Contractual services	215,200	215,200	187,666	27,534
Intergovernmental	153,100	153,100	152,956	144
Total expenditures	710,500	710,500	577,463	133,037
<b>NET CHANGE IN FUND BALANCE</b>	511,940	511,940	618,223	106,283
<b>FUND BALANCE, October 1</b>	1,741,757	1,741,757	1,741,757	-
<b>FUND BALANCE, September 30</b>	\$ 2,253,697	\$ 2,253,697	\$ 2,359,980	\$ 106,283

# **Statistical Section**

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**City of Murphy, Texas**

Statistical Section

Table of Contents

**Statistical Section**

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

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	<b>1 to 5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	<b>6 to 10</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	<b>11 to 15</b>
<b>Demographic and Economic Information</b>  These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	<b>16 to 17</b>
<b>Operating Information</b>  These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	<b>18 to 20</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Murphy, Texas**

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	<b>Fiscal Year</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 41,606	\$ 40,527	\$ 41,513	\$ 42,865
Restricted	1,034	1,134	1,049	903
Unrestricted	2,102	2,711	2,943	3,922
Total governmental activities net position	<u>\$ 44,742</u>	<u>\$ 44,372</u>	<u>\$ 45,505</u>	<u>\$ 47,690</u>
Business-type activities				
Net investment in capital assets	\$ 28,568	\$ 27,822	\$ 27,325	\$ 27,031
Restricted	921	637	606	686
Unrestricted	1,835	1,769	2,163	1,933
Total business-type activities net position	<u>\$ 31,324</u>	<u>\$ 30,228</u>	<u>\$ 30,094</u>	<u>\$ 29,650</u>
Primary government				
Net investment in capital assets	\$ 70,174	\$ 68,349	\$ 68,838	\$ 69,896
Restricted	1,955	1,771	1,655	1,589
Unrestricted	3,937	4,480	5,106	5,855
Total primary governmental net position	<u>\$ 76,066</u>	<u>\$ 74,600</u>	<u>\$ 75,599</u>	<u>\$ 77,340</u>

**Source:** Comprehensive Annual Financial Report

**Table 1**

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 44,574	\$ 47,365	\$ 50,922	\$ 48,931	\$ 55,882	\$ 54,480
887	818	832	2,611	2,209	1,557
5,232	5,616	2,455	4,543	3,127	3,585
<u>\$ 50,693</u>	<u>\$ 53,799</u>	<u>\$ 54,209</u>	<u>\$ 56,085</u>	<u>\$ 61,218</u>	<u>\$ 59,622</u>
\$ 25,025	\$ 24,910	\$ 22,284	\$ 25,461	\$ 25,647	\$ 19,020
652	647	647	674	707	827
3,483	3,464	6,332	3,398	3,146	10,597
<u>\$ 29,160</u>	<u>\$ 29,021</u>	<u>\$ 29,263</u>	<u>\$ 29,533</u>	<u>\$ 29,500</u>	<u>\$ 30,444</u>
\$ 69,599	\$ 72,275	\$ 73,206	\$ 74,392	\$ 81,529	\$ 73,500
1,539	1,465	1,479	3,285	2,916	2,384
8,715	9,080	8,787	7,941	6,273	14,182
<u>\$ 79,853</u>	<u>\$ 82,820</u>	<u>\$ 83,472</u>	<u>\$ 85,618</u>	<u>\$ 90,718</u>	<u>\$ 90,066</u>

# City Of Murphy, Texas

## Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,169	\$ 2,971	\$ 3,210	\$ 3,705
Public safety	4,678	4,656	4,859	5,062
Public service	536	484	596	704
Public works	560	1,164	1,114	1,476
Sanitation services	608	624	647	676
Parks and recreation	768	934	1,051	1,472
Development	-	-	-	-
Interest on long-term debt	1,300	1,417	1,605	1,584
Total governmental activities expenses	<u>10,619</u>	<u>12,250</u>	<u>13,082</u>	<u>14,679</u>
Business-type activities:				
Water and sewer	4,190	4,999	5,194	5,739
Total business-type activities expenses	<u>4,190</u>	<u>4,999</u>	<u>5,194</u>	<u>5,739</u>
Total primary government expenses	<u>\$ 14,809</u>	<u>\$ 17,249</u>	<u>\$ 18,276</u>	<u>\$ 20,418</u>

### Program Revenues

Governmental activities:

Charges for services:

General government	\$ 1,386	\$ 79	\$ 85	\$ 95
Public safety	165	194	164	172
Public works	764	797	840	1,007
Public services	-	493	571	536
Parks and recreation	40	53	55	62
Sanitation services	730	776	810	823
Operating grants and contributions	20	22	56	218
Capital grants and contributions	144	-	879	2,540
Total governmental activities program revenues	<u>3,249</u>	<u>2,414</u>	<u>3,460</u>	<u>5,453</u>

Business-type activities:

Charges for services:

Water and sewer	5,301	5,173	6,188	6,276
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,301</u>	<u>5,173</u>	<u>6,188</u>	<u>6,276</u>
Total primary government program revenues	<u>\$ 8,550</u>	<u>\$ 7,587</u>	<u>\$ 9,648</u>	<u>\$ 11,729</u>

