MURPHY CITY COUNCIL AGENDA
REGULAR CITY COUNCIL MEETING
APRIL 1, 2014 AT 6:00 P.M.
206 NORTH MURPHY ROAD
MURPHY, TEXAS 75094

CITY OF MURPHY
LIFE LIVED AT YOUR PACE

NOTICE is hereby given of a meeting of the City Council of the City of Murphy, Collin County, State of Texas, to be held on April 1, 2014 at Murphy City Hall for the purpose of considering the following items. The City Council of the City of Murphy, Texas, reserves the right to meet in closed session on any of the items listed below should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. CALL TO ORDER

2. INVOCATION & PLEDGE OF ALLEGIANCE

3. ROLL CALL & CERTIFICATION OF A QUORUM

4. PUBLIC COMMENTS

5. PRESENTATION ITEMS

6. CONSENT AGENDA

All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

A. Consider and/or act upon the March 4, 2014 regular meeting minutes.

B. Consider and/or act upon the March 18, 2014 regular meeting minutes.

C. Consider and/or act on upon approval of an ordinance amending the City of Murphy Code of Ordinances Chapter 35 Section 35-6 Duty to Transport whereas Methodist Richardson – Renner will be added to the list of facilities to receive patients.

7. INDIVIDUAL CONSIDERATION

A. Consider and/or act on the approval of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2013.

B. Consider and/or act on the application of **Lloyd M. Nelson** requesting approval of a Concept Plan for property zoned PD (Planned Development) District No. 09-02-785; approximately 4.8 acres on property known as the Nelson Addition, approximately 800’ west of Heritage Parkway. The City Council cannot take action on this item because it has not received a recommendation from the Planning & Zoning Commission.

C. Discussion on the consideration of the use of synthetic material landscaping in residential zoning.

D. Consider and/or take action on Timbers Nature Preserve and Trail Project.

E. Consider and/or act on the SRTS – sidewalk in Rolling Ridge.

8. CITY MANAGER/STAFF REPORTS

North Murphy Road Construction Update
Murphy Central Park Grand Opening – Experience Murphy- April 5th
Concession Stand Agreement with PSA
May Election

9. EXECUTIVE SESSION

The City Council will hold a closed Executive Session pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

B. § 551.072. Deliberation regarding the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

C. §551.071 Consultation with City Attorney regarding pending litigation or contemplated litigation involving:
   a. George Parker and Parker Tree Services.

10. RECONVENE INTO REGULAR SESSION

The City Council will reconvene into Regular Session, pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, to take any action necessary regarding:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

B. § 551.072. Deliberation regarding the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

C. §551.071 Consultation with City Attorney regarding pending litigation or contemplated litigation involving:
   a. George Parker and Parker Tree Services.

D. Take Action on any Executive Session Item.

11. ADJOURNMENT

I certify that this is a true and correct copy of the Murphy City Council Meeting Agenda and that this notice was posted on the designated bulletin board at Murphy City Hall, 206 North Murphy Road, Murphy, Texas 75094; a place convenient and readily accessible to the public at all times, and said notice was posted on March 28, 2014 by 5:00 p.m. and will remain posted continuously for 72 hours prior to the scheduled meeting pursuant to Chapter 551 of the Texas Government Code. ___________________________ Kim McCranie Executive Administrative Assistant
In compliance with the American with Disabilities Act, the City of Murphy will provide for reasonable accommodations for persons attending public meetings at City Hall. Requests for accommodations or interpretive services must be received at least 48 hours prior to the meeting. Please contact the City at 972.468.4006 or kroberts@murphytx.org.

Notice of Possible Quorum: There may be a quorum of the 4B Community Development Corporation, the Animal Shelter Advisory Committee, the Board of Adjustment, the Building and Fire Code Appeals Board, the Ethics Review Commission the Murphy Municipal Development District Board, the Park and Recreation Board and/or the Planning and Zoning Commission may be present at the meeting, but they will not deliberate on any city business.

1. **CALL TO ORDER**
   Mayor Barna called the meeting to order at 6:00 p.m.

2. **INVOCATION & PLEDGE OF ALLEGIANCE**
   Mayor Barna gave the invocation and led the recitation of the Pledge of Allegiance.

3. **ROLL CALL & CERTIFICATION OF A QUORUM**
   Executive Administrative Assistant, Kim McCranie, certified a quorum with the following Councilmembers present:

   Mayor Eric Barna
   Mayor Pro Tem Owais Siddiqui
   Deputy Mayor Pro Tem Ben St. Clair
   Councilmember Scott Bradley
   Councilmember Betty Nichols Spraggins
   Councilmember Bernard Grant
   Councilmember Rob Thomas

   Councilmembers absent: None

4. **PUBLIC COMMENTS** – None

5. **PRESENTATION ITEMS** – None

6. **CONSENT AGENDA**
   All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

   A. Consider and/or act upon minutes
      1. February 18, 2014 regular meeting minutes

   COUNCIL ACTION (6A): ***APPROVED***
   Mayor Pro Tem Siddiqui moved to approve the consent agenda, as presented. Deputy Mayor Pro Tem St. Clair seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

7. **INDIVIDUAL CONSIDERATION**
   A. Consider and/or act on the application of BV Murphy TFG, LLC requesting approval of a site plan, landscape plan, building elevations and construction plat for Raising Cane's on property zoned (R) Retail at 120 W FM 544.

   Director of Economic and Community Development Kristen Roberts presented the application of BV Murphy TFG, LLC for Raising Cane's with the requested variances for flag signs, parking and landscaping.

Councilmembers Bradley and Siddiqui expressed concerns regarding the cross access to the subject project and the Jack in the Box property. Kristen Roberts stated that the City is working with the Jack in the Box and Hobby Lobby on cross access.

Council expressed concerns regarding the flags located on the buildings exterior.

Robert Montgomery, 213 Crepe Myrtle, Murphy, Texas - Mr. Montgomery thanked Kristen Roberts and Lori Knight for all of their assistance through the application process. He stated that the flags were included to help the council get an image as to who Raising Cane's is. He said that Raising Cane's is very involved in the community so if they were in a college town they would put the school flags up in support. He said they have no problems taking the flags out of the design. He said they have upgraded the materials of the building to include real brick and stone. He said they feel they have added more landscaping that is all drought friendly with the added buffers.

COUNCIL ACTION (7.A.): ***APPROVED***

Councilmember Grant moved to approve the application of BV Murphy TFG, LLC requesting approval of a site plan, landscape plan, building elevations and construction plat for Raising Cane's on property zoned (R) Retail at 120 W FM 544 removing any flags on the site. Deputy Mayor Pro Tem St. Clair seconded the motion. For: Barna, St. Clair, Spraggins, Grant and Thomas. Opposed: Bradley and Siddiqui. The motion carried by a vote of 5 to 2.

B. Discuss and/or act on Planned Development District Ordinance No. 03-10-590 (Gables and Ranch).

City Attorney, Andy Messer presented to the Council the background of Ordinance 03-10-590 regarding the maintenance of the wooden fence along McWhirter road and by the "Covenants, Conditions & Restrictions (CCR) for the Ranch/Gables Subdivision. He said the City has reached out to DR Horton in September 2013 requesting they build a fence and then each homeowner would be notified of the responsibility of maintenance of the portion on their property, unfortunately they were not responsive to this compromise.

Ray Shahan, 405 Sagebrush – Mr. Shahan said the CCR states that the HOA is responsible for all of the screening along the thoroughfare; it doesn't define what type of screening. He said this ordinance singles out and affects only approximately 30 homeowners out of approximately 600 which is not fair. He requested Council to amend Ordinance 03-10-590 by removing the exception from the ordinance making the Homeowners Association responsible for all screening.

Charles Hall, 411 Sagebrush – Mr. Hall stated that as closing he did not receive his CCR paperwork and were lied to. They were told that the HOA was responsible for the screening wall.

Patrick Miller, 329 Texas Trail – Mr. Miller stated that the CCR stated that the HOA is responsible for the screening wall.

The Council discussed what if any options the City has with the language of the Ordinance that could resolve the issue of responsibility of the screening wall and maintain the health and safety of the City.

COUNCIL ACTION (7.B.): ***APPROVED***
Councilmember Bradley moved to confirm the language in Ordinance 03-10-590 specific to fencing and living screen wall along McCreary Road. Deputy Mayor Pro Tem St. Clair seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

C. Consider and/or act on the Murphy Municipal Development District contracting with retail consulting firm.

City Manager, James Fisher presented to the Council the proposed contract between MMD and the retail consulting firm, Retail Coach.

John Daugherty, 738 Rosewood Drive - Mr. Daugherty, President of the MDD approached the Council to a brief summary of the details of the contract and request approval for the MDD to enter into a contract with Retail Coach.

Aaron

COUNCIL ACTION (7.C.): ***APPROVED***

D. Councilmember Grant moved to approve the Murphy Municipal Development District contracting with Retail Coach as presented. Councilmember Spraggins seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

E. Discussion regarding the City of Murphy Trail System.

City Manager, James Fisher presented and update to the Council regarding the trail system. He said the discussion began this past summer with the Parks and Recreation Board for trail naming opportunities, assessing and prioritizing what was needed to connect trail to outside of the City.

Mr. Fisher said he feels our first priority should be the ability to connect our parks and neighborhoods together by identifiable trails that help people understand where they are and introduce them to other parks. He said this is also important to help promote the ability for residents to determine distances for their own wellness routine and emergency response purposes. He said the Park Board will begin these discussions at their March meeting.

COUNCIL ACTION (7.D.): ***NON-ACTION ITEM***
No action was taken on this item.

F. Consider and /or act on a Resolution adopting an Inter Local Agreement (ILA) between Collin County and the City of Murphy regarding the allocation of funds for culvert extensions on North Murphy Road.

City Manager, James Fisher presented the ILA between Collin County and the City of Murphy for the culvert extensions on North Murphy Road. He said the cost of the project will be split between the State, Collin County and the City of Murphy.

COUNCIL ACTION (7.E.): ***APPROVED***

Councilmember Bradley moved to approve a Resolution authorizing the City Manager adopting an Inter Local Agreement (ILA) between Collin County and the City of Murphy regarding the allocation of funds for culver extensions on North Murphy Road. Deputy Mayor Pro Tem seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

8. CITY MANAGER/STAFF REPORTS

Mr. Fisher provided the Council with an update on the following items:

North Murphy Road Construction Update – Begin work on NMR/Betsy intersection, road will be down to 1 lane during spring break week.

Water Restrictions – Mailed post cards out with watering schedule; winter watering schedule will continue thru April; Texhoma connection will be around the June timeframe; City drought education through you tube videos, social media and signs; Drought Ordinance amendments at the March 18th City Council meeting

Murphy Central Park Grand Opening – April 5th

May Election – 1 contested race. Early voting will begin April 28th.

9. EXECUTIVE SESSION

The City Council held a closed Executive Session at 7:54 p.m, pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

10. RECONVENE INTO REGULAR SESSION

The City Council reconvened into Regular Session at 8:21 p.m., pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, to take any action necessary regarding:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

B. Take Action on any Executive Session Item:

Councilmember Bradley moved to authorize the Mayor to act on behalf of the City Council to appoint an Acting City Secretary. Mayor Pro Tem Siddiqui seconded the motion. Motion passed 7-0.

11. ADJOURNMENT

With no further business, the meeting was adjourned at 8:21 p.m.

APPROVED BY:

____
Eric Barna, Mayor

ATTEST:

____
Kim McCranie, Executive Administrative Assistant

CITY COUNCIL MINUTES
MARCH 18, 2014 REGULAR CITY COUNCIL MEETING

1. CALL TO ORDER

Mayor Pro Tem Siddiqui called the meeting to order at 6:00 p.m.

2. INVOCATION & PLEDGE OF ALLEGIANCE

Mayor Pro Tem Siddiqui gave the invocation and led the recitation of the Pledge of Allegiance.

3. ROLL CALL & CERTIFICATION OF A QUORUM

Executive Administrative Assistant, Kim McCranie, certified a quorum with the following Councilmembers present:

Mayor Eric Barna (arrived at 6:13 pm)
Mayor Pro Tem Owais Siddiqui
Deputy Mayor Pro Tem Ben St. Clair
Councilmember Scott Bradley
Councilmember Betty Nichols Spraggins
Councilmember Bernard Grant
Councilmember Rob Thomas

Councilmembers absent: None

4. PUBLIC COMMENTS

Marv Williams, 1201 Cactus Path – Mr. Williams thanked Councilmembers Spraggins and Grant for attending the Chamber luncheon. Mr. Williams reminded everyone about the Murphy Chamber of Commerce "Spring Fever" event on Saturday, March 29th from 12:00pm – 5:00pm in the Lowe's parking lot.

Barbara Harless, 709 Summer Place – Ms. Harless approached the Council in regards to "Experience Murphy". She expressed her opposition to this event in supporting multi-culturalism/diversity, stating it is not a function of the government and they should not be spending taxpayer dollars to promote it.

Chris Koleber, 411 Woodcrest Circle – Ms. Kolber approached the Council to express her displeasure with the City spending taxpayer dollars on another city event. She would prefer the City to look into freezing City Taxes for Senior Citizens instead of spending more money on developing, maintain and sustaining more parks and events.

5. PRESENTATION ITEMS

(Mayor Barna arrived at 6:13 pm)

A. Finance Director Linda Truitt introduced John Manning of Pattillo, Brown, & Hill, L.L.P. to present the Comprehensive Annual Financial Report for Fiscal Year ended in September 30, 2013. Ms. Truitt stated that for the 9th consecutive year the City has received the Certificate of Achievement of Excellence for Financial Reporting from the Government Finance Officers Associations and will be submitting the CAFR for the same award again this year. Ms. Truitt presented the following financial highlights from the report:
Pg. 4 – General Fund Unassigned Fund Balance
Pg. 7 – Net Assets

Pg. 9 – Net Position
Pg. 18 – Total General Fund Balance
Pg. 22 – 24 – General Fund Revenues & Expenditures
Pg. 47 – Long Term Debt

Mr. Manning gave an overview of their processes and procedures for the audit and reporting. He was very complimentary of the City's financial procedures and records. He acknowledged the changes requested by Council had been made.

B. Finance Director Linda Truitt presented the Council with the unaudited finance and investment report as of February 28, 2014.

6. CONSENT AGENDA

All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

7. INDIVIDUAL CONSIDERATION

A. Discussion with Oncor representatives regarding service concerns in Murphy.

Barry Young with Oncor Electric presented to the Council the maintenance and repairs that have been completed since the December 2013 ice storm. Mr. Young stated that Oncor have reviewed the outages in the Skyline Acres and Travis Farm areas since 2010 with the following items as:

- 60% - Trees contacting lines
- 27% - Storm
- 8% - 3rd Party incidents
- 5% - Undetermined

Mr. Young said that there had been only 1 outage since the December 2013 ice storm, which was caused by a 3rd party truck, on December 23rd that hit a line while picking up debris from the ice storm, until today. He said today a transformer blew at a large customer service area that affected approximately 40 thousand customers.

Mr. Young stated they began inspecting trees and trimming on December 16, 2013 and patrolled the lateral lines at the same time which was completed on February 2, 2014. He said they will continue to monitor the area closely. He said they found some pole issues and have installed wildlife guards. He said they will wait to continue the remaining maintenance/repairs until spring due to possible power outages while work is being completed.

Mr. Young encouraged customers to use the following tools during a power outage:

- Oncor Outage Map
- Stormcenter.oncor.com/default
- Twitter
- Facebook
- Text – Sign up and report outages via text 66267, out.

Mr. Young has been pleased with the work that has been complete since December 2013. He said there will be some power outages from time to time but they will continue to monitor the outages in these areas for patterns, etc. He also encouraged residents to communicate with the City Manager or him directly.

Barbara Harless, 709 Summer Place – Ms. Harless inquired as to how Oncor knew the power was out if the smart meters did not communicate. Mr. Young of Oncor replied that the lack of communication was the notification of a power outage.

COUNCIL ACTION (7.A.): ***NO ACTION***

B. Consider and take action, if any, on the approval of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2013.

The Council requested action on this item be postponed until the April 1, 2014 meeting in order for the public to have more time to review the Comprehensive Annual Financial Report for FY13.

COUNCIL ACTION (7.B.): ***NO ACTION***

C. Presentation and Discussion on the Evolution of Murphy Information Technology: The Path to Government 3.0

I.T. Manager, Wendle Medford presented to Council a broad overview of what the Information Technology Department has accomplished and the direction for the future of Government 3.0.

Barbara Harless, 709 Summer Place – Ms. Harless expressed her agreement with live streaming and archiving of the City Council meetings.

COUNCIL ACTION (7.C.): ***NO ACTION***

D. Consider and/or act on amending Ordinance 11-10-897; Water Conservation and Drought Management Ordinance.

City Manager, James Fisher presented Ordinance 11-10-897 proposed amendments to City Council.

- 1st offense not to exceed $100.00
- Dismissal of a citation upon proof of repair being provided
- Allowing soaker hoses around a swimming pool

Mr. Fisher stated the City is doing everything we can to educate and work with the community on this issue. He stated that post card notices with current notification with current water restriction information have been mailed out and will mail out any updates immediately and new water restriction signs are being put throughout the city.

The Council inquired about the fines, the definition of "proof of repair" and clarification of the time frame for "has committed no prior violations".

COUNCIL ACTION (7.D.): ***APPROVED***

Mayor Pro Tem Siddiqui moved to approve the proposed amendments to Ordinance 11-10-897 Water Conservation and Drought Management specifically with the caveat that verbiage regarding the Calendar Year should be added to Section 82.376 (A)(1) and to change section (2) to read "fine not to exceed $2000.00". Councilman Thomas seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

E. Consider and/or act on the use of the Concession Stand at Central Park by PSA and authorize the City Manager to execute an agreement.

City Manager, James Fisher said during the construction phase he was approached by PSA about the possibility of operating the concession stand at Central Park. He said when the planning of the April 5th event began PSA approached him again about running the concession stand. He explained that an agreement would need to be put together and presented to City Council. He also explained that with the short notice of the request he has not been able to get a draft agreement to present.

Mr. Fisher said in talking with PSA they have operated several of the concession stands located in the City of Plano parks and assumes all liability and would like to provide this service for the City of Murphy.

Council had a brief discussion regarding what interest if any has shown by other organizations in operating the concession stand. Concerns were expressed regarding an exclusive agreement with one organization excluding others from being able to benefit from operating the concession stand at events.

Mr. Fisher said that he would state in the agreement that 4-6 small events would be reserved for other/smaller organizations to operate the concession stand or a revenue share situation with PSA for the event.

Council requested to see an agreement before approving and requested that it be a minimum of 12 months and within the agreement with PSA it is permitted that 4-6 small events would be reserved for other organizations or a revenue share agreement with PSA for the event.

COUNCIL ACTION (7.E.): ***NO ACTION***

F. Discussion on the proposals regarding the Community Survey.

City Manager James Fisher stated that City Council requested staff to send out a proposal for a Community Survey. He said they have received the proposals and asked how Council would like to proceed.

Councilmember Grant recommended a 3 person committee to review the proposals and present 2 candidates to the Council to interview.

The review committee will consist of Mayor Barna, Mayor Pro Tem Siddiqui and Councilmember Thomas. Mr. Fisher will coordinate the process with the Committee.

8. CITY MANAGER/STAFF REPORTS

Mr. Fisher provided the Council with an update on the following items:

North Murphy Road Construction Update – Concern regarding how the bridge will affect McWhirter Road. Mr. Fisher is looking into this.
Murphy Central Park Grand Opening – April 5th
May Election
Chamber Events – 2 Ribbon cuttings: Park side Dental on March 20th and Sears on March 27th.
CLC meeting on Thursday, March 20th at 7:30 am.
Early Voting will begin on Monday, May 19th and election day May 27th.
SRTS – Rolling Ridge – The State will need a decision by April 2nd.
April 15th meeting, a discussion regarding Public Transit.

9. EXECUTIVE SESSION

The City Council will hold a closed Executive Session at 7:48 p.m., pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

10. RECONVENE INTO REGULAR SESSION

The City Council will reconvene into Regular Session at 8:30 p.m., pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, to take any action necessary regarding:

A. §551.074 Deliberation regarding the appointment, evaluation, reassignment, duties, discipline or dismissal of the City Secretary.

B. Take Action on any Executive Session Item
No action was taken as a result of executive session items.

11. ADJOURNMENT

With no further business, the meeting was adjourned at 8:31 p.m.

APPROVED BY:

____
Eric Barna, Mayor

ATTEST:

____
Kim McCranie, Executive Administrative Assistant

Issue

Consider and/or act upon approval of an ordinance amending the City of Murphy Code of Ordinances Chapter 35 Section 35-6 Duty to Transport whereas Methodist Richardson - Renner will be added to the list of facilities to receive patients.

Staff Resource/Department

Mark Lee, Fire Chief Murphy Fire Rescue

Key Focus Area

Public Safety

Summary

The Murphy City Council has approved an ordinance providing for Emergency Medical Services including a list of hospitals to which we regularly transport patients to. In Section 35-6 there is a list of hospitals for adult and pediatric patients. With the additional services rendered at the Methodist Richardson Medical Center, Renner campus they will now be a facility capable of meeting the requirements of the City's ordinance. This proposed amendment also cleans up a typographical error in the last amended ordinance on the name of Methodist Richardson Medical Center, Campbell. This facility was incorrectly listed in the prior amendment as Campbell Methodist, Richardson.