**Source:** Comprehensive Annual Financial Report

**Table 2 (Continued)**

		<b>Fiscal Year</b>									
		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>				
\$	3,636	\$	3,517	\$	4,051	\$	5,266	\$	5,522	\$	5,219
	5,291		5,525		5,905		6,268		6,478		6,979
	789		630		702		684		723		581
	1,220		1,275		1,587		1,812		2,122		1,313
	698		721		1,433		1,101		1,217		880
	1,545		1,582		151		121		157		2,342
	131		110		756		761		770		144
	1,129		1,218		1,228		986		933		1,201
	14,439		14,578		15,813		16,999		17,922		18,659
	6,461		6,507		7,388		8,172		8,668		9,449
	6,461		6,507		7,388		8,172		8,668		9,449
\$	20,900	\$	21,085	\$	23,201	\$	25,171	\$	26,590	\$	28,108
\$	39	\$	40	\$	15	\$	15	\$	11	\$	16
	832		682		716		698		804		633
	213		217		559		1,017		612		248
	939		727		117		139		129		584
	121		137		220		221		228		126
	903		897		917		916		938		1,026
	369		245		717		1,485		750		383
	1,976		1,546		2,821		1,689		3,275		-
	5,392		4,491		6,082		6,180		6,747		3,016
	7,059		7,188		8,623		8,980		9,440		11,111
	-		-		-		-		-		-
	7,059		7,188		8,623		8,980		9,440		11,111
\$	12,451	\$	11,679	\$	14,705	\$	15,160	\$	16,187	\$	14,127

## City Of Murphy, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Net (Expense) Revenues</b>				
Governmental activities	\$ (7,370)	\$ (9,836)	\$ (9,622)	\$ (9,226)
Business-type activities	1,111	174	994	537
Total primary government net expense	<u>\$ (6,259)</u>	<u>\$ (9,662)</u>	<u>\$ (8,628)</u>	<u>\$ (8,689)</u>
<b>General Revenues and other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 7,414	\$ 7,936	\$ 8,347	\$ 8,477
Sales	795	873	952	1,049
Franchise	809	702	820	925
Investment income	115	27	76	20
Donations	237	17	-	-
Miscellaneous	50	105	81	42
Transfers	854	850	850	850
Total governmental activities	<u>10,274</u>	<u>10,510</u>	<u>11,126</u>	<u>11,363</u>
Business-type activities:				
Investment income	33	25	14	9
Donations	25	-	-	-
Extraordinary revenue	-	-	-	-
Miscellaneous	57	11	5	30
Transfers	(854)	(850)	(850)	(850)
Total business-type activities	<u>(739)</u>	<u>(814)</u>	<u>(831)</u>	<u>(811)</u>
Total primary government	<u>\$ 9,535</u>	<u>\$ 9,696</u>	<u>\$ 10,295</u>	<u>\$ 10,552</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,904	\$ 674	\$ 1,504	\$ 2,137
Business-type activities	372	(640)	163	(274)
Total primary government	<u>\$ 3,276</u>	<u>\$ 34</u>	<u>\$ 1,667</u>	<u>\$ 1,863</u>

**Source:** Comprehensive Annual Financial Report

**Table 2 (Concluded)**

<b>Fiscal Year</b>						
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
\$ (9,047)	\$ (10,087)	\$ (9,731)	\$ (10,819)	\$ (11,175)	\$ (15,643)	
598	681	1,235	808	772	1,662	
\$ (8,449)	\$ (9,406)	\$ (8,496)	\$ (10,011)	\$ (10,403)	\$ (13,981)	
<hr/>						
\$ 8,962	\$ 9,348	\$ 9,911	\$ 10,483	\$ 11,179	\$ 11,792	
1,300	1,625	1,801	2,006	2,001	1,986	
855	970	1,041	1,029	992	976	
17	12	11	26	49	81	
-	-	-	-	-	-	
281	389	57	770	1,236	64	
850	850	850	850	850	385	
12,265	13,194	13,671	15,164	16,307	15,284	
<hr/>						
6	4	6	19	32	36	
-	-	-	-	-	-	
-	-	-	-	-	-	
10	25	22	35	12	84	
(850)	(850)	(850)	(850)	(850)	(385)	
(834)	(821)	(822)	(796)	(806)	(265)	
<hr/>						
\$ 11,431	\$ 12,373	\$ 12,849	\$ 14,368	\$ 15,501	\$ 15,019	
<hr/>						
\$ 3,218	\$ 3,107	\$ 3,940	\$ 4,344	\$ 5,132	\$ (359)	
(236)	(140)	413	12	(34)	1,397	
\$ 2,982	\$ 2,967	\$ 4,353	\$ 4,356	\$ 5,098	\$ 1,038	
<hr/>						

**City Of Murphy, Texas****Table 3**

Governmental Activities Tax Revenues by Source  
Last Ten Fiscal Years (Unaudited)  
Amounts Expressed in Thousands

<u>Fiscal Year Ended</u>	<u>Property Tax</u>	<u>Sales Tax*</u>	<u>Franchise Tax</u>	<u>Total</u>
2009	7,414	795	809	9,018
2010	7,936	879	702	9,517
2011	8,347	953	820	10,120
2012	8,477	1,049	925	10,451
2013	8,950	1,299	856	11,105
2014	9,365	1,625	970	11,960
2015	9,892	1,801	1,041	12,734
2016	10,483	2,006	1,029	13,518
2017	11,179	2,001	992	14,172
2018	11,792	1,986	975	14,753

\*Prior to 2009, the discretely presented component units' sales tax revenues were included in this amount.