Background/History

On 04/03/2012 the Murphy City Council amended an ordinance regarding Emergency Medical Services for the City of Murphy. The ordinance lists specific hospitals which the Emergency Medical Services division of the Murphy Fire Department is allowed to transport patients to. This list was developed with the premise of having options for all patients based upon medical appropriateness of the receiving facility. As of April 14, 2014 Methodist Richardson Medical Center is relocating many of their patient services to the new hospital located at Renner Rd. and President George Bush Turnpike. This location has had a free standing emergency department for many years. Under our ordinance first adopted in December 2011 we stopped transporting patients to this campus due to the lack of a 24 hour intensive care unit. With the expansion in services and facilities we are proud to be able to resume transporting patients to this facility when medically appropriate.

Financial Considerations

Probable reduction in fuel consumption due to closer transports for some patients.

Other Considerations

Probably a reduction in the "time out of service" as this facility is approximately 8 – 10 minutes closer than the other facilities that we transport to.

Action Requested

Staff requests City Council to approve an ordinance amending the City of Murphy Code of Ordinances Chapter 35 Section 35-6 amending the list of transport destinations as presented.

Attachments

Proposed Ordinance Amending Chapter 35 of the City of Murphy Code of Ordinances

ORDINANCE NO. _____________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MURPHY, TEXAS, BY ADDING CHAPTER 35 REGULATING THE PROVISION OF EMERGENCY MEDICAL SERVICES WITHIN THE CITY; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A CUMULATIVE/REPEALER CLAUSE; PROVIDING A PENALTY CLAUSE; PROVIDING A SAVINGS CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapters 773 and 774 of the Texas Health and Safety Code, and its powers as a Texas home-rule municipality, the City of Murphy, Texas is authorized to adopt ordinances necessary to ensure that its citizens have access to quality emergency medical services; and

WHEREAS, the City Council of the City of Murphy, is of the opinion that an ordinance regulating emergency medical services within the City is in the best interest of the City of Murphy and will promote the health safety and welfare of the citizens of the City of Murphy and the general public;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS, THAT:

Section 1. **Findings Incorporated.**

The findings set forth above are incorporated into the body of this ordinance as if fully set forth herein.

Section 2. **Adoption of Regulations Governing Emergency Medical Services within the City of Murphy.**

That the Code of Ordinances of the City of Murphy, Texas, is hereby amended by adding a new Chapter 35 regulating the provision of emergency medical services within the City of Murphy, to be entitled "Emergency Medical Services" which shall read in its entirety as follows:

"**Sec. 35-1. Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Emergency medical services has the meaning as defined in V.T.C.A., Health and Safety Code § 773.003, as may be amended.

Emergency medical services provider has the meaning as defined in V.T.C.A., Health and Safety Code § 773.003, as may be amended.

Emergency medical services vehicle has the meaning as defined in V.T.C.A., Health and Safety Code § 773.003, as may be amended.

Emergency medical services run shall mean the trip made by the emergency medical services vehicle to the place where the emergency medical services are rendered, or from the place where the emergency medical services are rendered to a hospital or other appropriate destination for the patient.

Fire department shall mean the fire prevention and protection department for the city.

Licensed emergency medical services provider shall mean an emergency medical services provider licensed by the Texas Department of State Health Services, or its successor agency, under V.T.C.A., Health and Safety Code Chapter 773 to perform either emergency medical services or non-emergency transfer services.

Non-emergency transfer services shall mean any circumstance in which a patient is transported by a licensed emergency medical services provider using an emergency medical services vehicle under circumstances which are or have been represented to be of a non-emergency nature.

Non-emergency transfer service provider shall mean a provider performing non-emergency transfer services.

Sec. 35-2. Provider of services; equipment held by the city.

(a) Provider of services. The fire department of the city shall be the sole provider of emergency medical services within the city, except for other emergency medical service providers requested by the fire department to perform emergency medical services during times of multiple emergency medical services needs. The fire department shall not be obligated to provide non-emergency transfer services.

(b) Equipment held by the city. The equipment held by the city to perform emergency medical services shall be utilized for emergency medical services for persons requesting or utilizing such service, and such emergency medical services shall be under the immediate supervision of the chief of the fire department, and such equipment shall be maintained at a location under the direction of the chief of the fire department, subject to approval of the city manager.

Sec. 35-3. Service Fees – Imposed.

Any person using the fire department for emergency medical services shall pay for such services, including, without limitation, a base fee, a supplies fee, plus a mileage charge for certain types of transportation, as determined from time to time by the city council in accordance with the city fee ordinance (section 3.100).

Sec. 35-4. Liability for payment.

The person receiving emergency medical services and any person contracting for emergency medical services shall be responsible for payment of the fees. In the case of services received by a minor, the parent or guardian of the minor shall be responsible for payment of the fees. The fire department shall invoice the person receiving emergency medical services and/or the person responsible for the fees and payment shall be made no later than thirty (30) days thereafter.

Sec. 35-5. Availability of emergency medical services.

Emergency medical services shall be, and by the terms of this ordinance are, available to all persons who live, work or visit within the corporate limits of the city provided such emergency medical services arise within the corporate limits of the city, to persons residing within the corporate limits of other towns or municipalities within Collin County when provided for by contract, to other persons residing within Collin County when provided for by contract, and to persons not residing within Collin County when provided for by contract.

Sec. 35-6. Duty to transport.

The fire department shall transport the injured or sick to a medical facility of the person's choice provided the medical facility is equipped to handle that type of medical emergency (i.e., is an appropriate facility) and the person's choice is among the facilities listed below :

Medical Center of Plano
~~Campbell Methodist, Richardson~~
Methodist Richardson Medical Center, Campbell
Methodist Richardson Medical Center, Renner
Baylor, Garland
Baylor Heart Hospital
Baylor, Plano
Parkland, Dallas
Medical City of Dallas
Children's Medical Center, Dallas
Legacy Children's Hospital

It shall be the discretion of the paramedic to utilize other emergency medical transportation when appropriate for the situation (i.e. helicopter, private ambulance, etc.) or to transport the patient to facilities other than requested when other factors, such as estimated transport time, access to facility, and suitability of facility to treat patient, necessitate that another facility be utilized. Facilities not listed above may be utilized for medical necessity after first consulting with the Online Medical Control Physician. No person shall be denied transport to a medical facility for medical care. The fire department shall not have a duty to transport persons who do not need emergency medical services but instead only desire to use non-emergency transfer services. Any person requesting non-emergency transfer services may arrange for private transportation or use a non-emergency transfer services provider.

Sec. 35-7. Private emergency medical services.

(a) It shall be unlawful for any person, either as owner, agent or otherwise, other than a member of the fire department or an agency of the United States, or duly appointed representative of the city, to furnish, operate, conduct, maintain, advertise or otherwise be engaged in or profess to be engaged in the operation of emergency medical services, upon the streets, alleys, or any public way or place within the city, for the purpose of picking up patients within the city, except in the following circumstances:

1. It shall not be unlawful for a person operating as a non-emergency transfer services provider in the city, upon responding to a direct call for non-emergency transfer services, to operate such emergency medical services vehicle under emergency conditions, using emergency equipment, after notifying the fire alarm dispatcher when a determination is made by the non-emergency transfer service providers' attendants that an emergency exists requiring the sick or injured person to be transported with all practical speed to a hospital.

2. It shall not be unlawful for any person operating as a non-emergency transfer services provider in the city, who is performing the service of maintaining an emergency medical services vehicle at a particular location for a sporting or community activity event, to operate such emergency medical services vehicle under emergency conditions, using emergency equipment, after notifying the fire alarm dispatcher when a determination is made by the non-emergency transfer service providers' attendants that an emergency exists requiring the sick or injured person to be transported with all practical speed to a hospital.

3. It shall not be unlawful for any person to operate an emergency medical services vehicle within the city, if the place of emergency at which the sick or injured person was picked up by such emergency medical services provider is outside the corporate limits of the city, and the emergency medical services provider making the emergency medical services run is a licensed emergency medical services provider.

4. It shall not be unlawful for any person to operate an emergency medical services vehicle in the city on an emergency medical services run when fire

department emergency medical service vehicles are not available, and the fire alarm dispatcher requests such service from the provider.

(b) Any person operating as a non-emergency transfer service provider in the city who makes an emergency medical services run under the provisions of subsection (a)1 or (a)2 of this section shall, if requested in writing by the fire department, within ten days of each such emergency medical services run, submit to the chief of the fire department a report which shall describe the circumstances requiring the emergency medical services run.

(c) In the event that a patient dies while being transported from one place within the city to another place within or beyond its limits, the emergency medical services provider shall:

1. Immediately notify the fire department of such death, by two-way radio or public telephone; and
2. Within two hours, file a written report with the fire chief upon such forms as they may provide or prescribe, giving all information therein required and any other relevant information which the fire chief may require.

Sec. 35-8. Non-emergency transfer service providers.

Nothing in this ordinance regulates the provision of non-emergency transfer service providers in the city, except as expressly referenced herein."

Section 3. **Severability Clause.**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation of this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

Section 4. **Cumulative/Repealer Clause.**

This ordinance shall be cumulative of all provisions of State or Federal law and other ordinances of the City of Murphy, Texas, whether codified or uncodified, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed to the extent of such conflict.

Section 5. **Penalty Clause.**

Any person, firm or corporation violating any of the provisions or terms of this ordinance shall be subject to a fine in any sum not to exceed five hundred dollars ($500.00) and each day of violation shall be deemed a separate offense.

Section 6. **Savings Clause.**

All rights and remedies of the City of Murphy, Texas, are expressly saved as to any and all violations of the provisions of this ordinance or any other ordinance which have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

Section 7. **Effective Date.**

This ordinance shall become effective immediately upon its passage and publication as required by law.

DULY PASSED, APPROVED AND ADOPTED by the City Council of the City of Murphy, Texas, on this the ______day of _______________________, ~~2012~~2014.

____
~~Bret M. Baldwin~~Eric Barna, Mayor
City of Murphy

ATTEST:

____
~~Aimee Nemer~~Kim McCranie, Acting City Secretary
City of Murphy

APPROVED AS TO FORM:

____
Wm. Andrew Messer, City Attorney

Issue

Consider and take action, if any, on the approval of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2013.

Background/History

Section 7.18 of the City Charter requires the City Council to call for an independent audit of all accounts by a certified public accountant at the close of each fiscal year.

The certified public accounting firm of Pattillo, Brown & Hill, L.L.P. conducted the independent annual financial audit for the 2012-2013 fiscal year. Pattillo, Brown & Hill, L.L.P. was selected to perform the annual independent audit through the Request for Proposals process for audit services during 2013. This is an independent auditor's report and analysis of the City's major funds and business type activities with accompanying financial statements. The audit report, with the auditor's recommendations, will be presented to the City Council. John Manning of Pattillo, Brown & Hill, L.L.P. and Linda Truitt, Finance Director will present the comprehensive annual financial report and answer questions during the presentation prior to Council officially approving the audit.

The CAFR was presented to City Council on March 18, 2014 for approval and was tabled to April 1, 2014 City Council Meeting.

Financial Considerations

At the end of the fiscal year, the unassigned fund balance for the General Fund is $3,556,706 an increase of $1,027,487 from the projected FY 2013 Fund Balance included in the FY 2014 Budget. Approximately $500,000 of this increase is the animal shelter which was not constructed in FY 2013. This fund balance represents 32% of total general fund expenditures for the fiscal year. Revenues were greater than budgeted, primarily in the areas of sales tax, property taxes and licenses and permit revenues. Total General Fund expenditures were within 94.4% of budgeted amounts.

Unrestricted net assets of the Utility Fund at year end are $3,482,901, an increase of $1,549,347 from prior year.

Action Requested

Approval of the comprehensive annual financial report for the fiscal year ended September 30, 2013 as conducted by Pattillo, Brown & Hill, L.L.P.

Attachments

Comprehensive Annual Financial Report (CAFR)

Comprehensive Annual Financial Report

City of Murphy, Texas

Fiscal Year Ended September 30, 2013

CITY OF MURPHY
LIFE LIVED AT YOUR PACE

206 N. Murphy Road . Murphy, Texas . 75094 . www.murphytx.org

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2013

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

James Fisher, City Manager
Linda Truitt, Finance Director
Steven Ventura, Assistant Finance Director

CITY OF MURPHY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i – iv
Certificate of Achievement for Excellence in Financial Reporting	v
Organization Chart	vi
List of Elected Officials and Administrative Officers	vii
FINANCIAL SECTION	
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16 – 17
Government Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19

CITY OF MURPHY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

	Page Number
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Budgetary Comparison Schedule – General Fund	22 – 24
Proprietary Fund Financial Statements	
Statement of Fund Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Discretely Presented Component Units Statements	
Statement of Fund Net Position – Discretely Presented Component Units	28
Statement of Activities – Discretely Presented Component Units	29
Notes to the Financial Statements	30 – 59
Required Supplementary Information:	
Schedule of TMRS Funding Progress and Contributions	60

CITY OF MURPHY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

	Page Number
Supplementary Information	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Modified Accrual Basis) and Actual – Debt Service Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual – Capital Projects Fund	62
Discretely Presented Component Units:	
Balance Sheet – Component Unit Community Development Corporation	63
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Component Unit Community Development Corporation	64
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit Community Development Corporation	65
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Government Funds to the Statement of Activities – Component Unit - Community Development Corporation	66
Balance Sheet – Component Unit Murphy Municipal Development District	67
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Component Unit Murphy Municipal Development District	68

CITY OF MURPHY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

		Page Number
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit Murphy Development District		69
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities – Component Unit Murphy Development District		70
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Modified Accrual Basis) and Actual – Community Development Corporation		71
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Modified Accrual Basis) and Actual – Murphy Municipal Development District		72

STATISTICAL SECTION

	Table	
Net Position by Component	1	73 – 74
Changes in Net Position	2	75 – 78
Governmental Activities Tax Revenues by Source	3	79
Fund Balances, Governmental Funds	4	80 – 81
Changes in Fund Balances of Governmental Funds	5	82 – 85
Assessed Value and Estimated Actual Value of Taxable Property	6	86
Property Tax Rates – Direct and Overlapping Governments	7	87
Principal Property Taxpayers	8	88
Property Tax Levies and Collections	9	89
Water and Sewer Revenues	10	90

TABLE OF CONTENTS

SEPTEMBER 30, 2013

	Table	Page Number
Ratios of Outstanding Debt by Type	11	91
Ratios of General Bonded Debt Outstanding	12	92
Direct and Overlapping Governmental Activities Debt	13	93
Legal Debt Margin Information	14	94 – 95
Pledged Revenue Coverage	15	96
Demographic and Economic Statistics	16	97
Principal Area Employers	17	98
Full-Time Equivalent City Government Employees by Function/Program	18	99
Operating Indicators by Function	19	100
Capital Asset Statistics by Function/Program	20	101
CONTINUING DISCLOSURE SECTION (UNAUDITED)		
Valuation, Exemptions and General Obligation Debt	1CD	102
Tax Rate Levy and Collection History	2CD	103
General Obligation Debt Service Requirements	3CD	104
Governmental Fund Revenues and Expenditure History	4CD	105 – 108
Municipal Sales Tax History	5CD	109
Cash and Investments for Primary Government	6CD	110
Proprietary Funds Debt Service Requirements	7CD	111

CITY OF MURPHY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

Page
Number

COMPLIANCE SECTION

Auditor's Reports:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* .... 112 - 113

INTRODUCTORY SECTION

CITY OF
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CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

James Fisher
City Manager

206 North Murphy Road
Murphy, TX 75094
www.murphytx.org

March 4, 2014

Honorable Mayor Eric Barna and City Council
City of Murphy
Murphy, Texas

Dear Mayor Barna and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the City of Murphy, Texas for the year ended September 30, 2013 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.

Pattillo, Brown, & Hill, L.L.P. has issued an unmodified ("clean") opinion on the City of Murphy's financial statements for the year ended September 30, 2013. 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 INFORAMTION – 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. It currently occupies 5.1 square miles and serves a population of approximately 19,000. The City of Murphy is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute 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 a governing council ("Council") consisting 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 shall be responsible to the City Council for administration of all the affairs of the City. The City Manager shall establish, direct and supervise the administration of all departments of the City, with only those exceptions that are outlined in the charter.

The City of Murphy provides a full range of service, including police and fire protection; emergency medical services; water, sewer 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 and other infrastructure; public improvements; and parks, recreational and community activities.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Murphy as legally defined), as well as all of 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 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 10^{th} of each year, September 30th. 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 of Murphy, Texas financial planning and control. The budget is prepared by fund and department (e.g., police) level.

ECONOMIC CONDITIONS AND OUTLOOK

The local economy continued to improve during 2013. The City saw several new businesses come to town including a major big box retail store which in turn has generated additional growth. These businesses have contributed to an increase of sales tax and property values. The housing industry has continued to expand but the City will soon reach build out within the next five years. The new sales tax generated from new businesses should help offset the declining building and development fee revenue as the City reaches build out.

MAJOR INITIATIVES

For Fiscal Year 2013-2014, the top priority projects of the City of Murphy include:

Complete the construction of the Murphy Central Park with a grand opening in the Spring

Complete the design, Right of Way acquisition and begin the construction of the South Maxwell Creek Trunk Sewer Line

Complete the construction of two new lanes of Betsy Lane from North Murphy Road to McCreary Road

Complete the construction of the Animal Shelter

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The City's accounting records for 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 the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's Finance Director, and expenditure estimates by each City department. Each department submits a five year Roadmap/Plan each year which serves as a guide for the proposed fiscal year budget. These Roadmap/Plans are reviewed and updated each fiscal year. Budgets are reviewed by the City Manager and budget workshops are held with City Council prior to the submission of the recommended budget to the City Council by August 10th.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, Finance Director and the City Council concurrently with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Finance Director. Monthly departmental expenditures are generated by an automated management accounting system and proved expenditure totals for the most recently completed month, as well, as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are approved by the City Council when the budget is approved.

The objective of these controls is to regulate expenditures to be in accordance with the budget and directives of the City Council. These controls are inherently limited by the segregation of duties of a small government.

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 additional financial advisory services to the City.

General Governmental Functions

Tax Rates: All eligible property within the City is subject assessment, levy and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bounds with the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

	Tax Rate
2009-2010	.5384
2010-2011	.5650
2011-2012	.5650
2012-2013	.5700
2013-2014	.5700

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 its comprehensive annual report ("CAFR") for the fiscal year ended September 30, 2012. This was the ninth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City's employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

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

Respectfully submitted,

James Fisher
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

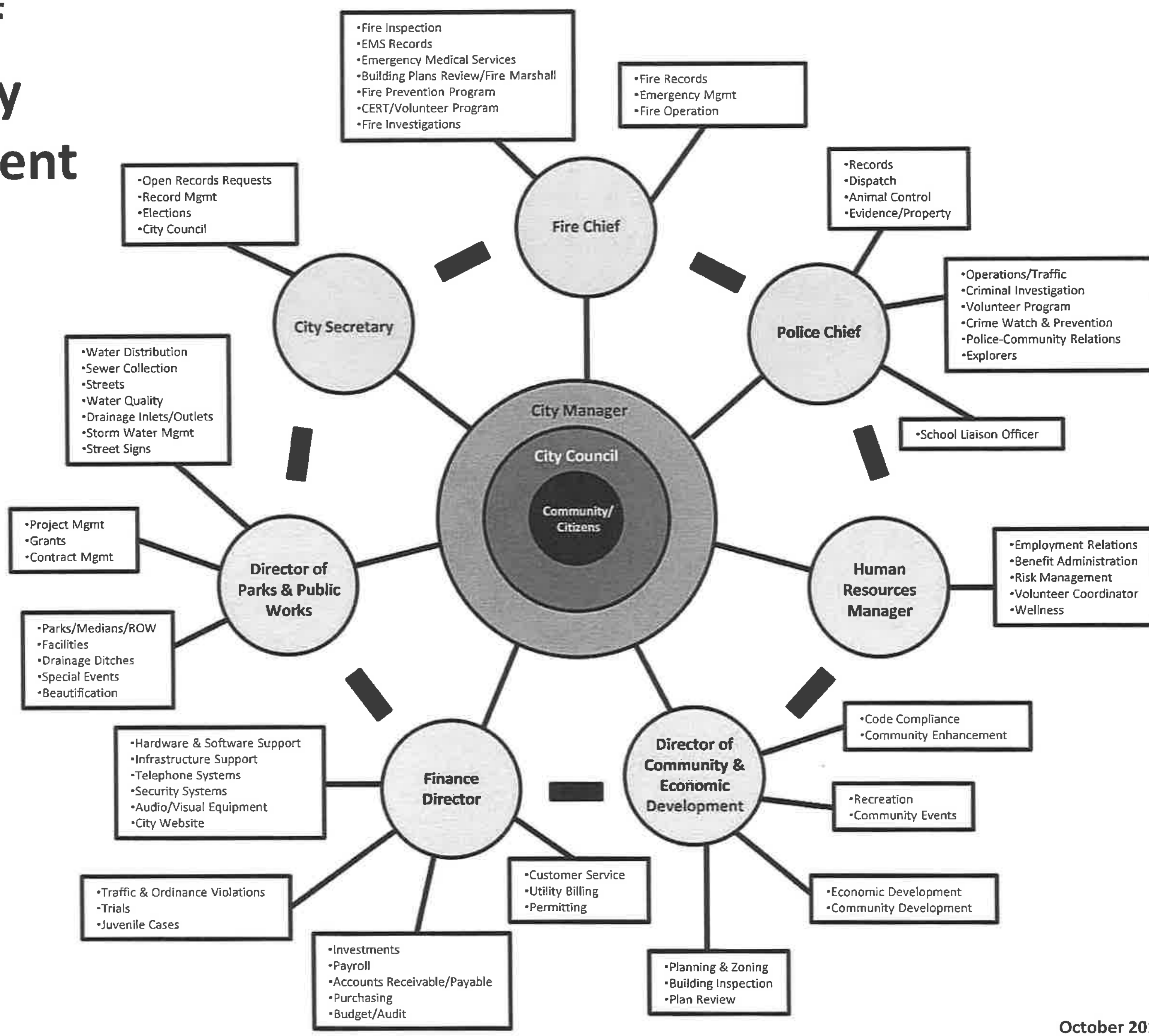
City of Murphy, Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Murphy Government



CITY OF MURPHY, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS FOR THE YEAR ENDED SEPTEMBER 30, 2013

City Council

Eric Barna, Mayor
Owais Siddiqui, Mayor Pro-Tem
Ben St. Clair, Deputy Mayor-Tem
Scott Bradley
Betty Spraggins
Bernard Grant
Rob Thomas

City Manager

James Fisher

City Secretary

Kristi Gilbert

Leadership Team

G.M. Cox, Chief of Police
Steven Ventura, Interim Director of Parks & Public Works
Kristen Roberts, Director of Community and Economic Development
Linda Truitt, Finance Director
Mark Lee, Fire Chief
Stacy Buckley, Human Resources Manager

CITY OF
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FINANCIAL SECTION

CITY OF
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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To 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, each major fund, and the aggregate remaining fund information of the City of Murphy, Texas, as of and for the year ended September 30, 2013, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ ALBUQUERQUE, NM (505) 266-5904

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, each major fund, and the aggregate remaining fund information of the City of Murphy, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgeting comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of TMRS Funding Progress and Contributions, on pages 4-14 and 60 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 statistical section, are presented for 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, 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.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
March 13, 2014

CITY OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF
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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, 2013. 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 $79,852,907 (net position). Of this amount, $69,599,011 or 87%, is net investment in capital assets. Net position restricted for a specific purpose is $1,538,690. The remaining, $8,715,206 (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 $2,982,113, excluding prior period adjustments, mainly due to increased collections of property and sales taxes.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $8,314,321, a decrease of ($3,491,464), excluding prior period adjustments, in comparison with the prior year. The decrease in combined ending fund balances is attributable to the capital expenditures in the Capital Projects Fund for parks and recreation. Approximately 43% of this total amount, or $3,556,706, 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 $3,556,706 was 32% percent of total general fund expenditures for the fiscal year. The increase in fund balance of the General Fund in the amount of $522,230 was largely due to budgeted expenditures being in-line with expected revenues and increased collections of property and sales taxes.

- The City's total outstanding long-term debt decreased by ($3,584,226), or (7%), during the current fiscal year.

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 discussion and analysis provided here are intended to serve as an introduction to the City of Murphy's basic financial statements. The City of Murphy's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The first two statements (pages 15-17) 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 (pages 18-27) 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 supplemental information** is provided to show details about the City's pension plan and individual funds. Budgetary information required by the General Statutes can also be found in this part of the statements.

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 unit. The City of Murphy has two component units, the Murphy Municipal Development District and the Murphy Community Development Corporation.

The government-wide financial statements are on pages 15-17 of this report.

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 Governmental Fund financial statements can be found on pages 18-24 of this report.

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 budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 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. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30 – 59 of this report.

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 progress in funding its obligation to provide pension benefits to its employees.

City of Murphy's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 11,666,982	$ 15,212,969	$ 4,812,980	$ 5,292,236	$ 16,479,962	$ 20,505,205
Capital assets	77,996,534	74,468,682	32,009,525	32,516,131	110,006,059	106,984,813
Total assets	89,663,516	89,681,651	36,822,505	37,808,367	126,486,021	127,490,018
Total deferred outflows of resources	411,796	449,232	-	-	411,796	449,232
Long-term liabilities	37,800,158	41,048,656	7,003,396	7,339,124	44,803,554	48,387,780
Other liabilities	1,582,600	1,392,053	658,756	818,898	2,241,356	2,210,951
Total liabilities	39,382,758	42,440,709	7,662,152	8,158,022	47,044,910	50,598,731
Net position:						
Net investment in capital assets	44,573,482	42,864,733	25,025,529	27,030,887	69,599,011	69,895,620
Restricted	886,767	902,766	651,923	685,904	1,538,690	1,588,670
Unrestricted	5,232,305	3,922,675	3,482,901	1,933,554	8,715,206	5,856,229
Total net position	$ 50,692,554	$ 47,690,174	$ 29,160,353	$ 29,650,345	$ 79,852,907	$ 77,340,519

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 by $79,852,907 as of September 30, 2013.

Net investment in capital assets:

The City's net position increased by $2,982,113, excluding prior period adjustments, for the fiscal year ended September 30, 2013. However, a large portion, 87%, 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 2% that are subject to external restrictions on how they may be used, or by enabling legislation. The restricted net positions are comprised of (a) $762,093 for debt service and, (b) $776,597 for state imposed restrictions.

Unrestricted net position:

Unrestricted net position in the amount of $8,715,206 is available to fund the City programs to citizens and creditors.

City of Murphy's Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Totals 2013	Totals 2012
Revenues:						
Program revenues:						
Charges for services	$ 3,046,940	$ 2,695,310	$ 7,058,856	$ 6,276,046	$ 10,105,796	$ 8,971,356
Operating grants and contributions	369,220	217,631	-	-	369,220	217,631
Capital grants and contributions	1,975,563	2,539,487	-	-	1,975,563	2,539,487
General revenues:						
Property taxes	8,962,153	8,476,687	-	-	8,962,153	8,476,687
Franchise taxes	855,550	924,686	-	-	855,550	924,686
Sales and use taxe taxes	1,299,239	1,048,827	-	-	1,299,239	1,048,827
Investmmet income	17,244	20,487	5,968	8,876	23,212	29,363
Miscellaneous	280,643	42,043	9,882	30,515	290,525	72,558
Total revenues	16,806,552	15,965,158	7,074,706	6,315,437	23,881,258	22,280,595
Expenses:						
General government	3,635,933	3,705,261	-	-	3,635,933	3,705,261
Public safety	5,290,825	5,061,637	-	-	5,290,825	5,061,637
Public works	1,219,764	1,475,871	-	-	1,219,764	1,475,871
Public services and operations	789,277	704,278	-	-	789,277	704,278
Parks and recreation	1,545,567	1,471,993	-	-	1,545,567	1,471,993
Development	131,050	-	-	-	131,050	-
Sanitation services	697,425	675,909			697,425	675,909
Interest on long-term debt	1,128,746	1,583,332	-	-	1,128,746	1,583,332
Water and sewer	-	-	6,460,558	5,739,544	6,460,558	5,739,544
Total expenses	14,438,587	14,678,281	6,460,558	5,739,544	20,899,145	20,417,825
Increases in net position before transfers	2,367,965	1,286,877	614,148	575,893	2,982,113	1,862,770
Transfers	850,000	850,000	(850,000)	(850,000)	-	-
Change in net position	3,217,965	2,136,877	(235,852)	(274,107)	2,982,113	1,862,770
Net position, beginning	47,690,174	45,505,293	29,650,345	30,093,886	77,340,519	75,599,179
Prior period adjustment	(215,585)	48,004	(254,140)	(169,434)	(469,725)	(121,430)
Net position, ending	$ 50,692,554	$ 47,690,174	$ 29,160,353	$ 29,650,345	$ 79,852,907	77,340,519

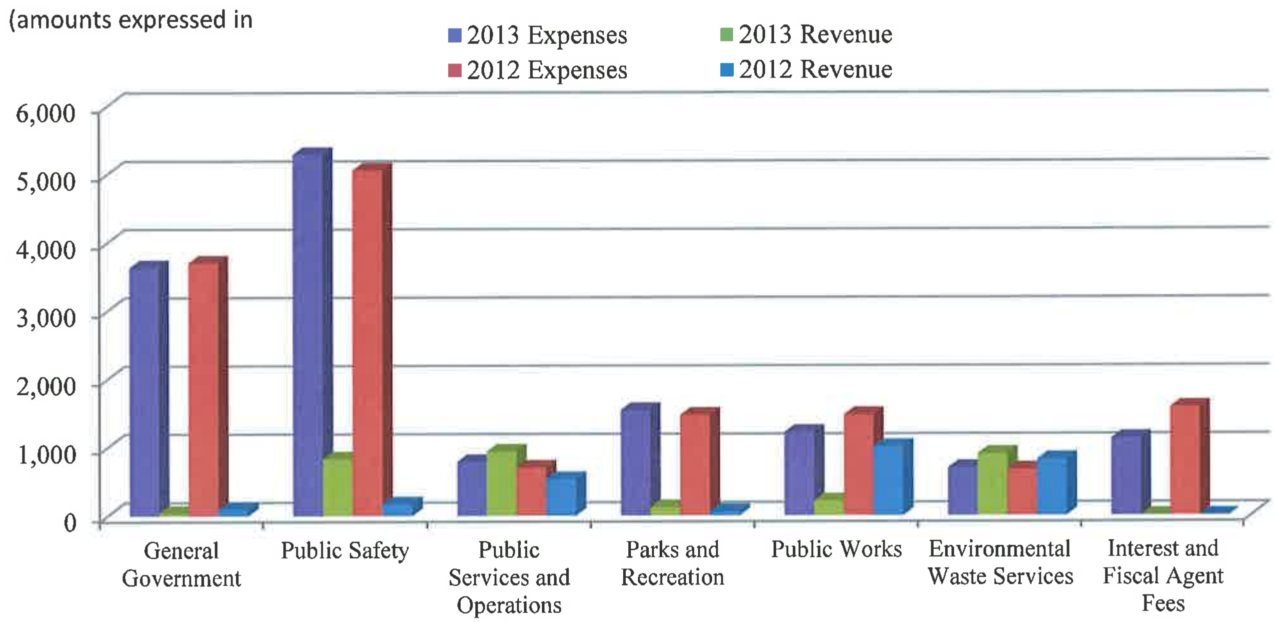
The Governmental Activities have increased net position, excluding prior period adjustments, in the amount of $3,217,965. This is due in large part to greater revenues from property and sales taxes as well as charges for services.

The Business-type Activities have a decrease in net position of ($235,852) due in large part to an increase in cost of contractual services provided for water purchases in the amount of $363,784.

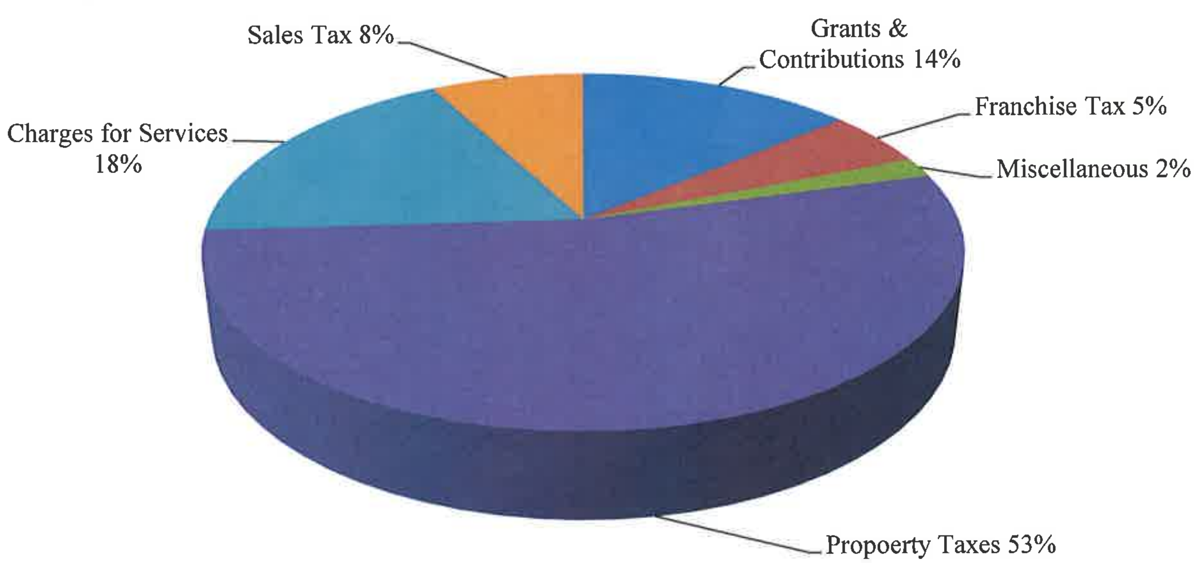
Governmental-type Activities – Governmental-type activities increased the City's net position by $3,217,965, excluding prior period adjustments. A key element of this increase is as follows:

The City received greater revenues from property and sales taxes as well as charges for services.

Expenses and Program Revenues - Governmental Activities



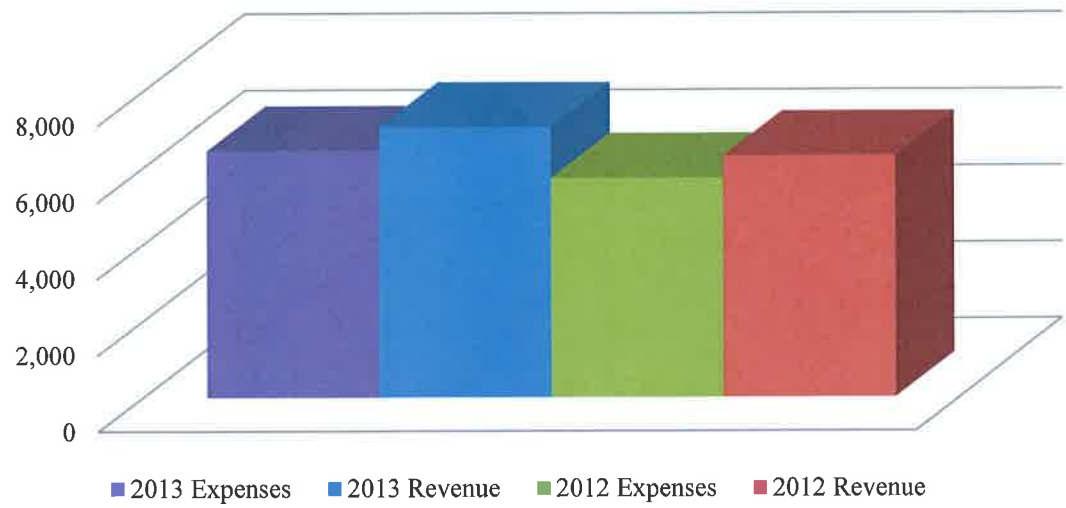
Revenues by Source – Governmental Activities



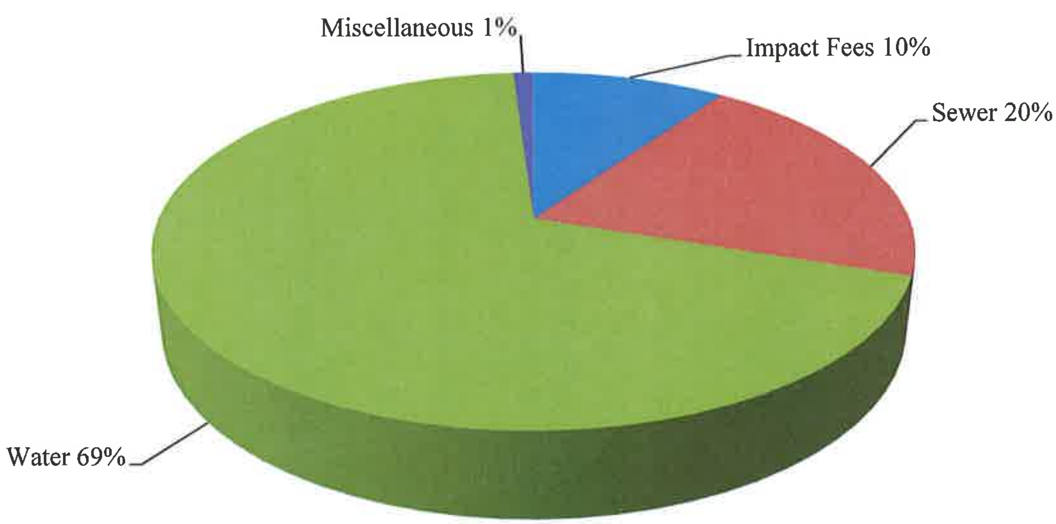
Business-type Activities – Business-type activities decreased the City's net position by ($235,852), excluding prior period adjustments. Key elements for this decrease are as follows:

Contractual services expenses increased $363,784, or 11%.
Interest and fiscal charges increased $248,359, or 92%.

Revenues by Source - Business-type Activites
(amounts expressed in thousands)



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 $3,556,706. 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 32% of total General Fund expenditures. The $522,230 increase in fund balance in the General Fund is largely due to the increase in property and sales taxes and charges for services in comparison to the previous year.

At September 30, 2013, the governmental funds of the City of Murphy reported a combined fund balance of $8,314,321, a (30%) decrease from last year. The City restricted $4,740,047 during the year ended September 30, 2013, of which $3,771,339 is for capital improvements.
At September 30, 2013, the debt service fund, a major governmental fund, had a total fund balance of $844,034 which is restricted for the payment of debt. An increase of $88,492 in fund balance during the current year was due to collecting more revenue than budgeted during the year.

At September 30, 2013, the capital projects fund, a major fund, had a decrease in fund balance of ($4,102,186). The decrease is due to the spending of resources obtained through the issuance of long-term debt in the prior period on capital acquisitions and construction in the current fiscal year.

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

Revenues were slightly less than the budgeted amounts within the fund. Expenditures were well below 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 $3,482,901 and $25,025,529 invested in net capital assets less related debt. 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, 2013, totals $110,006,059 (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:

- Several ongoing major street infrastructure improvements: N Murphy Rd, McCreary Rd and Betsy Lane with a cost of $1,601,423.
- Continued progress on Murphy Municipal Park Project with a cost of $4,142,322.
- Ongoing project of the purchase and installation of radio read meters in the Utility Fund with a cost of $391,743.

City of Murphy
Capital Assets
September 30, 2013

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land and improvements	$ 12,301,789	$ 12,301,789	$ -	$ -	$ 12,301,789	$ 12,301,789
Construction in progress	9,077,437	3,291,843	1,962,187	1,579,852	11,039,624	4,871,695
Buildings and improvements	25,632,155	25,632,155	-	-	25,632,155	25,632,155
Machinery and equipment	3,960,654	3,779,063	506,839	483,254	4,467,493	4,262,317
Infrastructure	47,404,580	47,404,580	38,920,989	38,920,990	86,325,569	86,325,570
Accumulated depreciation	(20,380,081)	(17,940,748)	(9,380,490)	(8,467,965)	(29,760,571)	(26,408,713)
Total	$ 77,996,534	$ 74,468,682	$ 32,009,525	$ 32,516,131	$ 110,006,059	$ 106,984,813

Long-Term Debt

As of September 30, 2013, total long-term debt for the City was $44,590,183. This debt represents bonds secured by specified revenue sources.

City of Murphy
Outstanding Debt
September 30, 2013

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation and certificates of obligation	$ 22,630,000	$ 23,855,000	$ 6,880,000	$ 7,190,000	$ 29,510,000	$ 31,045,000
Refunding bonds	10,670,000	11,695,000			10,670,000	11,695,000
Revenue bonds	-	-	60,000	120,000	60,000	120,000
Tax notes	2,305,000	2,915,000			2,305,000	2,915,000
Capital lease	14,303	27,732			14,303	27,732
Notes payable	339,627	839,627	-	-	339,627	839,627
Premium on bonds issued	1,647,257	1,783,030	43,996	46,745	1,691,253	1,829,775
Discount on bonds issued	-	(246,511)	-	(34,715)	-	(281,226)
	$ 37,606,187	$ 40,868,878	$ 6,983,996	$ 7,322,030	$ 44,590,183	$ 48,190,908

The City of Murphy's long-term debt decreased by ($3,600,725), or (7%) during the past fiscal year.

More detailed information about the City's long-term liabilities is presented in Note G to the financial statements on pages 47-51.

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 $161,055,000, which is significantly in excess of the outstanding general obligation debt.