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**City of Murphy, Texas**

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

(Modified Accrual Basis of Accounting) – Amounts Expressed in Thousands

	<b>Fiscal Year</b>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Nonspendable - prepaid items	\$ -	\$ 18	\$ 10	\$ -	\$ -
Restricted for:					
Court use	103	127	147	147	125
Animal shelter	-	-	-	-	-
PEG fees	-	-	-	-	-
Assigned for:					
Police	10	12	12	18	17
Unassigned	1,648	2,567	3,044	3,060	3,557
<b>Total general fund</b>	<b>\$ 1,761</b>	<b>\$ 2,724</b>	<b>\$ 3,213</b>	<b>\$ 3,225</b>	<b>\$ 3,699</b>
All other governmental funds					
Restricted for:					
Debt service	\$ 935	\$ 1,008	\$ 902	\$ 756	\$ 844
Capital improvements	7,108	8,964	8,657	7,358	3,771
Assigned for					
Capital projects	477	-	435	435	-
Special revenues	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 8,520</b>	<b>\$ 9,972</b>	<b>\$ 9,994</b>	<b>\$ 8,549</b>	<b>\$ 4,615</b>

**Source:** Comprehensive Annual Financial Report

**Table 4**

<b>Fiscal Year</b>					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
\$ -	\$ -	\$ 29	\$ 61	\$ 1	
101	88	70	73	64	
6	12	8	7	11	
13	15	5	5	14	
19	11	11	16	9	
3,635	3,965	5,155	5,036	5,869	
<hr/>					
\$ 3,774	\$ 4,091	\$ 5,278	\$ 5,198	\$ 5,968	
<hr/>					
\$ 836	\$ 836	\$ 860	\$ 903	\$ 934	
3,427	1,958	1,780	1,320	13,983	
-	-	-	-	-	
-	-	-	-	-	
<hr/>					
\$ 4,263	\$ 2,794	\$ 2,640	\$ 2,223	\$ 14,917	
<hr/>					

## City of Murphy, Texas

### Changes in Fund Balances, Governmental Funds

#### Last Ten Fiscal Years (Unaudited)

(Modified Accrual Basis of Accounting) – Amounts Expressed in Thousand

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>REVENUES</b>				
Taxes				
Property	\$ 7,427	\$ 8,020	\$ 8,324	\$ 8,466
Sales	795	873	953	1,049
Franchise	809	703	820	925
Charges for services	\$ 1,311	\$ 1,403	\$ 1,405	\$ 1,451
Licenses and permits	440	496	548	721
Fines and forfeitures	479	493	570	536
Investment income	115	26	76	20
Grant revenue	164	22	33	752
Intergovernmental	301	-	-	188
Donations	10	17	23	27
Miscellaneous	50	109	82	49
Total revenues	<u>11,901</u>	<u>12,162</u>	<u>12,834</u>	<u>14,184</u>
<b>EXPENDITURES</b>				
General government	2,070	2,060	2,292	2,615
Public safety	4,607	4,429	4,523	4,754
Public works	554	295	233	256
Public service and operations	555	481	595	698
Sanitation	609	624	648	676
Development	-	-	-	78
Parks and Recreation	1,416	828	845	1,089
Capital outlay	453	4,577	5,776	3,319
Debt service				
Principal retirement	2,965	1,565	2,270	2,928
Interest and fiscal charges	1,150	1,582	1,540	1,588
Other	176	-	130	115
Total expenditures	<u>14,555</u>	<u>16,441</u>	<u>18,852</u>	<u>18,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,654)</u>	<u>(4,279)</u>	<u>(6,018)</u>	<u>(3,932)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds/notes proceeds	9,415	5,875	9,655	13,195
Premium (discount) on issuance of debt	-	(32)	278	789
Payments to escrow agent	-	-	(4,253)	(12,335)
Extraordinary revenue (expense)	-	-	-	-
Capital leases	-	-	-	-
Transfers in	854	850	850	850
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>10,269</u>	<u>6,693</u>	<u>6,530</u>	<u>2,499</u>
NET CHANGE IN FUND BALANCES	<u>\$ 7,615</u>	<u>\$ 2,414</u>	<u>\$ 512</u>	<u>\$ (1,433)</u>
Debt service as a percentage of noncapital expenditures	29.18%	26.53%	29.14%	30.52%

Source: Comprehensive Annual Financial Report

**Table 5**

Fiscal Year						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	8,950	\$ 9,365	\$ 9,892	\$ 10,483	\$ 11,179	\$ 11,805
	1,299	1,625	1,801	2,006	2,001	1,986
	856	970	1,041	1,029	992	975
\$	1,595	\$ 1,633	\$ 1,647	\$ 1,739	\$ 1,766	\$ 1,866
	891	689	521	941	560	485
	442	367	370	304	360	298
	17	12	11	26	49	81
	1,133	640	2,816	620	999	15
	1,212	1,095	717	765	821	694
	23	84	11	4	2	8
	295	400	67	779	1,254	88
	16,713	16,880	18,894	18,696	19,983	18,301
	2,669	2,552	3,060	4,250	4,831	3,999
	4,974	5,267	5,683	5,876	6,219	6,346
	240	307	285	231	271	235
	783	624	668	646	675	537
	698	721	756	761	770	880
	131	110	152	119	153	143
	1,096	1,128	1,137	1,118	1,493	1,482
	6,232	3,330	4,862	2,978	2,455	1,421
	2,914	2,874	3,095	3,235	3,410	3,215
	1,317	1,244	1,198	1,099	1,039	931
	-	-	-	0	14	288
	21,054	18,157	20,896	20,313	21,330	19,477
	(4,341)	(1,277)	(2,002)	(1,617)	(1,347)	(1,176)
	-	150	-	1,800	-	13,845
	-	-	-	-	-	558
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	850	850	850	851	850	928
	-	-	-	(1)	-	(543)
	850	1,000	850	2,650	850	14,788
\$	(3,491)	\$ (277)	\$ (1,152)	\$ 1,033	\$ (497)	\$ 13,612
	28.52%	28.52%	26.41%	24.92%	30.47%	23.13%

**City of Murphy, Texas**

Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years (Unaudited)  
 (Amounts Expressed in Thousands)