Economic Factors and Net Year's Budgets and Rates

The FY2014 budget reflects a 3.6% increase in the M&O tax rate from $0.329495 to $0.341521 per $100 valuation. The tax rate for the debt service fund decreased by $0.012026 to $0.228479 the result of refinancing of bonds and reducing the interest rate creating a major savings over the life of the outstanding bonds.

The FY 2014 budget will raise more total property taxes than last year's budget by $534,480 or 6.08% and of that amount, $252,911 is tax revenue to be raised from new property added to the roll this year.

The City continues to see growth in sales tax collection as the retail and commercial areas continues to develop. Sales tax revenues are projected to generate approximately 14% of the FY 2014 General Fund revenues. This number should continue to increase as new businesses open.

The main source of revenues for the Utility Fund is water and sewer fees for both residential and commercial customers. Revenues from the sale of water are budgeted at $5,037,700 for FY 2014, a 1.78% increase from the FY 2013 budget while sewer sales are projected at $2,502,000, an increase of 88.12%. Water and sewer rates were adjusted in December, 2013 which resulted in the projected increase of revenues.

While the City supports water conservation in general and especially during the drought that the North Texas area is experiencing, this will have a negative impact on the water sales while the operational costs remain constant. Revenues from water and sewer sales will be monitored closely throughout the year.

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.

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

BASIC FINANCIAL STATEMENTS

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

CITY OF MURPHY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 8,833,876	$ 2,411,224	$ 11,245,100	$ 990,215
Receivables (net of allowance for uncollectible)	618,165	869,200	1,487,365	260,553
Internal Balances	334,892	(334,892)	-	-
Notes receivable from component unit	1,737,807	-	1,737,807	-
Note receivable	-	-	-	-
Restricted assets:	-	-	-	58,400
Cash and cash equivalents	142,242	1,867,448	2,009,690	-
Capital assets not being depreciated:			-	-
Land	12,301,789	-	12,301,789	-
Construction in progress	9,077,437	1,962,187	11,039,624	-
Capital assets net of accumulated depreciation:				
Infrastructure	47,404,580	38,920,989	86,325,569	-
Buildings and improvements	25,632,155	-	25,632,155	-
Machinery and equipment	3,960,654	506,839	4,467,493	-
Accumulated depreciation	(20,380,081)	(9,380,490)	(29,760,571)	-
Total assets	89,663,516	36,822,505	126,486,021	1,309,168
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	411,796	-	411,796	-
Total Deferred Outflow of Resources	411,796	-	411,796	-
LIABILITIES				
Accounts payable	884,673	206,149	1,090,822	26,081
Accrued expenses	188,672	26,290	214,962	-
Due to other governments	58,273	-	58,273	
Other liabilities	11,973	2,862	14,835	-
Unearned revenues	332,965	33,147	366,112	-
Customer deposits	875	355,533	356,408	
Accrued interest payable	105,169	34,775	139,944	
Noncurrent liabilities:				
Due within one year				
Compensated absences	19,397	4,462	23,859	-
Capital lease payable	14,303	-	14,303	-
Note payable to primary government	-	-	-	327,669
Note payable	799,627	-	799,627	-
Bond payable	2,480,774	382,750	2,863,524	-
Due in more than one year:				
Compensated absences	174,574	14,938	189,512	-
Capital lease payable	-	-	-	-
Note payable to primary government	-	-	-	1,410,138
Note payable	1,845,000	-	1,845,000	-
Bonds payable	32,466,483	6,601,246	39,067,729	-
Total liabilities	39,382,758	7,662,152	47,044,910	1,763,888
NET POSITION				
Net investment in capital assets	44,573,482	25,025,529	69,599,011	-
Restricted for:				
Debt service	762,093	-	762,093	-
Use of impact fees	-	651,923	651,923	-
Court Use	124,674	-	124,674	-
Unrestricted	5,232,305	3,482,901	8,715,206	(454,720)
Total net position	$ 50,692,554	$ 29,160,353	$ 79,852,907	$(454,720)

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

		Program Revenue		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 3,635,933	$ 38,784	$ 286,400	$ 57,576
Public safety	5,290,825	832,595	2,100	-
Public services and operations	789,277	939,093	-	-
Parks and recreation	1,545,567	120,580	-	1,229,872
Public works	1,219,764	212,592	-	688,115
Development	131,050	-	-	-
Sanitation services	697,425	903,296	80,720	-
Interest on long-term debt	1,128,746	-	-	-
Total governmental activities	14,438,587	3,046,940	369,220	1,975,563
Business-type activities:				
Water and sewer	6,460,558	7,058,856	-	-
Total business-type activities	6,460,558	7,058,856	-	-
Total primary government	20,899,145	10,105,796	369,220	1,975,563
Component units:				
Governmental Activities:				
Community Development Corporation	653,231	-	-	-
Murphy Development District	829,264	-	-	-
Total component units:	$ 1,482,495	$ -	$ -	$ -

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

Change in net position

Net position - beginning
Prior period adjustment
Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$(3,253,173)	$ -	$(3,253,173)	$ -
(4,456,130)	-	(4,456,130)	-
149,816	-	149,816	-
(195,115)	-	(195,115)	-
(319,057)	-	(319,057)	-
(131,050)	-	(131,050)	
286,591	-	286,591	-
(1,128,746)	-	(1,128,746)	-
(9,046,864)	-	(9,046,864)	-
-	598,298	598,298	-
-	598,298	598,298	-
(9,046,864)	598,298	(8,448,566)	-
-	-	-	(653,231)
-	-	-	(829,264)
$ -	$ -	$ -	$(1,482,495)
8,962,153	-	8,962,153	-
855,550	-	855,550	-
1,299,239	-	1,299,239	1,283,353
17,244	5,968	23,212	1,317
280,643	9,882	290,525	-
850,000	(850,000)	-	-
12,264,829	(834,150)	11,430,679	1,284,670
3,217,965	(235,852)	2,982,113	(197,825)
47,690,174	29,650,345	77,340,519	(256,895)
(215,585)	(254,140)	(469,725)	-
47,474,589	29,396,205	76,870,794	(256,895)
$ 50,692,554	$ 29,160,353	$ 79,852,907	$(454,720)

CITY OF MURPHY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	Captial Projects Fund	Total Governmental Funds
ASSETS				
Cash and equivalents	$ 3,565,200	$ 847,634	$ 4,421,042	$ 8,833,876
Receivables (net of allowances for uncollectibles)	551,360	19,628	47,177	618,165
Due from utility fund	334,892	-	-	334,892
Notes receivable from component unit	1,737,807	-	-	1,737,807
Restricted-cash and cash equivalents	142,242	-	-	142,242
Total assets	6,331,501	867,262	4,468,219	11,666,982
LIABILITIES:				
Accounts payable	520,758	-	363,915	$ 884,673
Accrued liabilities	188,672	-	-	188,672
Due to other governments	58,273	-	-	58,273
Customer deposits	875	-	-	875
Deferred revenue	-	-	332,965	332,965
Other liabilities	11,973	-	-	11,973
Total liabilities	780,551	-	696,880	1,477,431
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	32,596	23,228	-	55,824
Unavailable revenue-notes receivable from component unit	1,737,807	-	-	1,737,807
Unavailable revenue - ambulance fees	44,570	-	-	44,570
Unavailable revenue - municipal fines	37,029	-	-	37,029
Total deferred inflows of resources	1,852,002	23,228	-	1,875,230
FUND BALANCES				
Restricted for:				
Debt service	-	844,034	-	844,034
Municipal court	124,674	-	-	124,674
Capital improvements	-	-	3,771,339	3,771,339
Assigned for:				
Police	17,568	-	-	17,568
Unassigned	3,556,706	-	-	3,556,706
Total Fund Balances	3,698,948	844,034	3,771,339	8,314,321
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,331,501	$ 867,262	$ 4,468,219	$ 11,666,982

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total fund balances - governmental funds	$	8,314,321
Amounts reported for governmental activities in the statement of net position are different because:		
Capial assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		98,376,615
Accumulated depreciation is not included in the governmental fund financial statements.	(	20,380,081)
Bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	(	35,958,930)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governemtnal funds.	(	1,647,257)
For debt refunding, the difference between between the acquisition price and the net carrying value amount of the debt has been deferred and amortized in the government-wide financial statements.		411,796
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.	(	105,169)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(	193,971)
Revenue reported as unearned revenue in the governmental fund finacial statements is recorded as revenue in the government-wide financial statements.		1,875,230
Net position of governmental activities	$	50,692,554

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Debt Service	Capital Projects Fund	Total Governmental Funds
REVENUES				
Property tax	$ 5,174,569	$ 3,775,323	$ -	$ 8,949,892
Franchise taxes	855,550	-	-	855,550
Fines and forfeitures	441,717	-	-	441,717
Sales tax	1,299,239	-	-	1,299,239
Charges for services	1,595,262	-	-	1,595,262
Licenses and permits	891,070	-	-	891,070
Grants	82,820	-	1,050,563	1,133,383
Intergovernmental	286,400	-	925,000	1,211,400
Donations	22,799	-	-	22,799
Investment income	6,681	2,116	8,447	17,244
Miscellaneous	97,255	27,881	170,000	295,136
Total revenues	10,753,362	3,805,320	2,154,010	16,712,692
EXPENDITURES				
Current Operating:				
General government	2,669,218	-	-	2,669,218
Public safety	4,973,943	-	-	4,973,943
Public works	240,558	-	-	240,558
Public services and operations	783,153	-	-	783,153
Parks and recreation	1,095,850	-	-	1,095,850
Development	131,050	-	-	131,050
Sanitation services	697,425	-	-	697,425
Debt service:				-
Principal retirement	13,429	2,400,000	500,000	2,913,429
Interest and fiscal agent fees	399	1,316,828	-	1,317,227
Bond issuance costs	-	-	-	-
Capital outlay	476,107	-	5,756,196	6,232,303
Total expenditures	11,081,132	3,716,828	6,256,196	21,054,156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(327,770)	88,492	(4,102,186)	(4,341,464)
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	-	-	850,000
Total other financing sources (uses)	850,000	-	-	850,000
NET CHANGE IN FUND BALANCES	522,230	88,492	(4,102,186)	(3,491,464)
FUND BALANCES, BEGINNING	3,225,792	755,542	7,793,525	11,774,859
PRIOR PERIOD ADJUSTMENT	(49,074)	-	80,000	30,926
FUND BALANCES, ENDING	$ 3,698,948	$ 844,034	$ 3,771,339	$ 8,314,321

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balances - total governmental funds	$(3,491,464)
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 2011 capital outlays is to increase net position.	6,219,680
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.	(2,691,828)
Current year long-term debt principlal payments are expenditures in the fund financial statements by are shown as a reduction in long term debt in the government-wide financial statements.	3,373,429
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses or uses but these are amortized over the term of the bonds in the government-wide financial statements.	98,337
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as revenue in the governmental funds.	115,396
Changes to vacation and sick liabilities are not shown in the fund finacial statements. The net effect of the current year increase is to decrease net position.	(14,193)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(391,392)
Change in net position of governmental activities	$ 3,217,965

The accompanying notes are an integral part of these financial statements.

CITY OF
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CITY OF MURPHY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property tax	$ 5,064,400	$ 5,180,600	$ 5,174,569	$(6,031)
Franchise taxes	919,600	855,400	855,550	150
Fines and forfeitures	493,300	444,800	441,717	(3,083)
Sales tax	1,150,000	1,299,200	1,299,239	39
Charges for services	1,496,400	1,590,800	1,595,262	4,462
Licenses and permits	784,700	890,900	891,070	170
Grants	0	80,700	82,820	2,120
Intergovernmental	286,400	286,400	286,400	-
Donations	0	20,700	22,799	2,099
Investment income	6,000	6,600	6,681	81
Miscellaneous	26,100	97,300	97,255	(45)
	10,226,900	10,753,400	10,753,362	(38)
EXPENDITURES				
General Government:				
City Administration:				
Personnel services	245,900	245,900	244,570	1,330
Materials and supplies	5,700	5,700	2,476	3,224
Other services	180,200	180,200	155,444	24,756
Capital outlay	-	-	984	(984)
Total City Administration	431,800	431,800	403,474	28,326
Human Resources:				
Personnel services	89,900	89,900	89,043	857
Materials and supplies	300	300	327	(27)
Other services	47,400	47,400	42,924	4,476
Total Human Resources	137,600	137,600	132,294	5,306
Information Technology:				
Personnel services	247,900	247,900	246,374	1,526
Materials and supplies	66,900	66,900	60,538	6,362
Other services	248,600	248,600	244,102	4,498
Capital outlay	219,400	219,400	128,431	90,969
Total Information Technology	782,800	782,800	679,445	103,355
City Council:				
Personnel services	14,700	14,700	10,254	4,446
Materials and supplies	1,500	2,500	2,881	(381)
Other services	239,200	365,520	359,798	5,722
Total City Council	255,400	382,720	372,933	9,787
City Secretary:				
Personnel services	100,300	100,300	94,983	5,317
Materials and supplies	27,100	27,100	11,060	16,040
Other services	22,900	22,900	20,954	1,946
Total City Secretary	150,300	150,300	126,997	23,303

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
EXPENDITURES (continued)				
Finance:				
Personnel services	266,800	266,800	270,948	(4,148)
Materials and supplies	1,600	1,600	1,355	245
Other services	126,800	126,800	119,450	7,350
Total Finance	395,200	395,200	391,753	3,447
Facilities:				
Personnel Services	42,400	42,400	40,194	2,206
Materials and supplies	66,900	66,900	38,789	28,111
Other services	298,500	298,500	280,164	18,336
Capital outlay	-	70,000	70,000	-
Total Facilities	407,800	477,800	429,147	48,653
Municipal Court:				
Personnel services	189,700	189,700	182,021	7,679
Materials and supplies	3,100	3,100	3,564	(464)
Other services	188,873	188,873	147,005	41,868
Total Municipal Court	381,673	381,673	332,590	49,083
Total General Government	2,942,573	3,139,893	2,868,633	271,260
Public Safety:				
Fire Department:				
Personnel services	1,864,600	1,880,800	1,810,211	70,589
Materials and supplies	148,600	149,100	139,520	9,580
Other services	271,500	271,500	227,743	43,757
Capital outlay	58,500	58,500	56,086	2,414
Total Fire Department	2,343,200	2,359,900	2,233,560	126,340
Police Department:				
Personnel services	2,491,600	2,513,300	2,445,779	67,521
Materials and supplies	141,000	146,700	123,635	23,065
Other services	240,700	245,200	227,055	18,145
Capital outlay	131,000	141,900	132,727	9,173
Total Police Department	3,004,300	3,047,100	2,929,196	117,904
Total Public Safety	5,347,500	5,407,000	5,162,756	244,244
Public Works:				
Public works department				
Materials and supplies	25,700	25,700	20,196	5,504
Other services	232,900	232,900	220,362	12,538
Total Public Works	258,600	258,600	240,558	18,042
Public Services and Operations:				
Community Services:				
Personnel services	281,800	281,800	212,235	69,565
Materials and supplies	17,400	17,400	11,476	5,924
Other services	195,600	390,600	451,365	(60,765)
Total Community Services	494,800	689,800	675,076	14,724

CITY OF MURPHY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES (continued)				
Animal Control:				
Personnel services	104,500	104,500	87,276	17,224
Materials and supplies	10,700	10,700	7,705	2,995
Other services	12,800	12,800	13,096	(296)
Capital outlay	500,000	500,000	38,349	461,651
Total Animal Control	628,000	628,000	146,426	481,574
Total Public Services and Operations	1,122,800	1,317,800	821,502	496,298
Parks and Recreation:				
Parks:				
Personnel services	533,900	533,900	557,758	(23,858)
Materials and supplies	112,500	112,500	120,279	(7,779)
Other services	159,200	159,200	89,813	69,387
Capital outlay	19,000	19,000	21,064	(2,064)
Total Parks	824,600	824,600	788,914	35,686
Recreation:				
Personnel services	173,600	173,600	157,740	15,860
Materials and supplies	81,200	81,200	69,474	11,726
Other services	95,800	95,800	100,786	(4,986)
Capital outlay	10,900	10,900	28,466	(17,566)
Total Recreation	361,500	361,500	356,466	5,034
Total Parks and Recreation	1,186,100	1,186,100	1,145,380	40,720
Economic Development:				
Personnel services	116,400	116,400	112,292	4,108
Materials and supplies	1,000	1,000	665	335
Other services	49,300	49,300	18,093	31,207
Total Economic Development	166,700	166,700	131,050	35,650
Solid Waste Management:				
Other services	701,200	701,200	697,425	3,775
Total Waste Management	701,200	701,200	697,425	3,775
Debt Service:				
Other services	13,828	13,828	13,429	399
Other services	399	399	399	-
Total Debt Service	14,227	14,227	13,828	399
Total expenditures	11,739,700	12,191,520	11,081,132	1,110,388
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,512,800)	(1,438,120)	(327,770)	1,110,350
OTHER FINANCING SOURCES (USES)				
Transfers	850,000	850,000	850,000	-
Total other financing sources (uses)	850,000	850,000	850,000	-
NET CHANGE IN FUND BALANCES	(662,800)	(588,120)	522,230	1,110,350
FUND BALANCES, BEGINNING	3,225,792	3,225,792	3,225,792	-
PRIOR PERIOD ADJUSTMENT	-	-	(49,074)	(49,074)
FUND BALANCES, ENDING	$ 2,562,992	$ 2,637,672	$ 3,698,948	$ 1,061,276

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

CITY OF MURPHY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,411,224
Receivables, net	869,200
Restricted cash and investments	1,867,448
Total current assets	5,147,872
Noncurrent assets:	
Capital assets:	
Infrastructure	38,920,989
Vehicles, machinery and equipment	506,839
Construction in progress	1,962,187
Less: accumulated depreciation	(9,380,490)
Total noncurrent assets	32,009,525
Total assets	$ 37,157,397
LIABILITIES	
Current liabilities:	
Accounts payable	$ 206,149
Accrued liabilities	26,290
Other liabilities	2,862
Due to general fund	334,892
Unearned revenues	33,147
Payables from restricted assets:	
Customer deposits	355,533
Accrued interest payable	34,775
Compensated absences - current	4,462
Revenue bonds payable - current	382,750
Total current liabilities	1,380,860
Noncurrent liabilities:	
Compensated absences	14,938
Revenue bonds payable	6,601,246
Total noncurrent liabilities	6,616,184
Total liabilities	7,997,044
NET POSITION	
Net investment in capital assets	25,025,529
Restricted for:	
Impact fees	651,923
Unrestricted	3,482,901
Total net position	$ 29,160,353

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Water and Sewer
OPERATING REVENUES	
Charges for sales and services	
Service charges	$ 7,058,856
Miscellaneous	9,882
Total operating revenues	$ 7,068,738
OPERATING EXPENSES	
Personnel services	875,695
Supplies and material	198,910
Maintenance and repair	154,017
Contractual services	3,801,830
Depreciation	912,528
Total operating expenses	$ 5,942,980
Operating Income (Loss)	$ 1,125,758
NONOPERATING REVENUES (EXPENSES)	
Investment income	5,968
Interest and fiscal charges	(517,578)
Total nonoperating revenues (expenses)	$ (511,610)
Income before transfers	$ 614,148
Transfers Out	(850,000)
Change in net position	$ (235,852)
TOTAL NET POSITION, BEGINNING	29,650,345
PRIOR PERIOD ADJUSTMENT	(254,140)
TOTAL NET POSITION, ENDING	$ 29,160,353

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 7,022,791
Cash paid to employees	(868,785)
Cash paid for goods and services	(4,262,092)
Net cash provided by (used in) operating activities	1,891,914
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(850,000)
Net cash provided by (used in) non-capital financing activities	(850,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest and fiscal charges	(522,236)
Principal payments on bonds payables	(370,000)
Acquisition or construction of capital assets	(625,347)
Net cash provided by (used in) capital and related financing activities	(1,517,583)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	5,968
Net cash procided by (used in) investing activities	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(469,701)
CASH AND CASH EQUIVALENTS, BEGINNING	4,748,373
CASH AND CASH EQUIVALENTS, ENDING	$ 4,278,672
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ 1,125,758
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	912,528
Change in assets and liabilities	
(Increase) decrease in assets:	
Receivables	(44,751)
Increase (decrease) in liabilities:	
Accounts payable	(171,523)
Accrued expenses	4,603
Due to other funds	54,306
Customer deposits	8,686
Compensated absences	2,307
Total adjustments	766,156
Net cash provided by (used in) operating activities	$ 1,891,914

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2013

	Governmental Activities		
	Murphy CDC	Murphy DD	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 231,681	$ 758,534	$ 990,215
Receivables, net	131,588	128,965	260,553
Note receivable	-	58,400	58,400
Total assets	$ 363,269	$ 945,899	$ 1,309,168
LIABILITIES			
Current liabilities:			
Accounts payable	$ 10,349	$ 15,732	$ 26,081
Noncurrent liabilities			
Due within one year:			
Note payable to primary government	327,669	-	327,669
Due in more that one year:			
Note payable to primary government	1,410,138	-	1,410,138
Total liabilities	1,748,156	15,732	1,763,888
NET POSITION			
Unrestricted	(1,384,887)	930,167	(454,720)
Total net position	$(1,384,887)	$ 930,167	$(454,720)

The accompanying notes are an integral part of these financial statements.