**Table 6**

Fiscal Year	Real Property		Less: Tax Exempt Real Property	Total Taxable Assesed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>(1)</sup>	Total Assesed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2009	\$ 1,313,839	\$ 76,480	\$ 20,106	\$ 1,370,213	0.5183	\$ 1,370,213	100.00%
2010	1,335,852	168,299	20,102	1,484,049	0.5384	1,484,049	100.00%
2011	1,343,032	171,655	46,830	1,467,857	0.5650	1,467,857	100.00%
2012	1,344,417	200,050	44,852	1,499,615	0.5650	1,499,615	100.00%
2013	1,374,719	210,457	40,516	1,544,660	0.5700	1,544,660	100.00%
2014	1,456,899	231,165	49,666	1,638,398	0.5700	1,638,398	100.00%
2015	1,600,864	253,386	53,625	1,800,625	0.5500	1,800,625	100.00%
2016	1,788,854	259,811	73,647	1,975,018	0.5300	1,975,018	100.00%
2017	2,021,044	280,198	109,172	2,192,070	0.5000	2,192,070	100.00%
2018	2,116,829	164,329	72,571	2,353,729	0.5000	2,353,729	100.00%

Source: Collin County Appraisal District

Note: Property is reassessed annually. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**City of Murphy, Texas**

**Table 7**

Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value)  
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended September 30,	City Direct Rates			Overlapping Rates*			
	General Fund	General Obligation Debt Service	Total Direct Rate	Plano Independent School District	Wylie Independent School District	Collin County	Collin County College District
2009	0.334100	0.184200	0.518300	1.303400	1.510000	0.242500	0.086500
2010	0.334100	0.204300	0.538400	1.328400	1.590000	0.242500	0.086300
2011	0.317400	0.247600	0.565000	1.353400	1.640000	0.240000	0.086300
2012	0.317400	0.247600	0.565000	1.373400	1.640000	0.240000	0.086300
2013	0.329495	0.240505	0.570000	1.373400	1.640000	0.240000	0.086230
2014	0.341500	0.228500	0.570000	1.453000	1.640000	0.237500	0.083600
2015	0.336270	0.213730	0.550000	1.448000	1.640000	0.235000	0.082000
2016	0.333221	0.196779	0.530000	1.439000	1.640000	0.208395	0.082111
2017	0.327749	0.182251	0.510000	1.439000	1.640000	0.192246	0.079810
2018	0.317750	0.182250	0.500000	1.439000	1.640000	0.192246	0.079810

Source: Collin County Appraisal District

[https://www.collincad.org/ccad/reports/rates\\_exemptions.php?year=2017](https://www.collincad.org/ccad/reports/rates_exemptions.php?year=2017)

\*Overlapping rates are those of local and county governments that apply to property owners within the City of Murphy.

**City of Murphy, Texas**  
Principal Property Tax Payers  
Current Year and Ten Years Ago (Unaudited)

**Table 8**

Taxpayer	2018			Assessed Taxpayer Value	2008		
	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value		Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
MURPHY MARKETPLACE STATION LLC	\$ 55,500	1	3.13%	MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	\$ 9,478	1	0.62%
WAL-MART REAL ESTATE BUSINESS TRUST	14,678	2	0.83%	ALLEN & LOUCKS VENTURE LP	9,184	2	0.46%
MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	14,014	3	0.79%	FORESTAR (USA) REAL ESTATE GROUP INC	8,040	3	0.43%
LOWE'S HOME CENTERS INC	11,048	4	0.62%	MURPHY STORAGE PARTNERS LLC	6,957	4	0.34%
NSA PROPERTY HOLDINGS LLC	9,346	5	0.53%	WAL-MART TEXAS LP	6,443	5	0.30%
DUKE REALTY BEMC MURPHY DEVELOPMENT LLC	9,162	6	0.52%	MCBIRNEY #544 JV	6,266	6	0.28%
WELLTOWER TCG RIDEA LANDLORD LLC	8,111	7	0.46%	ABS TX INVESTOR LP	5,400	7	0.26%
MURPHY SELF STORAGE LTD	6,922	8	0.39%	SHADDOCK DEVELOPERS LTD	5,384	8	0.25%
WAL-MART STORES TEXAS LLC	6,200	9	0.35%	ONE MURPHY VILLAGE LTD	4,311	9	0.23%
GELO INVESTMENTS LLC	6,075	10	0.34%	LOWE'S HOME CENTERS INC	4,778	10	0.22%
<b>Total</b>	<b>\$ 141,056</b>		<b>7.95%</b>	<b>Total</b>	<b>\$ 66,241</b>		<b>3.38%</b>

Source: Collin Central Appraisal District <https://www.collincad.org/downloads/finish/46-top-taxpayer-reports/375-2018-top-taxpayers-report>

**City of Murphy, Texas**  
Property Tax Levies And Collections  
Last Ten Fiscal Years (Unaudited)

**Table 9**

Fiscal Year Ended	Original Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>1</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 7,315	\$ 7,286	99.60%	15	\$ 7,301	99.81%
2010	7,891	7,866	99.68%	10	7,876	99.81%
2011	8,297	8,274	99.72%	26	8,300	100.04%
2012	8,455	8,432	99.73%	29	8,461	100.07%
2013	8,782	8,766	99.82%	19	8,785	100.03%
2014	9,325	9,298	99.71%	14	9,312	99.86%
2015	9,888	9,870	99.82%	3	9,873	99.85%
2016	10,448	10,424	99.77%	62	10,486	100.36%
2017	10,751	11,125	103.48%	57	11,182	104.01%
2018	11,373	11,797	103.73%	-	11,797	103.73%

Source: Collin County Tax Assessor-Collector [FY18 Tax Levy collections as of SEPT 2018.pdf](#)

<sup>1</sup> The subsequent year collections are updated at the end of the following year.

\* These years of levies have had adjustments that create collections greater than the original levy.

**City of Murphy, Texas**  
 Water and Sewer Revenues  
 Last Ten Fiscal Years (Unaudited)  
 (Amounts Expressed in Thousands)

**Table 10**

<u>Fiscal Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2009	\$ 3,123	\$ 2,177	\$ 5,300
2010	3,529	1,644	5,173
2011	4,555	1,633	6,188
2012	4,357	1,329	5,686
2013	4,736	1,427	6,163
2014	4,297	2,271	6,568
2015	5,338	2,811	8,149
2016	6,177	3,103	9,280
2017	5,947	3,493	9,440
2018	7,313	3,798	11,111

## City of Murphy, Texas

### Ratio of Outstanding Debt By Type Last Ten Fiscal Years (Unaudited) (Amounts Expressed in Thousands)

**Table 11**

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>b</sup>	Per Capita
	General Obligation Bonds	Notes	Gen Oblig & Refunding Bonds	Capital Leases	Tax Note	Issuance Premiums	Revenue Bonds	Certificates of Obligation	Capital Leases	Issuance Premiums			
2009	\$ 24,450	\$ -	\$ 8,285	\$ -	\$ -	\$ -	\$ 275	\$ 8,000	\$ -	\$ -	\$ 41,010	8.90%	2,868
2010	23,230	-	12,740	-	1,075	-	22	7,790	-	-	44,857	9.52%	3,140
2011	17,615	-	20,845	-	1,685	-	175	7,495	-	-	47,815	8.19%	2,701
2012	3,535	839	32,015	28	2,915	-	120	7,190	-	-	46,642	7.07%	2,634
2013	2,655	340	32,292	14	2,305	1,647	60	6,924	-	44	46,281	7.19%	2,320
2014	5,690	-	25,265	-	2,705	1,511	-	6,560	-	41	41,772	5.02%	1,950
2015	4,725	-	23,730	-	2,100	1,524	-	9,000	-	188	41,267	4.83%	1,958
2016	3,720	-	22,120	-	3,280	1,381	-	8,550	-	177	39,228	4.58%	1,747
2017	3,510	-	19,795	-	2,405	1,237	-	8,085	-	166	35,198	3.55%	1,528
2018	3,295	-	30,160	-	2,885	1,637	-	13,130	-	295	51,402	5.18%	2,189

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

(1) See Table 16 for personal income and population data.

(2) See Long Term Debt rollforward schedule

**City of Murphy, Texas****Table 12**

## Ratio of Net General Bonded Debt Outstanding

Last Ten Fiscal Years (Unaudited) – Amounts Expressed in Thousands

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Available Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2009	8,285	935	7,350	2.39%	514
2010	12,740	1,007	11,733	2.49%	818
2011	20,845	902	19,943	2.73%	1,127
2012	32,015	756	31,259	2.08%	1,765
2013	37,252	844	36,408	2.36%	1,576
2014	35,171	836	34,335	1.75%	1,392
2015	32,079	836	31,243	1.74%	1,482
2016	35,948	747	35,201	1.78%	1,571
2017	32,794	804	31,990	1.46%	1,389
2018	33,455	1,134	32,321	1.37%	1,377

**City of Murphy, Texas**

Direct and Overlapping Governmental Activities Debt  
 Last Ten Years (Unaudited) – Amounts Expressed in Thousands

**Table 13**

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Collin County	\$ 319,700,000	1.89%	\$ 6,042,519
Collin County Community College District	246,415,000	1.89%	4,657,244
Plano Independent School District	957,625,000	3.17%	30,356,713
Wylie Independent School District	<u>271,296,564</u>	11.64%	<u>31,578,920</u>
Subtotal, overlapping debt	<u>\$ 1,795,036,564</u>		72,635,395
<b>City of Murphy</b>		100.00%	<u>37,976,952</u>
<b>Total direct and overlapping debt</b>			<u>\$ 110,612,347</u>

**Source:** Municipal Advisory Council of Texas

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Fairview, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>d</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

**City of Murphy, Texas**

Legal Debt Margin Information

Last Ten Years (Unaudited)

(Amounts Expressed in Thousands)

**Table 14**

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 145,064	\$ 150,415	\$ 151,469	\$ 156,500	\$ 161,055	\$ 168,806	\$ 185,425	\$ 204,867	\$ 230,124	\$ 242,630
Total net debt applicable to limit	29,267	44,052	39,243	37,709	34,761	29,976	32,080	39,228	35,199	48,634
Legal debt margin	\$ 115,797	\$ 106,363	\$ 112,226	\$ 118,791	\$ 126,294	\$ 138,830	\$ 153,345	\$ 165,639	\$ 194,925	\$ 193,996
Total net debt applicable to the limit as a percentage of debt limit	20.18%	29.29%	25.91%	24.10%	21.58%	17.76%	17.30%	19.15%	15.30%	20.04%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 2,353,729
Add back: exempt real property	72,571
Total assessed value	<u>\$ 2,426,300</u>
Debt limit (10% of total assessed value)	\$ 242,630
Debt applicable to limit:	
Long term bonds	37,976,952
Less: amounts set aside for repayment of long term bonds	(1,134)
Total net debt applicable to limit	<u>\$ 37,975,818</u>
Legal debt margin	<u>\$ 193,996</u>

**City of Murphy, Texas**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years (Unaudited)  
(Amounts Expressed In Thousands)

**Table 15**

Fiscal Year	Water and Sewer System Revenue Bonds						
	Utility Services Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements		Times Coverage	
				Principal	Interest		
2009	\$ 5,357	\$ 4,174	\$ 1,183	\$ 215	29	5	
2010	5,209	4,050	1,159	345	313	2	
2011	6,206	4,295	1,911	360	301	3	
2012	6,315	4,689	1,626	370	288	2	
2013	7,075	5,656	1,419	380	275	2	
2014	7,218	5,215	2,003	330	262	3	
2015	8,652	5,706	2,946	450	342	4	
2016	9,034	6,505	2,529	450	342	3	
2017	9,484	6,959	2,525	480	315	3	
2018	11,231	7,812	3,419	625	558	3	