CITY OF MURPHY, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	CDC Governmental Activities	MDD	Total
Governmental Activities							
Community Development Corporation	$ 653,231	$ -	$ -	$ -	$ (653,231)	$ -	(653,231)
Murphy Development District	829,264	-	-	-	-	(829,264)	(829,264)
Total component unit	$ 1,482,495	$ -	$ -	$ -	$ (653,231)	$ (829,264)	$ (1,482,495)
General revenues:							
Sales taxes					$ 640,805	$ 642,548	$ 1,283,353
Investment income					844	473	1,317
Total general revenues					641,649	643,021	1,284,670
Change in net position					(11,582)	(186,243)	(197,825)
Net position - beginning					(1,373,305)	1,116,410	(256,895)
Net position - ending					$ (1,384,887)	$ 930,167	$ (454,720)

CITY OF
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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. <u>Reporting Entity</u>

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 basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. 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.

Discretely Presented Component Unit: 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 ½ 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 will significantly increase 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.

2. Basis of Presentation, Basis of Accounting

a. 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.

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.

b. 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 measureable 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 measureable. 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.

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 business-type 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's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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.

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 31st. 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, 2013, the City had a tax rate of $0.57 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.

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. Contributed assets are recorded at fair market value as of the date donated. 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 included as part of the capitalized value of the assets constructed. The amount of interest capitalized during the current year was $0.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

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

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

g. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The 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 (expenses/expenditures) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, ***deferred inflow 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 items that qualify for reporting in this category. Accordingly, the item unavailable revenue is reported in the governmental funds balance sheet. Deferred revenue from property taxes, revenue from the notes receivable from the Murphy Community Development Corporation, ambulance fees and municipal fines are shown as deferred inflows of resources. The amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

h. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum accrual of vacation leave is one year's accumulation. Sick leave accrued hours shall be carried to the next year with a maximum of 720 hours.

i. 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.

j. 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.

k. 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.

1. ***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.

2. ***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.

3. ***Committed fund balance*** – amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or 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.

4. ***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.

5. ***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.

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.

I. 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.

m. 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.

n. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statement in order to provide an understanding of budget to actual. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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.

r. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

2. COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

Violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
None reported	Not applicable

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 page 22 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 10th 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.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. 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.

Cash Deposits

At September 30, 2013, the carrying amount of the City's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was $13,250,933 and the bank balance was $13,587,462. The City's cash deposits at September 30, 2013 and during the year ended September 30, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. As of September 30, 2013, the amount of deposits covered by collateralized securities was $13,337,462. Cash and investments as of September 30, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary Government	
Cash and cash equivalents	$ 11,245,100
Restricted assets-cash and cash equivalents	2,009,690
Total cash and cash equivalents	$ 13,254,790
Governmental - Unrestricted Cash	$ 8,833,876
Business-type - Unrestricted Cash	2,411,224
	$ 11,245,100
Governmental - Restricted Cash	
Municipal Court (technology, building security, juvenile mgr.)	$ 124,674
Police Seizure funds	17,568
Total	142,242
Business-type - Restricted Cash	
Impact fees	651,923
Capital Improvements	1,215,525
Total	1,867,448
Total Restricted Cash	$ 2,009,690

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.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "non-participating" means that the investments value does not vary with market interest rate changes. Non-negotiable certificates of deposits are examples of nonparticipating interest-earning investment contacts.

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, 2013 the City's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

B. RECEIVABLES

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

	General	Debt Service	Capital Projects	Proprietary	Total
Receivables					
Taxes	$ 291,602	$ 21,679	$ -	$ -	$ 313,281
Ambulance fees	192,391	-	-	-	192,391
Municipal court fee	740,590	-	-	-	740,590
Intergovernmental	-	-	47,177		47,177
Fees and Charges	181,215	117	-	891,443	1,072,775
Gross Receivables	1,405,798	21,796	47,177	891,443	2,366,214
Less: allowance for uncollectible	(854,438)	(2,168)	-	(22,243)	(878,849)
Net Total Receivables	$ 551,360	$ 19,628	$ 47,177	$ 869,200	$ 1,487,365

C. NOTE RECEIVABLE

In December, 2010, the City issued tax notes for the purpose of paying contractual obligations to the incurred for the development of a Community Recreational Center. The Board of Directors of the Murphy Community Development Corporation, "CDC" agreed to pay the costs of this project by remitting to the City from the receipts of local sales and use taxes received by the CDC to pay the principal and interest on the tax notes. Below is the detail on this note receivable.

In August, 2012, the City issued tax notes for the purpose of paying contractual obligations to be incurred for the development of a City Central Park. The Board of Directors of the Murphy Community Development Corporation ("CDC") agreed to pay the costs of this project by remitting to the City from the receipts of sales and use taxes received by the CDC to pay the principal and interest on the tax notes. Below is the detail on this note receivable:

	Beginning Balance	Issued	Decreases	Ending Balance	Receive within one year
Note receivable - CDC	$ 659,472	$ -	$ 130,058	$ 529,414	$ 128,258
Note receivable - CDC	1,563,587	-	355,194	1,208,393	199,411
Total	$ 2,223,059	$ -	$ 485,252	$ 1,737,807	$ 327,669

Note receivable requirements are as follows:

Year Ending September 30:	Payment
2014	$ 327,669
2015	328,147
2016	333,321
2017	338,168
2018	204,118
2019	206,384
Total	$ 1,737,807

D. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 12,301,789	$ -	$ -	$ 12,301,789
Construction in progress	3,291,843	5,785,594	-	9,077,437
Total capital assets, not being depreciated:	15,593,632	5,785,594	-	21,379,226
Capital assets, being depreciated:				
Buildings & improvements	25,632,155	-	-	25,632,155
Infrastructure	47,404,580	-	-	47,404,580
Vehicles & equipment	3,779,063	434,086	(252,495)	3,960,654
Total capital assets being depreciated	76,815,798	434,086	(252,495)	76,997,389
Less accumulated depreciation for:				
Buildings & improvements	(5,495,454)	(826,050)	-	(6,321,504)
Infrastructure	(10,129,602)	(1,384,650)	-	(11,514,252)
Vehicles & equipment	(2,315,692)	(481,128)	252,495	(2,544,325)
Total accumulated depreciation	(17,940,748)	(2,691,828)	252,495	(20,380,081)
Total capital assets being depreciated, net:	58,875,050	(2,257,742)	-	56,617,308
Governmental activities capital assets, net:	$ 74,468,682	$ 3,527,852	$ -	$ 77,996,534

	Beginning Balance	Additions	Decreases	Adjustments	Ending Balances
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	$ 1,579,852	$ 601,760	$ -	$(219,425)	$ 1,962,187
Total capital assets not being depreciated:	1,579,852	601,760	-	(219,425)	1,962,187
Capital assets, being depreciated:					
Buildings and improvements	38,920,990	-	-	-	38,920,990
Vehicles and equipment	483,254	23,585	-	-	506,839
Total capital assets being depreciated:	39,404,244	23,585	-	-	39,427,829
Less accumlated depreciation for:					
Buildings and improvements	(8,104,295)	(890,922)	-	-	(890,922)
Vehicles and equiptment	(363,670)	(21,606)	-	-	(21,606)
Total accumulated depreciation:	(8,467,965)	(912,528)	-	-	(9,380,493)
Total capital assets being depreciated, net	30,936,279	(888,943)	-	-	30,047,336
Business-type activities capital assets, net	$ 32,516,131	$(287,183)	$ -	$(219,425)	$ 32,009,523

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

Governmental activities:	
General Government	$ 939,899
Public Safety	316,882
Public Works, including depreciation of general infrastructure assets	979,206
Public Service	6,124
Culture and Recreation	449,717
Total depreciation expense - governmental activities	$2,691,828
Business-type activities: Water Sewer	$ 912,528
Total depreciation expense - business-type activities	$ 912,528

E. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Governmental Activities:					
General obligation bonds & certificates of obligations	$ 23,855,000	$ -	$(1,225,000)	$ 22,630,000	$ 1,270,000
Refunding bonds	11,695,000	-	(1,025,000)	10,670,000	1,075,000
Tax notes	2,915,000	-	(610,000)	2,305,000	460,000
Total bonds payable:	38,465,000	-	(2,860,000)	35,605,000	2,805,000
Plus deferred amounts:					
For issuance premium	1,783,030	-	(135,773)	1,647,257	135,774
For inssuance discounts	(246,511)	-	246,511	-	-
For total bonds payable, net:	40,001,519	-	(2,749,262)	37,252,257	2,940,774
Capital lease-ticket writers	27,732	-	(13,429)	14,303	14,303
Note payable-PISD	839,627	-	(500,000)	339,627	339,627
Compensated absenses	179,778	271,722	(257,529)	193,971	19,397
Governmental activity Long-term debt:	$ 41,048,656	$ 271,722	$(3,520,220)	$ 37,800,158	$ 3,314,101
Business-type Activities:					
Water & Sewer					
Revenue bonds	$ 120,000	$ -	$(60,000)	$ 60,000	$ 60,000
Certificates of obligation	7,190,000	-	(310,000)	6,880,000	320,000
Total bonds payable:	7,310,000	-	(370,000)	6,940,000	380,000
Plus deferred amounts:					
For insurance premium	46,745	-	(2,749)	43,996	2,750
For insurance discounts	(34,715)	-	34,715	-	-
For total bonds payable, net:	7,322,030	-	(338,034)	6,983,996	382,750
Compensated absences	17,094	19,104	(16,798)	19,400	4,462
Business-type activity Long-term debt:	$ 7,339,124	$ 19,104	$(354,832)	$ 7,003,396	$ 387,212

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 retirement of this liability is typically paid from the General Fund and the Proprietary Fund based on the assignment of an employee at termination.

Governmental activities bonds payable at September 30, 2013, includes the following individual issues:

Description	Interest Rate Payable	Original Issue	Outstanding 10/1/2012	Issued	Retired	Outstanding 09/30/13	Due Within One Year
2003 Series CO	3.5% - 5.0%	$ 6,700,000	$ 660,000	$ -	$ 325,000	$ 335,000	$ 335,000
2004 Series CO	4.125% - 4.875%	10,000,000	2,005,000	-	470,000	1,535,000	490,000
2009 Series CO	2.5% - 4.625%	1,500,000	1,030,000	-	245,000	785,000	255,000
2009 Series GO	2.5% - 5.0%	7,915,000	6,945,000	-	415,000	6,530,000	430,000
2010 Series GO	2.0% - 4.02%	4,800,000	4,490,000	-	185,000	4,305,000	155,000
2010 Tax Note	2.0% - 2.5%	1,075,000	785,000	-	150,000	635,000	190,000
2011 Series GO	2.0% - 4.0%	750,000	630,000	-	120,000	510,000	215,000
2011 Tax Note	1.35% - 2.05%	8,725,000	8,725,000	-	-	8,725,000	120,000
2012 GO Refund	2.0% - 5.0%	11,695,000	11,695,000	-	610,000	11,085,000	430,000
2012 Tax Note	1.35%	1,500,000	1,500,000	-	340,000	1,160,000	185,000
Total Debt Payable		$ 54,660,000	$ 38,465,000	$ -	$ 2,860,000	$ 35,605,000	$ 2,805,000

Governmental activities debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2014	$ 2,805,000	$ 1,293,740	$ 4,098,740
2015	2,965,000	1,206,168	4,171,168
2016	3,095,000	1,113,520	4,208,520
2017	3,030,000	1,019,695	4,049,695
2018	2,820,000	927,705	3,747,705
2019-2023	12,775,000	3,103,197	15,878,197
2024-2028	5,845,000	1,120,584	6,965,584
2029-2031	2,270,000	110,358	2,380,358
Total	$ 35,605,000	$ 9,894,967	$ 45,499,967

A description of the purpose for each bond issuance follows:

$6,700,000, Series 2003, certificates of obligation, issued for the purpose of constructing a municipal complex to include a fire station, city hall, police and court building and a public works maintenance building.

$10,000,000, Series 2004, certificates of obligation, issued for the purpose of constructing a new municipal complex including a fire station, police and courts building, city hall and a public works maintenance building, street improvements, the acquisition of land for parks improvements, and improvements to the City's waterworks and sewer system.

$1,500,000, Series 2009, certificates of obligation, issued for the purpose of street improvements, emergency service equipment, supplies and radio communication systems.

$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.

$1,750,000, Series 2010, tax notes, issued for the purpose of purchasing a new fire truck and ambulance for the Fire Department.

$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.

$750,000, Series 2011, tax notes, issued for the purpose of the development of the community recreational center involving the acquisition of real property and construction, renovation, equipping, improving, operation and maintenance of such center and related infrastructure.

$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.

$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.

Business-type activities bonds payable at September 30, 2013, includes the following individual issues:

Description	Interest Rate Payable	Original Issue	Outstanding 10/1/2012	Issued	Retired	Outstanding 09/30/13	Due Within One Year
1994 Revenue	5.7% - 6.25%	$ 700,000	$ 120,000	$ -	$ 60,000	$ 60,000	$ 60,000
2009 Series CO	2.5% - 4.625%	8,000,000	7,190,000	-	310,000	6,880,000	320,000
Total Bonds Payable		$ 8,700,000	$ 7,310,000	$ -	$ 370,000	$ 6,940,000	$ 380,000

Business-type activities debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Total Requirements
2014	$ 380,000	$ 271,516	$ 651,516
2015	330,000	261,766	591,766
2016	340,000	251,716	591,716
2017	350,000	240,929	590,929
2018	365,000	228,854	593,854
2019-2023	2,055,000	912,316	2,967,316
2024-2028	2,540,000	429,562	2,969,562
2029	580,000	13,413	593,413
Total	$ 6,940,000	$ 2,610,072	$ 9,550,072

A description of the purpose for each bond issuance follows:

$700,000, Series 1994, revenue bond, issued for the purpose of improving water and sewer systems.

$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.

The City incurred a note payable with Plano Independent School District ("PISD") in the amount of $1,800,000 interest free for the purchase of 44.767 acres of land. The City agreed to grant PISD a credit of $460,373 against permit and inspection fees due to the City for McMillan High School upon closing the sale. The balance is to be repaid over a period of three years.

Debt service requirements for this note payable is as follows:

Year Ending September 30:	Annual Payment
2014	$ 339,627
Totals	$ 339,627

F. CAPITAL LEASE

The City entered into a lease agreement with DivLand Equipment Leasing, LLC for Tyler Technologies Citation Issuing software and hardware valued at $45,754. The equipment has a five year estimated useful life. This year, $8,297 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

This lease will be paid over a four year period at an interest rate of 9.458 %. Capital lease expenditures for 2013 were $13,828. The lease matures in 2014.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

Year Ending September 30:	Annual Payment
2014	$ 15,656
Less amount representing interest at 9.458%	(1,353)
Present Value of minimum lease payments	$ 14,303

G. OPERATING LEASES

The City has twelve operating leases for various machines and equipment in the General Fund and one operating lease in the Water and Sewer Fund with DART for the leasing of ROW. All but one of the leases is renewed on an annual basis. The lease with CivicPlus for lease of a website will expire in July 2014:

Year Ending September 30:	Annual Payment
2014	$ 3,999
	$ 3,999

H. PENSION PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes governing TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information ("RSI") for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

	Plan Year	
	2012	2013
Deposit Rate:	7%	7%
Matching Ratio (City of Employee):	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as of age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annunity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date		2011	2012	2013
Actuarial Value of Assets		$ 6,521,264	$ 7,553,720	$ 8,743,711
Actuarial Accrued Liability		9,965,682	10,938,584	11,934,471
Percentage Funded		65.4%	69.1%	73.3%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)		3,444,418	3,384,864	3,190,760
Annual Covered Payroll		4,823,373	5,110,695	5,433,721
UAAL as a Percentage of Covered Payroll		71.4%	66.2%	58.7%
Net Pension Obligation (NPO) at the Beginning of Period		$0	$0	$0
Annual Pension Cost:				
Annual required contribution (ARC)	Plus	573,711	567,869	612,202
Contributions made	Less	(573,711)	(567,869)	(612,202)
NPO at the end of the period		$0	$0	$0

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedules of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefit's Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City 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 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); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The 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 prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2013, 2012 and 2011 were $6,759, $8,823 and $8,208, respectively, which equaled the required contributions each year.

I. HEALTH CARE COVERAGE

During the year ended September 30, 2013, employees of the City were covered by a health insurance plan ("Plan"). The City contributed $386 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.

J. INSURANCE COVERAGE

In accordance with state statute, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial option dated October 1, 2012, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

K. 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 clams 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.

L. LITIGATION

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

M. 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	1,260,452,000
Gallons Billed	1,015,608,222

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 statue 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 $1.75 per thousand gallons of water for this fiscal year. There was an increase in the amount spent purchasing water, $310,660 (15%) over the previous year.

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. The City of Murphy's payment for the year ended September 30, 2013 was $437,990, net of payments to the City for facilities usage.

N. CONSTRUCTION COMMITMENTS

The City has active construction projects as of September 30, 2013. The projects include park infrastructure and improvements, street infrastructure, community center improvements, and water/wastewater infrastructure improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Park Development	$ 6,331,132	$ 1,131,461
Street Infrastructure	2,150,684	251,849
Utilities	1,570,787	136,363
Totals	$ 10,052,603	$ 1,519,673

O. INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year were as follows:

Transfers Out	Transfers In	Amount
Water Sewer Fund	General Fund	$ 850,000

P. PRIOR PERIOD ADJUSTMENTS

In the Water/Wastewater fund, the City had discounts underwriters discounts of $34,715 recorded as contra-liabilities when they were actually part of bond issuance costs. Because the City has implemented GASB 65, bond issuance costs were removed as assets in FY 2012. The City also had $219,425 of items capitalized that were no longer available for use at the City. The net effect of this was to decrease beginning net position by $254,150.

In the Capital Projects fund, the City did not record a grant receivable for eligible expenditures that occurred in FY 2012. This adjustment increased beginning fund balance by $80,000.

In the General fund, the City did not record deferred revenue for the amount of fines receivable yet to be collected. This adjustment reduced beginning fund balance by $49,074.

In the City's governmental activities, the City had discounts underwriters discounts of $246,511 recorded as contra-liabilities when they were actually part of bond issuance costs. Because the City has implemented GASB 65, bond issuance costs were removed as assets in FY 2012. This coupled with the two items mentioned above caused beginning net position to decrease by $215,585.

Q. MURPHY COMMUNITY DEVELOPMENT CORPORATION

The Murphy Community Development Corporation ("CDC") is financed with the City transferring ¼ 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, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Unrestricted cash	$231,681

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, 2013, 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:	
Sales tax	$ 131,588

3. Note Payable

In December, 2010, the CDC entered into an agreement with the City of Murphy. The City issued tax notes to pay contractual obligations for the development of the community recreation center involving the acquisition of real property, construction, renovation, equipping, improving, and operations and maintenance of the center and related infrastructure. The Board of Directors of the CDC agreed to pay the cost of this project by remitting to the City from receipts of the local sales and use taxes received to pay the principal and interest on this anticipation note. The payments to the City began in FY 2012 and final payment is due in FY2017.