**Notes:** Operating expenses excludes depreciation; utility service charges includes investment income.

**City of Murphy, Texas**  
Demographic and Economic Statistics  
Last Ten Calendar Years (Unaudited)

**Table 16**

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Fromal Schooling	School Enrollment	Unemployment Rate
2009	14,300	471,900,000	33,000	35.8	14.0	65,552	6.0%
2010	14,350	473,550,000	33,000	35.8	14.0	67,355	6.0%
2011	17,700	584,100,000	33,000	37.0	14.0	68,489	6.0%
2012	17,708	659,268,840	37,230	34.9	14.0	68,109	5.4%
2013	19,950	643,946,100	32,278	35.4	14.0	67,839	5.8%
2014	20,625	801,466,875	38,859****	35.6	72.98%***	6,466**	4.7%*
2015	21,078	819,069,742	39,785****	36.0	80.85%***	5,646**	3.6%*
2016	22,447****	853,187,650****	35,057****	35.9****	79.84%***	5,022**	3.5%*
2017	23,032****	991,690,908****	41,738****	36.3****	78.16%***	5,062**	3.5%*
2018	23,477	991,690,908	42,241	36.0	76.50%	5,062**	3.2%*

Sources: \*Average rate for Collin County for 2018 according to Texas Workforce Commission (www.tracer2.com)  
\*\*This is an actual total of students from Murphy enrolled in PISD and WISD (per PISD and WISD)  
\*\*\*Percentage of residents that have completed college or higher level of education  
(Data was provided by The Retail Coach)  
\*\*\*\*Data was provided by The Retail Coach  
FY 2014 - 2018 source of data is the Retail Coach

**City of Murphy, Texas**  
Principal Area Employers  
Current Year and Nine Years Ago (Unaudited)

**Table 17**

Employer	2018			Employer	2009		
	No. of Employees	Rank	Percentage of Total City Employment		No. of Employees	Rank	Percentage of Total City Employment
Walmart	290	1	7.50%				
Lowe's Home Improvement	142	2	3.70%				
City of Murphy	125	3	3.27%				
McMillen High School	110	4	2.87%				
Murphy Middle School	109	5	2.85%				
Sprouts	85	6	2.22%				
Bogges Elementary School	78	7	2.04%				
Chick-fil-a	75	8	1.96%				
Hunt Elementary	74	9	1.93%				
Tibbals Elementary	65	10	1.70%				
				Albertson's	130	1	00.87%
				Murphy Middle School	120	2	00.80%
				Murphy City Hall	100	3	00.67%
				Lowe's	109	4	00.73%
				Walmart Neighborhood Marke	95	5	00.63%
				Tibbals Elementary School	71	7	00.47%
				Bogges Elementary School	63	8	00.42%
				McDonald's	35	9	00.23%
				Murphy Distribution Center - PI	23	10	00.15%

Source: Texas Workforce Commission

**City OF Murphy, Texas**

**Table 18**

Full-Time Equivalent Government Employees by Function/Program  
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	16.75	15.50	15.33	15.00	16.00	19.00	21.00	24.00	29.00	21.00
Public safety										
Police										
Officers	22	21	22	22	22	24	24	24	24	25
Civilians	9	9	9	11	11	11	11	11	11	6
Fire										
Firefighters and officers	20	19	20	21	22	24	24	24	24	23
Civilians	2	1	1	1	1	1	1	1	1	1
Animal Control	1	1	1	1	2	2	2	2	2	2
Public Service										
Municipal Court	2.50	2.50	2.00	3.00	3.00	4.00	4.00	3.00	4.00	4.00
Cultural and Recreation	11.75	11.75	10.33	12.00	12.00	13.00	13.00	15.00	15.00	15.00
Water										
Administration	3.0	3.0	4.3	6.0	6.0	6.0	6.0	6.0	1.0	5.0
Water	8	8	7	10	10	10	10	9	9	11
Wastewater	1	1	1	1	1	1	1	1	1	1
Bond Projects	-	-	-	-	-	-	-	-	-	2
Total	<u>97</u>	<u>93</u>	<u>93</u>	<u>103</u>	<u>106</u>	<u>115</u>	<u>117</u>	<u>120</u>	<u>121</u>	<u>116</u>

Source: Government Human Resource Department

Note: In prior years, some department information not available.

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**City of Murphy, Texas**

Operating Indicators by Function/Program  
Last Ten Fiscal Years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police				
Physical arrests	183	367	490	489
Traffic violations	4,976	5,156	7,796	3,589
Fire				
Number of calls answered	987	950	1,124	1,079
Inspections	128	173	192	129
Water				
New connections	157	166	146	217
Average daily consumption (gallons) (thousands of gallons)	3,500	3,353	3,496	2,794
Wastewater				
Average daily sewage treatment (thousands of gallons)	1,668.0	1,770	1,633	1,670

Source: Various government departments and North Texas Municipal Water District

Notes: Indicators are not available for the general government function

Sanitation services are provided by contractor

**Table 19**

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
374	346	198	217	184	180
3,217	3,140	2,903	3,247	3,483	2,694
1,202	1,204	1,301	1,449	1,332	1,424
314	224	137	183	334	191
130	98	97	79	22	22
2,719	2,156	2,685	2,647	3,600	4,219
1,704	1,566	2,518	2,473	1,913	2,012

**City of Murphy, Texas**

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years (Unaudited)