In August, 2012, the CDC entered into an 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 equipping, improving and related infrastructure. The Board of Directors of the CDC agreed to pay the costs of this project by remitting to the City from receipts of local sales and use taxes received to pay the principal and interest on this tax note. The payments to the City began in FY2013 and final payment is due in FY2019

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Note Payable-City	$ 659,472	$ -	$(130,058)	$ 529,414	$128,258
Note Payable-City	1,563,587	-	(355,194)	1,208,393	199,411
Totals	$2,223,059	$ -	$(485,252)	$1,737,807	$327,669

Debt service requirements are as follows:

Year Ending September 30:	Total Requirements
2014	327,669
2015	328,147
2016	333,321
2017	338,168
2018	204,118
2019	206,384
Total	$ 1,737,807

R. 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 the district.

1. Deposits and Investments

Cash and investments as of September 30, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Unrestricted cash	$ 758,534

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, 2013 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	$ 128,965

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 FY2012 at 2% interest. The following is the detail of the note receivable:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Note Receivable	$ 80,000	$ -	$(21,600)	$58,400	$ 20,000

Receivables in future years are as follows:

Year Ending Septemer 30:	Principal	Interest	Total Due
2014	$ 20,000	$ 1,600	$ 21,600
2015	20,000	1,200	21,200
2016	18,400	800	19,200
Total	$ 58,400	$ 3,600	$ 62,000

4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The 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 (expenses/expenditures) until then. The MDD does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The MDD has one item that qualifies for reporting in this category. The unavailable revenue reported in the governmental funds balance sheet from the notes receivable is shown as deferred inflows of resources. The amount is deferred and recognized as inflows of resources in the period that the amounts become available.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

CITY OF MURPHY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF
TMRS FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over-funded) Actuarial Accrued Liability (AAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	$ 6,521,264	$ 9,965,682	$ 3,444,418	65.4%	$ 4,823,373	71.4%
12/31/2012	7,553,720	10,938,584	3,384,864	69.1%	5,110,695	66.2%
12/31/2013	8,743,711	11,934,471	3,190,760	73.3%	5,433,721	58.7%

CITY OF MURPHY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 3,742,000	$ 3,742,000	$ 3,775,323	$ 33,323
Investment income	2,000	2,000	2,116	116
Miscellaneous	-	-	27,881	27,881
Total revenues	3,744,000	3,744,000	3,805,320	61,320
EXPENDITURES				
Debt service:				
Principal payments	2,400,000	2,400,000	2,400,000	-
Interest and fiscal charges	1,317,000	1,317,000	1,316,828	172
Total expenditures	3,717,000	3,717,000	3,716,828	172
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	27,000	27,000	88,492	61,492
FUND BALANCE, BEGINNING	755,542	755,542	755,542	-
FUND BALANCE, ENDING	$ 782,542	$ 782,542	$ 844,034	$ 61,492

CITY OF MURPHY, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Grant	$ 900,000	$ 1,416,500	$ 1,050,563	$ 365,937
Intergovernmental	-	925,000	925,000	-
Investment income	10,400	8,400	8,447	(47)
Miscellaneous	-	100,000	170,000	(70,000)
Total revenues	910,400	2,449,900	2,154,010	(295,890)
EXPENDITURES				
Principal payment	-	500,000	500,000	-
Capital outlays:				
Park and recreation	6,774,100	7,132,000	5,756,196	1,375,804
Total expenditures	6,774,100	7,632,000	6,256,196	1,375,804
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,863,700)	(5,182,100)	(4,102,186)	1,079,914
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(5,863,700)	(5,182,100)	(4,102,186)	1,079,914
FUND BALANCE, BEGINNING	7,793,525	7,793,525	7,793,525	-
PRIOR PERIOD ADJUSTMENT	-	-	80,000	80,000
FUND BALANCE, ENDING	$ 1,929,825	$ 2,611,425	$ 3,771,339	$ 1,159,914

CITY OF MURPHY, TEXAS
BALANCE SHEET - COMPONENT UNIT
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013

	Community Development Corporation
ASSETS	
Cash and equivalents	231,681
Receivables (net of allowances for uncollectibles)	131,588
Total assets	$ 363,269
LIABILITIES:	
Accounts payable	10,349
Other liabilities	-
Total liabilities	10,349
FUND BALANCE	
Unassigned	352,920
Total Fund Balance	$ 352,920
Total liabilities and fund balance	$ 363,269

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION - COMPONENT UNIT COMMUNITY DEVELOPMENT CORPORATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

Total fund balance - governmental funds	$ 352,920
Amounts reported for governmental activities in the statements of net position are different for the	
Bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the find financial statements.	(1,737,807)
Net position of governmental activities - statement of net position	$ (1,384,887)

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPONENT UNIT COMMUNITY DEVELOPMENT CORPORATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Community Development Corporation
REVENUE	
Sales tax	$ 640,805
Investment income	844
Total revenues	641,649
EXPENDITURES	
Personnel services	(19)
Administration	129,141
Contractual services	2,628
Supplies	164,706
Debt Service:	
Principal	460,000
Interest	39,675
Capital outlay	344,808
Total expenditures	1,140,939
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(499,290)
FUND BALANCE/EQUITY, OCTOBER 1	852,210
FUND BALANCE/EQUITY, SEPTEMBER 30	$ 352,920

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - COMPONENT UNIT COMMUNITY DEVELOPMENT CORPORATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balance - total governmental funds	$(499,290)
Amounts reported for governmental activities in the statements of activities are different for the following reason:	
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	487,708
Change in net position of governmental activities - statement of activities	$ (11,582)

CITY OF MURPHY, TEXAS
BALANCE SHEET - COMPONENT UNIT
MURPHY MUNICIPAL DEVELOPMENT DISTRICT
SEPTEMBER 30, 2013

	Murphy Municipal Development District
ASSETS	
Cash and equivalents	$ 758,534
Receivables (net of allowances for uncollectibles)	128,965
Note receivable	58,400
Total assets	945,899
LIABILITIES	
Accounts payable	15,732
Total liabilities	15,732
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-note receivable	58,400
Total deferred inflows of resources	58,400
FUND BALANCE	
Unassigned	871,767
Total Fund Balance	871,767
Total liabilities, deferred inflows of resources, and fund balance	$ 945,899

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION - COMPONENT UNIT MURPHY MUNICIPAL DEVELOPMENT DISTRICT FOR THE YEAR ENDED SEPTEMBER 30, 2013

Total fund balances - governmental funds	$	871,767
Revenue reported as unearned revenue in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.		58,400
Net position of governmental activities - statement of net position	$	930,167

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MURPHY MUNICIPAL DEVELOPMENT DISTRICT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Murphy Municipal Development District
REVENUE	
Sales tax	$ 642,548
Miscellaneous	21,600
Investment income	473
Total revenues	664,621
EXPENDITURES	
Administration	222,154
Contractural Services	7,110
Parks and recreation	600,000
Total expenditures	829,264
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(164,643)
FUND BALANCE/EQUITY, OCTOBER 1	1,036,410
FUND BALANCE/EQUITY, SEPTEMBER 30	$ 871,767

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MURPHY MUNICIPAL DEVELOPMENT DISTRICT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balance - total governmental funds	$(164,643)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(21,600)
Change in net position of governmental activities - statement of activities	$ (186,243)

CITY OF MURPHY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	$ 575,000	$ 641,000	$ 640,805	$(195)
Investment income	1,000	800	844	44
Total revenues	576,000	641,800	641,649	(151)
EXPENDITURES				
Personal services	-	-	(19)	19
Administration	143,700	143,700	129,141	14,559
Contractual services	3,500	8,912	2,628	6,284
Supplies	195,500	177,800	164,706	13,094
Debt Service:				
Principal	460,000	460,000	460,000	-
Interest	54,600	26,400	39,675	(13,275)
Capital outlay	300,000	453,800	344,808	108,992
Total expenditures	1,157,300	1,270,612	1,140,939	129,654
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(581,300)	(628,812)	(499,290)	129,522
NET CHANGE IN FUND BALANCES	(581,300)	(628,812)	(499,290)	129,522
FUND BALANCE/EQUITY, OCTOBER 1	852,210	852,210	852,210	-
FUND BALANCE/EQUITY, SEPTEMBER 30	$ 270,910	$ 223,398	$ 352,920	$ 129,522

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 YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	$ 575,000	642,500	$ 642,548	$ 48
Miscellaneous	-	-	21,600	21,600
Investment income	400	400	473	73
Total revenues	575,000	642,500	664,621	22,121
EXPENDITURES				
Administration	231,700	231,700	222,154	(9,546)
Contractual Services	11,000	11,000	7,110	(3,890)
Parks and recreation	-	600,000	600,000	-
Total expenditures	242,700	842,700	829,264	(13,436)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	332,300	(200,200)	(164,643)	35,557
FUND BALANCE/EQUITY, OCTOBER 1	1,036,410	1,036,410	1,036,410	-
FUND BALANCE/EQUITY, SEPTEMBER 30	$ 1,368,710	$ 836,210	$ 871,767	$ 35,557

CITY OF
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LIFE LIVED AT YOUR PACE

STATISTICAL SECTION

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

City of Murphy, Texas
STATISTICAL SECTION
(UNAUDITED)

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.

Contents **Page**

Financial Trends 73

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 86

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 91

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future

Demographic and Economic Information 97

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 99

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.

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) (Amounts Expressed in Thousands)

	Fiscal Year 2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	$ 20,724	$ 31,431	$ 35,636	$ 35,217
Restricted	409	488	564	737
Unrestricted	8,798	5,442	5,080	4,633
Total governmental activities net position	$ 29,931	$ 37,361	$ 41,280	$ 40,587
Business-type activities:				
Net investment in capital assets	$ 24,419	$ 26,921	$ 29,992	$ 29,979
Restricted	-	361	-	-
Unrestricted	1,761	2,472	2,867	2,640
Total business-type activities net position	$ 26,180	$ 29,754	$ 32,859	$ 32,619
Primary government:				
Net investment in capital assets	$ 45,143	$ 58,352	$ 65,628	$ 65,196
Restricted	409	849	564	737
Unrestricted	10,559	7,914	7,947	7,273
Total primary government net position	$ 56,111	$ 67,115	$ 74,139	$ 73,206

Source: Comprehensive Annual Financial Reports

TABLE 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 37,750	$ 41,606	$ 40,527	$ 41,513	$ 42,865	$ 44,574
1,884	1,034	1,134	1,049	903	887
2,334	2,102	2,711	2,943	3,922	5,232
$ 41,968	$ 44,742	$ 44,372	$ 45,505	$ 47,690	$ 50,693
$ 28,918	$ 28,568	$ 27,822	$ 27,325	$ 27,031	$ 25,025
2,280	921	637	606	686	652
79	1,835	1,769	2,163	1,933	3,483
$ 31,277	$ 31,324	$ 30,228	$ 30,094	$ 29,650	$ 29,160
$ 66,668	$ 70,174	$ 68,349	$ 68,838	$ 69,896	$ 69,599
4,164	1,955	1,771	1,655	1,589	1,539
2,413	3,937	4,480	5,106	5,855	8,715
$ 73,245	$ 76,066	$ 74,600	$ 75,599	$ 77,340	$ 79,853

CITY OF MURPHY, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES				
Governmental activities:				
General government	$ 1,389	$ 1,074	$ 1,995	$ 3,372
Public safety	2,420	2,386	3,132	4,275
Public service	-	-	-	-
Public works	2,260	2,152	2,191	3,049
Sanitation services	350	490	565	629
Parks and recreation	67	110	227	256
Development	-	-	-	-
Interest on long-term debt	1,232	1,522	1,331	1,260
Total governmental activities expenses	7,718	7,734	9,441	12,841
Business-type activities:				
Water and sewer	3,137	3,314	3,944	4,860
Total business-type activities expenses	3,137	3,314	3,944	4,860
Total primary government expenses	$ 10,855	$ 11,048	$ 13,385	$ 17,701
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	$ 1,477	$ 1,574	$ 2,226	$ 1,629
Public safety	191	245	661	702
Public works	-	80	-	31
Public services	-	-	-	-
Parks and recreation	-	-	-	-
Sanitation services	549	624	728	724
Operating grants and contributions	4	-	49	87
Capital grants and contributions	180	6,312	2,914	370
Total governmental activities program revenues	2,401	8,835	6,578	3,543
Business-type activities:				
Charges for services:				
Water and sewer	4,196	5,077	6,221	5,240
Capital grants and contributions	-	2,615	1,026	84
Total business-type activities program revenues	4,196	7,692	7,247	5,324
Total primary government program revenues	$ 6,597	$ 16,527	$ 13,825	$ 8,867

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 2,832	$ 2,169	$ 2,971	$ 3,210	$ 3,705	$ 3,636
4,324	4,678	4,656	4,859	5,062	5,291
-	536	484	596	704	789
1,708	560	1,164	1,114	1,476	1,220
604	608	624	647	676	698
917	768	934	1,051	1,472	1,545
711	-	-	-	-	131
1,282	1,300	1,417	1,605	1,584	1,129
12,378	10,619	12,250	13,082	14,679	14,439
5,035	4,190	4,999	5,194	5,739	6,461
5,035	4,190	4,999	5,194	5,739	6,461
$ 17,413	$ 14,809	$ 17,249	$ 18,276	$ 20,418	$ 20,900
$ 600	$ 1,386	$ 79	$ 85	$ 95	$ 39
16	165	194	164	172	832
1,316	764	797	840	1,007	213
-	-	493	571	536	939
-	40	53	55	62	121
704	730	776	810	823	903
34	20	22	56	218	369
280	144	-	879	2,540	1,976
2,950	3,249	2,414	3,460	5,453	5,392
5,884	5,301	5,173	6,188	6,276	7,059
-	-	-	-	-	-
5,884	5,301	5,173	6,188	6,276	7,059
$ 8,834	$ 8,550	$ 7,587	$ 9,648	$ 11,729	$ 12,451

CITY OF MURPHY, TEXAS
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
NET (EXPENSE) REVENUES				
Governmental activities	$(5,317)	$ 1,101	$(2,863)	$(9,298)
Business-type activities	1,059	4,378	3,303	464
Total primary government net expense	(4,258)	5,479	440	(8,834)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	2,901	3,765	4,580	5,487
Sales	828	1,173	1,016	1,170
Franchise	344	388	503	601
Investment income	144	150	312	342
Donations	-	-	-	-
Extraordinary revenue	-	-	-	-
Miscellaneous	31	41	15	155
Transfers	2,196	850	356	850
Total governmental activities	6,444	6,367	6,782	8,605
Business-type activities:				
Investment income	19	37	149	145
Donations	-	-	-	-
Extraordinary revenue	-	-	-	-
Miscellaneous	24	18	9	-
Transfers	(2,196)	(850)	(356)	(850)
Total business-type activities	(2,153)	(795)	(198)	(705)
Total primary government	4,291	5,572	6,584	7,900
CHANGE IN NET POSITION				
Governmental activities	1,127	7,468	3,919	(693)
Business-type activities	(1,094)	3,583	3,105	(241)
Total primary government	$ 33	$ 11,051	$ 7,024	$(934)

Notes:

In April 2007, the City increased sales tax local option from 1% to 2% resulting in additional sales tax revenues of $10,614 in FY 2007.

For FY 2008, the City had $11,561 in additional sales tax revenues due to the increase in the sales tax local option from 1% to 2%. This was the first year to have 12 months (annual) with this increase.

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
$(9,428)	$(7,370)	$(9,836)	$(9,622)	$(9,226)	$(9,047)
849	1,111	174	994	537	598
(8,579)	(6,259)	(9,662)	(8,628)	(8,689)	(8,449)
6,229	7,414	7,936	8,347	8,477	8,962
1,238	795	873	952	1,049	1,300
667	809	702	820	925	855
173	115	27	76	20	17
-	237	17	-	-	
713	-	-	-	-	
155	50	105	81	42	281
1,289	854	850	850	850	850
10,464	10,274	10,510	11,126	11,363	12,265
69	33	25	14	9	6
-	25	-	-	-	
198	-	-	-	-	
13	57	11	5	30	10
(1,289)	(854)	(850)	(850)	(850)	(850)
(1,009)	(739)	(814)	(831)	(811)	(834)
9,455	9,535	9,696	10,295	10,552	11,431
1,036	2,904	674	1,504	2,137	3,218
(160)	372	(640)	163	(274)	(236)
$ 876	$ 3,276	$ 34	$ 1,667	$ 1,863	$ 2,982

CITY OF
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CITY OF MURPHHY, TEXAS
GOVERNMENTAL ACTIVITIESTAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands)

Fiscal Year Ended	Property Tax	Sales Tax*	Franchise Tax	Total
2004	$ 2,901	$ 828	$ 344	$ 4,073
2005	3,765	1,173	388	5,326
2006	4,580	1,016	503	6,099
2007	5,487	1,171	601	7,259
2008	6,229	1,238	667	8,134
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

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

CITY OF MURPHY, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Nonspendable - prepaid items	$ -	$ -	$ -	$ -
Restricted for:				
Court use	-	-	-	-
Assigned for:				
Police	-	-	-	-
Unassigned	796	1,145	2,183	1,696
Total general fund	$ 796	$ 1,145	$ 2,183	$ 1,696
All other governmental funds				
Restricted for:				
Debt service	$ 716	$ 1,360	$ 2,034	$ 737
Capital improvements	-	-	-	-
Assigned for:				
Capital projects	7,877	3,639	1,620	713
Special revenues	-	-	-	1,450
Total all other governmental funds	$ 8,593	$ 4,999	$ 3,654	$ 2,900

Note:

* Includes inventory, advances to other funds, and prepaid items.

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: Comprehensive Annual Financial Reports

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ -	$ -	$ 18	$ 10	$ -	$ -
					-
93	103	127	147	147	125
-	10	12	12	18	17
942	1,648	2,567	3,044	3,060	3,557
$ 1,035	$ 1,761	$ 2,724	$ 3,213	$ 3,225	$ 3,699
$ 876	$ 935	$ 1,008	$ 902	$ 756	$ 844
337	7,108	8,964	8,657	7,358	3,771
547	477	-	435	435	-
1,400	-	-	-	-	-
$ 3,160	$ 8,520	$ 9,972	$ 9,994	$ 8,549	$ 4,615

CITY OF MURPHY, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES				
Taxes:				
Property	$ 2,901	$ 3,765	$ 4,580	$ 5,487
Sales	828	1,173	1,016	1,171
Franchise	344	388	503	601
Charges for services	1,463	1,545	2,207	1,432
Licenses and permits	450	656	587	952
Fines and forfeitures	150	187	585	703
Investment income	144	150	312	342
Grant revenue	-	-	-	-
Intergovernmental	-	-	-	-
Donations	4	6,393	2,981	457
Miscellaneous	366	95	232	155
Total revenues	6,650	14,352	13,003	11,300
EXPENDITURES				
General government	1,311	963	1,268	2,650
Public safety	2,391	2,320	3,162	4,426
Public works	1,490	1,301	1,330	2,789
Public services and operations	-	-	-	-
Sanitation	350	490	565	630
Development	-	-	-	-
Parks and recreation	67	109	280	255
Capital Outlay	15,026	10,667	4,250	-
Debt service:				
Principal	880	996	1,422	1,360
Interest and fiscal charges	1,351	1,507	1,340	1,269
Other	-	-	-	-
Total expenditures	22,866	18,353	13,617	13,379

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 6,229	$ 7,427	$ 8,020	$ 8,324	$ 8,466	$ 8,950
1,238	795	873	953	1,049	1,299
667	809	703	820	925	856
1,210	1,311	1,403	1,405	1,451	1,595
848	440	496	548	721	891
576	479	493	570	536	442
173	115	26	76	20	17
314	164	22	33	752	1,133
-	301	-	-	188	1,212
22	10	17	23	27	23
157	50	109	82	49	295
11,434	11,901	12,162	12,834	14,184	16,713
2,668	2,070	2,060	2,292	2,615	2,669
4,135	4,607	4,429	4,523	4,754	4,974
917	554	295	233	256	240
-	555	481	595	698	783
604	609	624	648	676	698
-	-	-	-	78	131
892	1,416	828	845	1,089	1,096
756	453	4,577	5,776	3,319	6,232
1,370	2,965	1,565	2,270	2,928	2,914
1,210	1,150	1,582	1,540	1,588	1,317
-	176	-	130	115	-
12,552	14,555	16,441	18,852	18,116	21,054

CITY OF MURPHY, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES)				
Bonds/Note proceeds	10,257	-	-	-
Premium (Discount) on issuance of debt	-	-	-	-
Payments to escrow agent	-	-	-	-
Extraordinary revenue (expense)	-	-	-	-
Capital leases	72	-	-	-
Transfers out	2,196	850	356	850
Total other financing sources (uses)	12,525	850	356	850
NET CHANGE IN FUND BALANCES	$(3,691)	$(3,151)	$(258)	$(1,229)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	28.46%	32.57%	29.49%	19.65%

Source: Comprehensive Annual Financial Reports

TABLE 5

Fiscal Year					
2008	2009	2010	2011	2012	2013
-	9,415	5,875	9,655	13,195	-
-	-	(32)	278	789	-
-	-	-	(4,253)	(12,335)	-
(590)	-	-	-	-	-
-	-	-	-	-	-
1,289	854	850	850	850	850
699	10,269	6,693	6,530	2,499	850
$(419)	$ 7,615	$ 2,414	$ 512	$(1,433)	$(3,491)
21.87%	29.18%	26.53%	29.14%	30.52%	28.52%

CITY OF MURPHY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands)

Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Assessed Value as a Percentage of Actual Value
2004	$ 525,384	$ 33,577	$ 17,238	$ 541,723	0.4304	$ 23,158	96.92%
2005	652,089	43,097	17,038	678,148	0.4683	317,577	97.55%
2006	793,662	52,038	19,023	826,677	0.4683	387,133	97.75%
2007	1,079,141	72,523	18,942	1,132,722	0.4683	519,337	98.36%
2008	1,243,105	78,719	29,409	1,292,415	0.4683	605,238	97.78%
2009	1,313,839	76,480	20,106	1,370,213	0.5183	710,181	98.55%
2010	1,335,852	168,299	20,102	1,484,049	0.5384	799,012	98.66%
2011	1,343,032	171,655	46,830	1,467,857	0.5650	829,339	96.91%
2012	1,344,417	200,050	44,852	1,499,615	0.5650	847,282	97.10%
2013	1,374,719	210,457	40,516	1,544,660	0.5700	880,456	97.44%

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.

TABLE 7

CITY OF MURPHY, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(Unaudited) (Per $100 of assessed value)

	City Direct Rates			Overlapping Rates*			
Fiscal Year Ended September 30,	General Fund	General Obligation Debt Service	Total Direct Rate	Plano Independent School District	Wylie Independent School District	Collin County	Collin County College District
2004	$0.1459	$0.2845	$0.4304	$1.7334	$1.7200	$0.2500	$0.0919
2005	0.1492	0.3191	0.4683	1.7334	1.8000	0.2500	0.0906
2006	0.1839	0.2844	0.4683	1.7334	1.8170	0.2500	0.0894
2007	0.2345	0.2338	0.4683	1.5784	1.7025	0.2450	0.0871
2008	0.2688	0.1945	0.4633	1.2684	1.3900	0.2450	0.0870
2009	0.3341	0.1842	0.5183	1.3034	1.5100	0.2425	0.0865
2010	0.3341	0.2043	0.5384	1.3284	1.5900	0.2425	0.0863
2011	0.3174	0.2476	0.5650	1.3534	1.6400	0.2400	0.0863
2012	0.3174	0.2476	0.5650	1.3734	1.6400	0.2400	0.0863
2013	0.3295	0.2405	0.5700	1.3734	1.6400	0.2400	0.0862

Source: Collin County Appraisal District

*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 TAXPAYERS
SEPTEMBER 30, 2013
(Unaudited) (Amounts expressed in thousands)

	2013				2004		
Taxpayer	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value	Assessed Taxpayer Value	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
Allen & Loucks Venture LP	$ 27,176	1	1.76%	Shaddock Developers Ltd	$ 6,540	1	0.84%
Lowe's Home Centers Inc.	15,827	2	1.02%	Weingarten-Murphy Ltd	6,336	2	0.81%
Allen & Loucks Venture LP	9,903	3	0.64%	Wal-Mart Texas LP	6,026	3	0.77%
Murphy Crossing Shopping Center LP	9,416	4	0.61%	Albertsons Inc	5,506	4	0.71%
Wal-Mart Real Estate Business Trust	9,329	5	0.60%	Dublin Murphy Estates Ltd	5,160	5	0.66%
Murphy AL Partners LLC	8,186	6	0.53%	Intervest-Murphy Ltd	4,045	6	0.52%
Murphy Storage Partners LLC	6,031	7	0.39%	Horton D R Texas LTD	3,732	7	0.48%
Champion Langford Partners	5,277	8	0.34%	Lumbermen's Investment Corp	3,676	8	0.47%
ABS TX Investor LP	4,500	9	0.29%	Oncor Electric Delivery Company	3,528	9	0.45%
SLP-544 LTD	4,211	10	0.27%	Belgravia Group LLC	2,995	10	0.38%
Total	$ 99,856		6.46%	Total	$ 47,544		6.10%

Source: Collin Central Appraisal District

CITY OF MURPHHY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands)

Fiscal Year Ended	Total Tax Lelvy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 2,809	$ 2,778	98.90%	$ 30	$ 2,808	99.96%
2005	3,649	3,614	99.04%	30	3,644	99.86%
2006	4,410	4,342	98.46%	67	4,409	99.98%
2007	5,309	5,201	97.97%	12	5,213	98.19%
2008	6,056	5,917	97.70%	105	6,022	99.44%
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	8,293	8,274	99.77%	18	8,292	99.99%
2012	8,455	8,432	99.73%	18	8,450	99.94%
2013	8,782	8,766	99.82%	-	8,766	99.82%

Soruce: Collin County Appraisal District

CITY OF MURPHY, TEXAS
WATER AND SEWER REVENUES
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands)

Fiscal Year	Water	Sewer	Total
2004	$ 1,676	$ 1,437	$ 3,113
2005	2,234	1,573	3,807
2006	2,720	1,820	4,540
2007	2,239	2,027	4,266
2008	2,496	2,103	4,599
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	4,922	1,444	6,366

CITY OF MURPHY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands, except per capita amount)

	Governmental Activities					Business-type Activities						
Fiscal Year	General Obligation Bonds	Notes	Gen Oblig & Refunding Bonds	Capital Leases	Tax Note	Revenue Bonds	Certificates of Obligation	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2004	$ 30,010	147	$ 1,245	$ 31	$ -	$ 940	$ -	$ -	$ 11	$ 32,384	9.39%	$ 3,949
2005	29,270	112	1,040	16	-	835	-	-	5	31,278	9.82%	3,475
2006	28,150	36	825	5	-	725	-	-	-	29,741	9.25%	3,141
2007	26,975	-	680	-	-	610	-	-	-	28,265	8.26%	2,754
2008	25,750	-	535	-	-	490	-	-	-	26,775	5.94%	1,927
2009	24,450	-	8,285	-	-	275	8,000	-	-	41,010	8.69%	2,868
2010	23,230	-	12,740	-	1,075	225	7,790	-	-	45,060	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	60	6,924	-	-	44,590	6.92%	2,235

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.

CITY OF MURPHY, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita
2004	$ 915	$ 409	$ 506	4.79%	$ 62
2005	830	487	343	3.89%	38
2006	740	563	177	3.08%	19
2007	680	680	-	2.49%	-
2008	535	535	-	2.03%	-
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	32,292	844	31,448	2.04%	1,576

CITY OF MURPHY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013
(Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Collin County	$ 393,350,000	2.23%	$ 8,771,705
Collin County Community College District	37,460,000	2.23%	835,358
Plano Independent School District	981,345,871	3.02%	29,636,645
Wylie Independent School District	231,081,055	10.85%	25,072,294
	$ 1,643,236,926		64,316,003
City of Murphy		100.00%	37,606,187
Total direct and overlapping debt			$ 101,922,190
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			6.10%
Per capita overlapping bonded debt			$ 5,259

Source: Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Murphy. This process recognizes that, when considering the City of Murphy'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.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Murphy's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF MURPHY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited) (Amount expressed in the thousands)

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	$ 65,268	$ 77,923	$ 93,959	$ 131,205
Total net obligation debt applicable to limit	31,255	30,310	28,975	26,918
Legal debt margin	$ 34,013	$ 47,613	$ 64,984	$ 104,287
Total net obligations debt applicable to the limit as a percentage of debt limit	47.89%	38.90%	30.84%	20.52%

	Fiscal Year					
	2008	2009	2010	2011	2012	2013
	$ 132,643	$ 145,064	$ 150,415	$ 151,469	$ 156,500	$ 161,055
	24,295	29,267	44,052	39,243	37,709	34,761
	$ 108,348	$ 115,797	$ 106,363	$ 112,226	$ 118,791	$ 126,294
	18.32%	20.18%	29.29%	25.91%	24.10%	21.58%

Legal Debt Margin Calculation of Fiscal Year 2012:

Assessed Value	$ 1,544,660
Add back: exempt real property	65,894
Total assessed value	$ 1,610,554
Debt limit (10% of total assessed value)	$ 161,055
Debt application to limit:	
Long term bonds	35,605
Less: amount set aside for repayment of long term bonds	844
Total net debt applicable to limit	$ 34,761
Legal debt margin	$ 126,294

CITY OF MURPHY, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited) (Amounts expressed in thousands)

	Water Revenue Bonds					
Fiscal Year	Utility Services Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements Principal	Debt Service Requirements Interest	Times Coverage
2004	$ 4,239	$ 2,484	$ 1,755	$ 100	$ 61	$ 11
2005	7,747	2,720	5,027	105	56	31
2006	7,405	3,239	4,166	110	51	26
2007	5,469	3,951	1,518	115	40	10
2008	5,966	4,592	1,374	120	36	9
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

Note: Operating expense excluded depreciation; charges and other includes investment income.

CITY OF MURPHY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate[1]
2004	8,200	$ 345,031,400	$ 42,077	33.2	14.0	59,931	4.2%
2005	9,000	318,429,000	35,381	33.0	14.0	60,139	4.4%
2006	9,469	321,510,426	33,954	34.6	14.0	62,694	4.2%
2007	10,263	342,353,154	33,358	35.5	14.0	64,478	2.3%
2008	13,896	451,105,848	32,463	34.4	14.0	64,220	2.3%
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%

Sources: School enrollment figures provided by school districts and websites
[1] Unemployment rates and per capita provided by Texas Workforce Commission

CITY OF MURPHY, TEXAS
PRINCIPAL AREA EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2013				2004		
Employer	No. of Employees	Rank	Percentage of Total City Employment	Employer	No. of Employees	Rank	Percentage of Total City Employment
Walmart	385	1	5.42%				
Lowe's Home Improvement	112	2	1.58%				
McMillen High School	110	3	1.55%				
City of Murphy	106	4	1.49%				
24 Hour Fitness	101	5	1.42%				
Murphy Middle School	100	6	1.41%				
Boggess Elementary	80	7	1.13%				
Albertson's Grocery Store	73	8	1.03%				
Hunt Elementary School	66	9	0.93%				
Tibbals Elementary School	60	10	0.85%				
				Landmark Brick	22	1	00.82%
				Lynn Rogers	9	2	00.34%
				Parker Group	6	3	00.22%
				Jon Lashbrook Insurance	5	4	00.19%
				Classic Garden and Landscape	4	5	00.19%
				Murphy Veterinary Hospital	4	6	00.15%
				Mr. Video	2	7	00.07%

TABLE 18

CITY OF MURPHY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unauited)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Fiscal Year									
General government	9	17	22	21	21	16.75	15.5	15.33	15	16
Public Safety										
Police										
Officers	19	20	19	24	22	22	21	22	22	22
Civilians	3	-	6	7	10	9	9	9	11	11
Fire										
Firefighters and officers	5	5	7	14	21	20	19	20	21	22
Civilians	-	1	2	2	2	2	1	1	1	1
Animal Control	-	-	-	1	1	1	1	1	1	2
Public Service										
Municipal Court	-	-	-	2.5	2.5	2.5	2.5	2	3	3
Cultural and Recreation	7	7	8	11	11	11.75	11.75	10.33	12	12
Water										
Administration	-	-	-	6.5	5.5	3	3	4.34	6	6
Water	11	10	10	9	10	8	8	7	10	10
Wastewater	-	-	-	1	2	1	1	1	1	1
Total	54	60	74	99	108	97	93	93	103	106

Source: Government Human Resource Department

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

CITY OF MURPHY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	134	130	183	237	247	183	367	490	489	374
Traffic violations	2,530	3,139	9,147	9,158	5,552	4,976	5,156	7,796	3,589	3,217
Fire										
Number of calls answered	449	556	568	745	943	987	950	1,124	1,079	1,202
Inspections	-	-	121	108	156	128	173	192	129	314
Water										
New Connections	443	534	407	308	206	157	166	146	217	130
Average daily consumption (gallons)[3] (thousands of gallons)	2,162	2,971	3,384	4,036	3,393	3,500	3,353	3,496	2,794	2,719
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,113	1,114	1,246	1,614	1,668	2,100	1,770	1,633	1,670	1,704

Sources: Various government departments and North Texas Municipal Water District

Note: Indicators are not available for the general government function

Sanitation services are provided by contractor

TABLE 20

CITY OF MURPHY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/CID vehicles	-	12	9	12	12	9	12	12	15	21
Motorcycles	-	-	-	3	3	-	-	-	-	
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Engines	2	2	2	2	2	2	2	2	2	2
Ambulances	-	1	1	2	2	2	2	2	2	2
Vehicles	2	2	2	4	4	4	4	4	4	3
Public works										
Streets (miles)	0.0	72.3	73.2	73.2	78.0	80.0	82.5	82.5	82.5	82.5
Culture and recreation										
Parks (acreage)	142	142	150	180	235	280	280	284	297	285
Parks	5	5	6	6	6	8	11	14	14	9
Community center	-	-	-	-	-	-	-	-	1	1
Water										
Water lines (miles)	74.8	80.4	86.1	90.0	92.0	92.5	92.5	90.6	92.6	93.8
Fire hydrants	646	791	857	900	920	950	950	950	911	934
Maximum daily capacity (gallons)	3,000	2,376	3,300	5,000	6,200	6,500	6,500	6,212	6,216	6,216
Wastewater										
Sanitary sewers (miles)	74.0	74.0	81.6	90.0	92.0	92.5	92.5	81.0	82.8	84.6

Sources:
City departments, North Texas Water Municipal District

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

CITY OF MURPHY, TEXAS
VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT
September 30, 2013
(Unaudited)

2012-13 Market Valuation Esablished by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		$ 1,585,176,227
Less Exemptions/Reductions at 100% Market Value:		
Agricultural/Open Space Land Use	$ 7,269,173	
Homestead Cap	426,937	
Over 65 and Disabled	25,678,690	
Disabled Veterans	3,953,497	
Disabled Persons	3,187,500	40,515,797
2012-2013 Taxable Assessed Valuation		$ 1,544,660,430
General Debt Payable from Ad Valorem Taxes		$ 35,605,000
General Interest and Sinking Fund as of September		844,034
Ratio General Tax Debt to Taxable Assessed Valutaion		2.31%
2013 Estimated Population	19,950	
Per Capita Taxable Assessed Valuation	$ 77,427	
Per Capita Net Funded Debt Payable from Ad Valorem Taxes	$ 1,785	

Note: Collin Central Appraisal District - 2012 Certified Roll

CITY OF MURPHY, TEXAS
TAX RATE LEVY AND COLLECTION HISTORY - UNAUDITED
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Total Tax Levy	Current Tax Collected	% of Levy Collected	% of Total Collections to Tax Levy
2004	$ 0.4304	$ 0.1459	$ 0.2845	$ 2,809,140	$ 2,778,140	98.90%	99.95%
2005	0.4683	0.1492	0.3191	3,649,140	3,614,262	99.04%	99.87%
2006	0.4683	0.1839	0.2844	4,400,120	4,341,691	98.67%	99.10%
2007	0.4683	0.2345	0.2338	6,052,380	5,308,795	87.71%	97.83%
2008	0.4682	0.2688	0.1994	6,056,231	5,917,192	97.70%	99.44%
2009	0.5183	0.3341	0.1842	7,314,636	7,285,649	99.60%	99.80%
2010	0.5384	0.3341	0.2043	7,891,458	7,865,901	99.68%	99.80%
2011	0.5650	0.3174	0.2476	8,293,389	8,273,737	99.76%	99.99%
2012	0.5650	0.3174	0.2476	8,455,059	8,432,643	99.73%	99.94%
2013	0.5700	0.3295	0.2405	8,782,666	8,766,872	99.82%	99.42%

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

CITY OF MURPHY, TEXAS
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2013
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	Outstanding Debt Principal	Interest	Total	% of Principal Retired
2014	$ 2,805,000	$ 1,293,740	$ 4,098,740	0.94%
2015	2,965,000	1,206,168	4,171,168	
2016	3,095,000	1,113,520	4,208,520	7.47%
2017	3,030,000	1,019,695	4,049,695	10.67%
2018	2,820,000	927,705	3,747,705	
2019	2,730,000	832,368	3,562,368	13.93%
2020	2,620,000	729,753	3,349,753	
2021	2,770,000	620,134	3,390,134	
2022	2,585,000	511,184	3,096,184	
2023	2,070,000	409,759	2,479,759	
2024	1,670,000	325,949	1,995,949	45.06%
2025	975,000	268,960	1,243,960	
2026	1,020,000	223,945	1,243,945	
2027	1,070,000	176,110	1,246,110	
2028	1,110,000	125,620	1,235,620	
2029	1,165,000	72,318	1,237,318	63.40%
2030	715,000	30,240	745,240	
2031	390,000	7,800	397,800	100.00%
	$ 35,605,000	$ 9,894,966	$ 45,499,966	

CITY OF MURPHY, TEXAS
GOVERNMENTAL FUND REVENUES AND EXPENDITURE HISTORY
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES				
Taxes	$ 4,078	$ 5,269	$ 6,050	$ 7,249
Permits and licenses	1,463	1,545	2,207	1,432
Charge for services	450	656	587	952
Fines and forfeitures	150	187	585	703
Investment income	144	150	312	342
Grants	-	-	-	-
Intergovernmental revenue	-	-	-	-
Donations	4	6,393	2,981	457
Miscellaneous	366	95	232	155
Total revenues	$ 6,655	$ 14,295	$ 12,954	$ 11,290
EXPENDITURES				
General government	$ 1,311	$ 963	$ 1,268	$ 2,650
Public safety	2,391	2,320	3,162	4,426
Public works	1,490	1,301	1,330	2,789
Sanitation	350	490	565	630
Public service and operations	-	-	-	-
Culture and recreation	67	109	280	257
Development	-	-	-	-
Capital outlay	15,026	10,667	4,250	-
Debt service	2,231	2,503	2,762	2,629
Total expenditures	$ 22,866	$ 18,353	$ 13,617	$ 13,381

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 8,133	$ 9,031	$ 9,596	$ 10,097	$ 10,439	$ 11,105
848	440	496	548	721	891
1,210	1,311	1,403	1,405	1,451	1,595
576	479	493	570	536	442
173	115	27	76	23	17
314	164	21	33	752	1,133
-	301	-	-	188	1,211
21	10	17	23	27	23
157	50	109	82	48	295
$ 11,432	$ 11,901	$ 12,162	$ 12,834	$ 14,185	$ 16,713
$ 2,668	$ 2,070	$ 2,060	$ 2,292	$ 2,615	$ 2,669
4,190	4,607	4,429	4,523	4,754	4,974
226	554	295	233	256	241
603	609	624	648	676	697
774	555	481	595	698	783
1,508	1,416	828	845	1,089	1,096
-	-	-	-	77	131
-	453	4,577	5,776	3,319	6,232
2,580	4,291	3,147	3,940	4,631	4,230
$ 12,549	$ 14,555	$ 16,441	$ 18,852	$ 18,115	$ 21,054

CITY OF MURPHY, TEXAS
GOVERNMENTAL FUND REVENUES AND EXPENDITURE HISTORY
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(16,211)	$(4,058)	$(663)	$(2,091)
OTHER FINANCING SOURCES (USES)				
Bonds proceeds	$ 10,127	$ -	$ -	$ -
Note proceeds	130	-	-	-
Capital leases	72	-	-	-
Payments to escrow agent	-	-	-	-
Debt issuance cost	-	-	-	-
Extraordinary revenue (expense)	-	-	-	-
Transfers	2,196	356	356	850
Total other financing sources (uses)	$ 12,525	$ 356	$ 356	$ 850
BEGINNING FUND BALANCE	$ 13,076	$ 9,390	$ 6,144	$ 5,837
PRIO YEAR ADJUSTMENT	-	456	-	-
ENDING FUND BALANCE	$ 9,390	$ 6,144	$ 5,837	$ 4,596

Fiscal Year					
2008	2009	2010	2011	2012	2013
$(1,117)	$(2,654)	$(4,279)	$(6,018)	$(3,930)	$(4,341)
$ -	$ 9,415	$ 5,875	$ 9,655	$ 11,695	$ -
-	-	-	-	1,500	-
-	-	-	-	-	-
-	-	-	(4,253)	(12,335)	-
-	-	(32)	278	789	-
(590)	-	-	-	-	-
1,289	854	850	850	850	850
$ 699	$ 10,269	$ 6,693	$ 6,530	$ 2,499	$ 850
$ 4,596	$ 4,195	$ 10,282	$ 12,696	$ 13,208	$ 11,777
17	(1,528)	-	-	-	31
$ 4,195	$ 10,282	$ 12,696	$ 13,208	$ 11,777	$ 8,317

CITY OF MURPHY, TEXAS
MUNICIPAL SALES TAX HISTORY
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	City of Murphy	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2004	$ 724,370	25.79%	0.1110	66
2005	1,149,662	31.51%	0.1476	96
2006	1,014,410	23.05%	0.1079	72
2007	1,160,260	19.17%	0.0898	80
2008	1,185,721	19.58%	0.0917	79
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

CITY OF MURPHY, TEXAS
CASH AND INVESTMENTS FOR PRIMARY GOVERNMENT
SEPTEMBER 30, 2013
(Unaudited)

Type of Investment		
Cash on hand	1.03%	$ 146,031
Money markets	98.97 %	14,098,974
	100.00 %	$ 14,245,005

CITY OF MURPHY, TEXAS
PROPRIETARY FUNDS DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2013
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	Outstanding Debt Principal	Outstanding Debt Interest	Outstanding Debt Total	% of Principal Retired
2014	$ 380,000	$ 275,266	$ 655,266	
2015	330,000	261,766	591,766	0.01%
2016	340,000	251,716	591,716	
2017	350,000	240,929	590,929	
2018	365,000	228,854	593,854	
2019	380,000	214,866	594,866	
2020	395,000	199,366	594,366	
2021	410,000	183,266	593,266	
2022	425,000	166,354	591,354	
2023	445,000	148,463	593,463	
2024	465,000	129,404	594,404	
2025	485,000	108,974	593,974	
2026	505,000	87,315	592,315	
2027	530,000	64,280	594,280	
2028	555,000	39,590	594,590	
2029	580,000	13,413	593,413	100.00%
	$ 6,940,000	$ 2,613,822	$ 9,553,822	

COMPLIANCE SECTION

CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murphy, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Murphy, Texas' basic financial statements, and have issued our report thereon dated March 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Murphy, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Murphy, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Murphy, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901 ■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ ALBUQUERQUE, NM (505) 266-5904

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Murphy, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
March 13, 2014

Issue

Consider and/or act on the application of **Lloyd M. Nelson** requesting approval of a Concept Plan for property zoned PD (Planned Development) District No. 09-02-785; approximately 4.8 acres on property known as the Nelson Addition, approximately 800' west of Heritage Parkway. *The City Council cannot take action on this item because it has not received a recommendation from the Planning & Zoning Commission.*

Background

This item is being considered by the Planning & Zoning Commission at a Special Planning & Zoning Meeting on Monday, April 14.