**Table 20**

<b>FUNCTION</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/CID vehicles	9	12	12	15	21	19	19	20	21	19
Motorcycles	-	-	-	-	-	-	-	-	-	-
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Engines	2	2	2	2	2	2	2	2	2	2
Ambulances	2	2	2	2	2	2	3	3	3	3
Vehicles	4	4	4	4	3	5	5	5	5	5
<b>Public works</b>										
Streets (miles)	80	82.5	82.5	82.5	82.5	82.5	82.5	82.5	82.5	102.1
<b>Culture &amp; Recreation</b>										
Parks acreage	280	280	284	297	285	322	322	322	322	322
Parks	8	11	14	14	9	10	10	10	10	10
Community center	-	-	-	1	1	1	1	1	1	1
<b>Water</b>										
Water lines (miles)	92.5	92.5	90.6	92.6	93.8	94.3	94.6	94.9	95.0	95.0
Fire hydrants	950	950	950	911	934	942	949	1,067	1,067	1,068
<b>Wastewater</b>										
Sanitary sewers (miles)	92.5	92.5	81.0	82.8	84.6	84.6	85.0	85.3	85.0	85.2

Sources: City departments, North Texas Water Municipal District

Note: No capital asset indicators are available for the general government function.

**City of Murphy, Texas****Table 1CD**Valuations, Exemptions and General Obligation Debt  
For the Fiscal Year Ended September 30, 2018

2017-2018 Market Valuation Established by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		\$	2,426,299,987
Less Exemptions/reductions at 100% market value:			
Agricultural/open space land use	\$	7,249,643	
Homestead cap		18,142,520	
Over 65 and disabled		36,188,732	
Disabled veterans		7,565,347	
Disabled persons		3,425,000	
			<u>72,571,242</u>
2017-2018 Taxable assessed valuation		\$	<u>2,353,728,745</u>
General debt payable from ad valorem taxes		\$	46,585,000
General interest and sinking fund as of September			<u>934,031</u>
Ratio general tax debt to taxable assessed valuation			1.98%
2018 estimated population			23,477
Per capita taxable assessed valuation	\$	100,257	
Per capita net funded debt payable from ad valorem taxes	\$	1,984	

Note: Collin Central Appraisal District - 2017 Certified Roll

**City of Murphy, Texas**

Tax Rate Levy and Collection History  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 2CD**

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Original Tax Levy <sup>1</sup>	Tax Collected Within the Fiscal Year <sup>1</sup>	% of Levy Collected
2009	0.5183	0.3341	0.1842	7,314,636	7,285,649	99.60
2010	0.5384	0.3341	0.2043	7,891,458	7,865,901	99.68
2011	0.5650	0.3174	0.2476	8,293,389	8,273,737	99.76
2012	0.5650	0.3174	0.2476	8,455,059	8,432,643	99.73
2013	0.5700	0.3295	0.2405	8,782,666	8,766,872	99.82
2014	0.5700	0.3415	0.2285	9,325,685	9,298,490	99.71
2015	0.5500	0.3363	0.2137	9,887,932	9,869,763	99.82
2016	0.5300	0.3332	0.0197	10,451,946	10,424,029	99.73
2017	0.5100	0.3228	0.1823	11,117,000	11,089,213	99.75
2018	0.5000	0.3178	0.1823	11,372,797	11,797,340	103.73

**Source:** Collin Central Appraisal District

**City of Murphy, Texas**

General Obligation Debt Service Requirements  
 For the Fiscal Year Ended September 30, 2018  
 (Unaudited)

**Table 3CD**

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2019	\$ 3,020,000	\$ 1,513,809	\$ 4,533,809	8.43%
2020	3,500,000	1,170,329	4,670,329	9.77%
2021	3,365,000	1,041,968	4,406,968	9.39%
2022	3,525,000	913,198	4,438,198	9.84%
2023	3,040,000	784,624	3,824,624	8.48%
2024	2,395,000	674,827	3,069,827	6.68%
2025	1,725,000	593,259	2,318,259	4.81%
2026	1,625,000	525,177	2,150,177	4.53%
2027	1,700,000	456,021	2,156,021	4.74%
2028	1,765,000	383,655	2,148,655	4.92%
2029	1,845,000	307,624	2,152,624	5.15%
2030	1,420,000	241,621	1,661,621	3.96%
2031	1,120,000	195,894	1,315,894	3.13%
2032	755,000	165,819	920,819	2.11%
2033	780,000	142,794	922,794	2.18%
2034	800,000	119,094	919,094	2.23%
2035	825,000	94,719	919,719	2.30%
2036	850,000	69,063	919,063	2.37%
2037	880,000	42,031	922,031	2.46%
2038	905,000	14,141	919,141	2.53%
	<u>\$ 35,840,000</u>	<u>\$ 9,449,663</u>	<u>\$ 45,289,663</u>	

**City of Murphy, Texas**

## Governmental Fund Revenues and Expenditure History

## Governmental Funds

## Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2009	2010	2011	2012
<b>REVENUES</b>				
Taxes	\$ 9,031	\$ 9,596	\$ 10,097	\$ 10,439
Permits and licenses	440	496	548	721
Charge for services	1,311	1,403	1,405	1,451
Fines and forfeitures	479	493	570	536
Investment income	115	27	76	23
Grants	164	21	33	752
Intergovernmental revenue	301	-	-	188
Donations	10	17	23	27
Miscellaneous	50	109	82	48
Total revenues	<u>\$ 11,901</u>	<u>\$ 12,162</u>	<u>\$ 12,834</u>	<u>\$ 14,185</u>
<b>EXPENDITURES</b>				
General government	\$ 2,070	\$ 2,060	\$ 2,292	\$ 2,615
Public safety	4,607	4,429	4,523	4,754
Public works	554	295	233	256
Sanitation	609	624	648	676
Public service and operations	555	481	595	698
Culture and recreation	1,416	828	845	1,089
Development	-	-	-	77
Capital outlay	453	4,577	5,776	3,319
Debt service	4,291	3,147	3,940	4,631
Total expenditures	<u>\$ 14,555</u>	<u>\$ 16,441</u>	<u>\$ 18,852</u>	<u>\$ 18,115</u>

**Table 4CD**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 11,105	\$ 11,960	\$ 12,734	\$ 13,518	\$ 14,172	\$ 14,767
891	688	521	941	560	485
1,595	1,633	1,647	1,739	1,766	1,866
442	367	370	304	360	298
17	12	11	26	49	81
1,133	640	2,816	620	999	15
1,211	1,095	717	765	821	694
23	84	11	4	2	8
295	400	67	779	1,253	87
<u>\$ 16,712</u>	<u>\$ 16,879</u>	<u>\$ 18,894</u>	<u>\$ 18,696</u>	<u>\$ 19,982</u>	<u>\$ 18,301</u>
\$ 2,669	\$ 2,552	\$ 3,060	\$ 4,250	\$ 4,831	\$ 3,999
4,974	5,267	5,683	5,876	6,219	6,346
241	307	285	231	271	235
697	721	756	761	770	880
783	624	668	646	675	537
1,096	1,127	1,137	1,118	1,493	1,482
131	113	152	119	153	143
6,232	3,330	4,862	2,978	2,455	1,421
4,230	4,119	4,293	4,334	4,463	4,434
<u>\$ 21,053</u>	<u>\$ 18,160</u>	<u>\$ 20,896</u>	<u>\$ 20,313</u>	<u>\$ 21,330</u>	<u>\$ 19,477</u>

**City of Murphy, Texas**

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2009	2010	2011	2012
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (2,654)</u>	<u>\$ (4,279)</u>	<u>\$ (6,018)</u>	<u>\$ (3,930)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds proceeds	\$ 9,415	\$ 5,875	\$ 9,655	\$ 11,695
Premium on bonds issued	-	-	-	-
Note proceeds	-	-	-	1,500
Payments to escrow agent	-	-	(4,253)	(12,335)
Debt issuance cost	-	(32)	278	789
Extraordinary revenue (expense)	-	-	-	-
Net transfers	854	850	850	850
Total other financing sources (uses)	<u>\$ 10,269</u>	<u>\$ 6,693</u>	<u>\$ 6,530</u>	<u>\$ 2,499</u>
<b>BEGINNING FUND BALANCE</b>	4,195	10,282	12,696	13,208
<b>PRIOR YEAR ADJUSTMENT</b>	<u>(1,528)</u>	-	-	-
<b>ENDING FUND BALANCE</b>	<u>\$ 10,282</u>	<u>\$ 12,696</u>	<u>\$ 13,208</u>	<u>\$ 11,777</u>

**Table 4CD – Concluded**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (4,341)	\$ (1,281)	\$ (4,016)	\$ (1,617)	\$ (1,348)	\$ (1,176)
-	150	-	1,800	-	13,845
-	-	-	-	-	558
-	-	-	-	-	-
-	-	-	-	-	-
850	850	850	850	850	385
\$ 850	\$ 1,000	\$ 850	\$ 2,650	\$ 850	\$ 14,788
11,777	8,317	8,037	6,885	7,918	7,420
31	-	-	-	-	(147)
\$ 8,317	\$ 8,036	\$ 4,871	\$ 7,918	\$ 7,420	\$ 20,885

**City of Murphy, Texas**  
Municipal Sales Tax History  
Last Ten Fiscal Years  
(Unaudited)

**Table 5CD**

<u>Fiscal Year</u>	<u>City of Murphy</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2009	\$ 1,586,211	21.40%	0.1109	111
2010	1,737,173	22.01%	0.1185	121
2011	1,893,680	22.83%	0.1290	107
2012	2,064,464	24.42%	0.1380	117
2013	2,582,592	29.69%	0.1692	129
2014	3,212,366	34.45%	0.1964	156
2015	3,557,001	35.97%	0.1978	169
2016	3,920,231	37.40%	0.1982	201
2017	3,966,071	35.68%	0.1890	172
2018	3,942,840	34.67%	0.1675	168

**City of Murphy, Texas**

Cash and Investments for Primary Government  
For the Fiscal Year Ended September 30, 2018  
(Unaudited)

**Table 6CD**

<u>Type of Investment</u>		
Cash on hand	1.05%	\$ 400,000
Money markets	1.60%	609,501
Analyzed checking	<u>97.35%</u>	<u>37,098,094</u>
	<u>100.00%</u>	<u>\$ 38,107,595</u>

**City of Murphy, Texas**

Proprietary Funds Debt Service Requirements  
 For the Fiscal Year Ended September 30, 2018  
 (Unaudited)  
 (Amounts Expressed in Thousands)

**Table 7CD**

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2019	\$ 975,000	\$ 564,727	\$ 1,539,727	7.15%
2020	860,000	472,558	1,332,558	6.31%
2021	740,000	443,398	1,183,398	5.43%
2022	765,000	414,960	1,179,960	5.61%
2023	800,000	384,444	1,184,444	5.87%
2024	835,000	352,210	1,187,210	6.13%
2025	870,000	317,705	1,187,705	6.38%
2026	905,000	281,059	1,186,059	6.64%
2027	940,000	242,186	1,182,186	6.90%
2028	980,000	200,796	1,180,796	7.19%
2029	1,030,000	157,119	1,187,119	7.56%
2030	460,000	126,956	586,956	3.37%
2031	475,000	111,206	586,206	3.48%
2032	500,000	94,781	594,781	3.67%
2033	515,000	77,478	592,478	3.78%
2034	535,000	59,156	594,156	3.93%
2035	345,000	44,106	389,106	2.53%
2036	355,000	32,288	387,288	2.60%
2037	365,000	19,688	384,688	2.68%
2038	380,000	6,650	386,650	2.79%
	<u>\$ 13,630,000</u>	<u>\$ 4,403,471</u>	<u>\$ 18,033,471</u>	