Issue
Discussion on consideration of the use of synthetic materials for landscaping in residential zoning.

Summary
The city was notified of a resident who had installed synthetic turf in place of living grass cover in their yard. After researching the code in regards to landscaping and specifically allowing or not allowing a synthetic material to be used in place of live plant materials, the code is silent on 'synthetic turf' type materials. Therefore in staff's interpretation, synthetic materials are not an allowed substitute for living plant material.

Landscaping
Sec. 28-155. General standards.
The following criteria and standards shall apply to landscape materials and installation:
(a) All non-paved surfaces shall be completely covered with living plant material. Landscaping materials such as wood chips and gravel may be used under trees, shrubs and other plants, but shall not comprise a significant portion of the total pervious surface area.
(b) Plant materials shall conform to the standards of the approved plant list for the city (see section 86-741 for the approved plant list referenced in that section) and the current edition of the "American Standard for Nursery Stock" (as amended), published by the American Association of Nurserymen. Grass seed, sod and other material shall be clean and reasonably free of weeds and noxious pests and insects.
(f) Grass areas shall be sodded, plugged, sprigged, hydro-mulched and/or seeded, except that solid sod shall be used in swales, earthen berms or other areas subject to erosion.
(g) Ground covers used in lieu of grass in whole and in part shall be planted in such a manner as to present a finished appearance and reasonably completed coverage within one year of planting.

Considerations
With ongoing water shortage challenges and continued Stage 3 conditions, it is possible North Texas may move to Stage 4 before the end of summer without significant rainfall. NTMWD may initiate Stage 4 for a number of reasons, including if the storage in Lake Lavon is less than 35% full.

- As of 3-13-2014 as reported by NTMWD:
  - Lake Lavon is 47.7% full; -12.45 feet

- As of 3-25-2014 as reported by NTMWD:
  - Lake Lavon is 48.4% full; -12.25 feet

The consideration of synthetic landscape materials was also brought up at the most recent Community Leadership Committee meeting as a number of homeowner associations are researching interest.

Additional Considerations

Staff researched area cities on their ordinances specific to synthetic landscaping materials.

Wylie

- no reference to synthetic landscape materials
- Landscape maintenance section states that lawn and garden areas must be kept alive.

Plano

- Ordinance silent on synthetic landscape materials
- Have not had known request

McKinney

- Not prohibited for residential properties
- Currently one home in the historic area does have synthetic grass

Attachments

Exhibit A - Pictures from lawn in Murphy with synthetic turf
Exhibit B – Detailed communication between HOA and Haddocks (as submitted by the Haddocks)
Exhibit C – Presentation from Mr. and Mrs. Haddock
Exhibit D - Attachment from Michael Grant, owner/operator of Synthetic GreenScapes

Staff Recommendation

Staff recommends discussion and direction if any to review amending the City's ordinance on use of synthetic materials for landscaping in residential zoning.

Exhibit A

Pictures from lawn in Murphy with synthetic turf


03/12/2014 07:11AM


03/12/2014 07:11AM

Exhibit B

Detailed communication between HOA and Haddocks (as submitted by the Haddocks)

Murphy Council Members,

For those of you bold enough to ask and those who didn't and would like to know about our situation with the HOA and Lone Star Management, I will tell you how we got to this point. We have been warned that either the HOA or Lone Star Management will send spokespersons to the upcoming City Council Meeting and try to make this a personal attack or lie about us so you should know the situation from our perspective and have the documents that back us up.

In Sept of 2013 Texas Senate Bill 198 went into effect. In essence this bill forbids HOAs from prohibiting four things related to the severe water shortage we are experiencing; Rain barrel water collection, composting, water conserving natural turf and landscaping that conserves water.

We read this and believed that this meant we could swap our dormant natural Texas Bermuda turf for synthetic Texas Bermuda turf to save water. After all, to us this is like for like except one requires no water and stays green 4 months longer per year than natural grass. Because the law says the HOA cannot prohibit this we felt we did not need to ask their permission. Having installed synthetic turf in two previous homes with only positive response, we felt confident it was a good choice. We contacted a licensed contractor we'd met the year before at the Dallas Home Show. After signing a contract and putting down a large deposit, men went to work preparing the area for the installation.

That's when all hell broke loose. 90 minutes or less after the rolls of synthetic turf were dropped at our home we got a call from Susan Garrison at Lone Star Management asking for our email address so she could send us a Cease and Desist Final Notice letter. I gave her our address. Attached is the letter.

We acquiesced to Ms. Garrison's point regarding the approval and immediately sought four neighbors to sign the application and took it to McKinney the following morning. At that time she told us, in essence that we would not get approval ever.

At that meeting we asked her for a copy of the Texas Property Code 202.007 (TPC) she sited as the code we supposedly violated. It turned out TPC 202.007 was the originally Senate Bill 198 that had started this whole thing. What is interesting is that the TPC is not included in the list of Maxwell Creek North CC&Rs or Governing Documents required to establish a violation. Yet, she told us that this document was her entire source of support for her actions.

I wrote a lengthy letter explaining how we didn't plant any new turf or use rocks, gravel, or cacti so two "violations" were not relevant. Then came #5. This code supports our actions. "It does not… restrict a property owners' association from regulating yard and landscaping maintenance if the restrictions or requirements do **not restrict or prohibit turf or landscaping design that promotes water conservation**:"

Maxwell Creek North Homeowners Association
2500 Legacy Drive, Suite 220
Frisco, Texas 75034

January 30, 2014

Cease and Desist Final Notice
FED EX

Richard & Patricia Haddock
516 Smoke Tree Drive
Murphy, TX 75094

RE : 516 Smoke Tree Drive
Acct#: 00136-4703

Dear Richard & Patricia Haddock:

As you're aware, Lone Star Association Management, Inc. was hired by the Board of Directors to manage Maxwell Creek North Homeowners Association, Inc.. Management services provided by Lone Star Association Management, Inc. include assisting the Board of Directors with enforcement of deed and use restrictions as provided in the Declaration of Covenants, Conditions and Restrictions (CC&RS) for Maxwell Creek North Homeowners Association, Inc.

- **You have installed astroturf in your yard without approval from the ACC Committee. You must cease and desist this action until it has been approved in writing.**
- **Article VIII, Section 9, 'All exterior changes, modifications, additions or any other improvement must obtain written approval from the committee.'**
- **The Texas Property Code Section 202.007 (c) states: "A property owners' association may restrict the type of turf used by a property owner in the planting of new turf to encourage or require water-conserving turf."**
- **The Texas Property Code Section 202.007 further states.. "It does not: (4) prohibit a property owners' association from regulating the installation or use of gravel, rocks, or cacti; (5) restrict a property owners' association from regulating yard and landscape maintenance if the restrictions or requirements do not restrict or prohibit turf or landscaping design that promotes water conservation;". Astroturf is not considered turf in this instance.**

You are hereby notified that you have ten (10) days from the date of this letter to correct or eliminate the violation as stated above. Your failure to remedy the violation within such time period will cause the Association to continue the enforcement process which may result in the imposition of violation fines, starting at **$100.00 plus $6.00 postage**, the suspension of use of the common areas, the charging to your account attorney's fees or other fees incurred by the Association to correct the violation and/or the institution of litigation to obtain your compliance with the Declaration of Covenants, Conditions and Restrictions for Maxwell Creek North Homeowners Association, Inc.

You are hereby advised of your right to request a hearing before the Board. To request a hearing, your written request must be received by Lone Star Association Management on or before the thirtieth (30) day after the receipt of this letter. (Three (3) days are allowed from the actual date of this letter for mail delivery.)

Your immediate attention to this matter is required. If you have any questions, concerns or would like to request a hearing please contact Susan Garrison at sgarrison@lonestarmanagement.com or Janet Andersen at jandersen@lonestarmanagement.com. In order to better serve you please include your name, account number, address and the name of your community.

Sincerely,

Lone Star Association Management, Inc.
Agent for Maxwell Creek North Homeowners Association, Inc.

To make this null and void Ms. Garrison says “Astroturf is not considered turf in this instance.” The law says what it says and she cannot deny this. However, the board did just that, ignored the law, disregarded our assertions while continuing to threaten action if we didn’t remove the turf immediately. It was “My mind is made up, don’t confuse me with the facts.”attitude.

During this time I contacted the Murphy Messenger and made arrangements to talk to Karen Chaney hoping to bring to light the underhanded way the Lone Star Management and HOA were acting. Nothing ever came of it but after our interview Karen wrote a letter to Susan Garrison asking her 4 questions to give her side of the story. I think her answers are revealing, showing intense bias using the words plastic grass over and over.

From: Karen Chaney [mailto:karen@chaneyfamily.biz]
Sent: Thursday, February 27, 2014 10:59 AM
To: Susan Garrison
Subject: Murphy Messenger - Haddock Synthetic Turf Article

Dear Ms. Garrison,
I am writing an article on Mr. and Mrs. Haddock’s synthetic turf HOA issue.
Because we always like to present both sides of the story please provide answers to the following:

1. I was told the HOA ACC three person committee were split in their decision on the Haddock’s yard, true or false?
2. Was the decision based on aesthetics alone or additional reasons? If additional, please provide details.
3. The fine mentioned in the Cease and Desist Final Notice of $100 plus $6.00 postage what is the rate (daily, weekly, monthly, etc.) of fines?
4. At the time The Haddock’s were told they couldn’t install the synthetic grass they had already paid a non-refundable deposit to the synthetic turf company because they felt they were exchanging like turf and they didn’t believe they were breaking any HOA regulations. What is the chance they can keep their synthetic turf since they already paid for it (grandfathered in) and future regulations be more specific that synthetic turf is not permissible in Maxwell Creek?

deadline, if you could reply today that would be greatly appreciated.

Karen Chaney
Murphy Messenger
Reporter/Photographer
214-293-0688

From: Susan Garrison [mailto:sgarrison@lonestarmanagement.com] **Sent:** Thursday, February 27, 2014 4:02 PM **To:** Karen Chaney **Cc:** Susan Garrett **Subject:** RE: Murphy Messenger - Haddock Synthetic Turf Article

Karen,

The Board intends to hold a meeting with this owner to discuss the same concerns you mentioned in your email. It is a hard job to ensure that all residents maintain their homes to a similar standard, especially where the committee is made up of volunteers who perform those functions in addition to their daily jobs. The Board wants to be reasonable and fair, and most importantly, to get this right for the benefit of this owner and all owners in the neighborhood.

It is our understanding that the information you obtained regarding a split decision of the committee is incorrect. Plastic grass is highly uncommon in North Texas—in fact, this is the first application for plastic grass Lone Star Management Company has seen. None of the committee members believed this change was beneficial to the aesthetics and harmony of the community. While aesthetics are not the sole reason this owner's request was denied, aesthetics are a large part of that decision, especially with the involvement of a large swath of plastic grass in the front yard which is readily visible from streets and neighboring homes.

The Board believes that this owner did not intend to break any of the restrictive covenants of the community. Unfortunately, the proposed installation of plastic grass simply does not fit into the aesthetics and conformity of the neighborhood. The owner also informed us that the salesperson who took her deposit informed her that a new statute allowed her to install artificial turf. However, the statute merely allows for drought-resistant landscaping, not plastic grass. It appears she may have been misinformed by this salesperson.

The Board genuinely appreciates Ms. Haddock's efforts to maintain her yard, and can understand her frustration where she has paid a deposit for artificial turf based upon representations from a salesperson, only to later be told that this modification will not be permitted. We hope she can also understand that we must balance both her desire to install this artificial turf and the concerns of other residents that the community maintain a harmonious appearance. The Board will certainly meet with Ms. Haddock and work to achieve a fair and reasonable solution for her and the entire community.

Thanks,

Susan Garrison,

Senior Community Manager

Almost a month after this first letter the ACC and the Board decided to deny our application. This time the comments were more ridiculous. Letter included below.

They denied our request based on the opinion of the attorney! We wrote asking what opinion that was and the law that supported it. Ms. Garrison said there was none. Second sentence said that Xeriscaping does not include synthetic grass. I'm not sure how this addresses the issue.. And the third sentence said we must remove the turf within 30 days.

After this we requested a meeting with the Board. By this time we hired a lawyer to accompany us to the meeting thinking they would have to come up with some concrete violation in order to force us to remove the turf.

We showed up with our lawyer and as soon as they saw we were not alone Susan Garrett, Susan Garrison's boss, who accompanied the three member board to the meeting spoke up and canceled the meeting. This was March 6th. Our lawyer finally made contact with their lawyer two weeks later when we asked to hold off on the meeting until after the City Council meeting. This is where it stands.

The impact on our lives already caused mental anguish, loss of sleep and has been acutely disturbing and costly and will be devastating and more costly if we have to remove our synthetic turf and replace it with dead Bermuda grass. Whether we have green grass or dead grass does not impact a single other person on this earth except us.

Our neighbors have responded to our plight with support and sympathy. Several have offered to attend the Council meeting and speak to the issue.

Section 19 Article 7 from the CC&Rs

"Unless otherwise indicated herein, the Committee **shall not have unbridled discretion** with respect to taste, design and any standards specified herein, and the Committee **shall be responsive to technological advances** or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand)"

Kind Regards and Appreciation,

Pat Haddock

See document below

Maxwell Creek North Homeowners Association, Inc.
2500 Legacy Drive, Suite 220
Frisco, TX 75034

February 24, 2014

Denied

Richard & Patricia Haddock
516 Smoke Tree Drive
Murphy, TX 75094

RE : 516 Smoke Tree Drive
Acct#: 00136-4703

Dear Richard & Patricia Haddock:

The Architectural Control Committee (ACC) at Maxwell Creek North Homeowners Association, Inc. have reviewed the information you provided for the ***synthetic bermuda grass installation*** and have **denied** your request as submitted with the following comments:

- **The ACC Committee and Board have denied your request based on the opinion of the Attorney. Xeriscaping does not include synthetic grass. You will need to remove the synthetic turf and replace with natural turf within 30 days of the date on this letter.**

Thank you for complying with the proper procedure for the ACC review. The Board of Directors and the Architectural Control Committee want to maintain the overall attractive appearance of the community for the benefit of everyone at Maxwell Creek North Homeowners Association, Inc..

If you have any questions or concerns regarding this notice please feel free to contact Susan Garrison at sgarrison@lonestarmanagement.com or Janet Andersen at jandersen@lonestarmanagement.com. In order to respond to you in a timely manner please include your name, address and the name of your community.

Sincerely,

Lone Star Association Management, Inc.
Agent for Maxwell Creek North Homeowners Association, Inc.

Exhibit C

Presentation from

Mr. and Mrs. Haddock

Natural Bermuda Grass Water Requirements

- Stage 2, Once a week watering
  - 1 inch per week for Bermuda grass survival
  - 2000 Square feet lawn
    - Needs 1,250 gallons per week
    - 5,000 gallons per month
    - 50,000 gallons water per year
- Stage 3, (current stage) Twice a month watering
  - not adequate for a healthy lawn during summer months but allows weeds to thrive
  - Chemicals added to suppress weeds increasing environmental pollution
- Stage 4, No grass watering

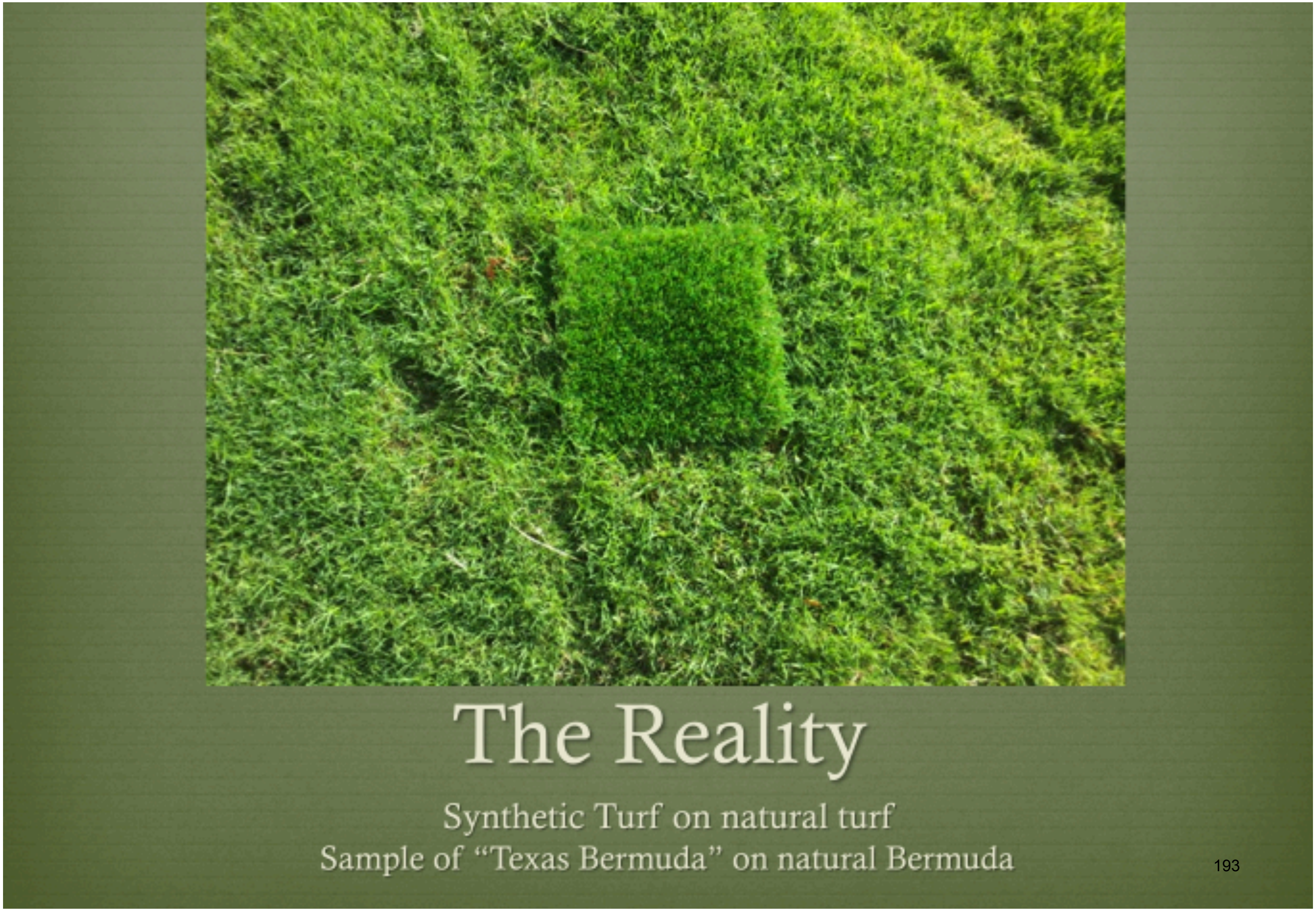
  - Per Texas A&M Agricultural Department

Synthetic Texas Bermuda

Environmentally Responsible

- Requires no water
- Prevents weeds
  - Without chemicals
- Prevents fire ants
  - Without chemicals
- Is not a host for mosquito larva
  - Without toxic sprays
- Minimum weekly maintenance
  - No Mowing
  - No Noise or air pollution
    - EPA estimates 5% of total pollution nationwide is from lawn equipment
- Water permeable backing, Run off not a problem
  - Any run off will not include fertilizer, pesticides, or herbicides

Natural Vs. Synthetic



Prudent Economic Plan

- Long term investment
  - Synthetic turf guaranteed 8 years
  - Not impacted by inflation
  - Not controlled by water fluctuations/restrictions
  - Synthetic turf is not dependent on home owners' health or wealth so provides peace of mind

Monthly Price Comparison

	Bermuda	Synthetic Texas Bermuda
•Cost		$125
•Lawn maintenance	$123	
•Weed removal	$30	
•Water Once Week (Stage 2)*	$65	
•Fertilizer/Pre-emergent	$38	
•Total Monthly Cost	**$256**	**$125**
•8 months/Annual Cost	$2,048	$1,500
•8 Year Cost	**$16,384**	**$15,000**

•*Note: Water cost includes stage 3 usage for 4 months

Aesthetics

- Year round lush green carpet that enhances the home
  - Model homes over seed and water to keep lawn green year round
- Adds value to home and the neighborhood
  - Scotts ad claims 14%
- Anecdotes
  - UPS driver stops to feel grass, continued on deliveries
  - Teenage boys rode by said "Wow, looks like golf course"
  - Bare foot boy, who lives down the street came over walking his dog up the parkway, turned around, walking down parkway, and went home
  - Many neighbors have said they like our lawn.

516 Smoke Tree Dr.

516 Smoke Tree Dr.

516 Smoke Tree Dr.

Closing

- We want to thank the Murphy City Council for entertaining the option to amend the landscaping code so as to allow homeowners to use Synthetic Turf to beautify their homes and the city of Murphy while saving at least 50,000 gallons of water a year per household

Exhibit D

Attachment from

Michael Grant,

owner/operator of Synthetic GreenScapes

Synthetic GreenScapes

grass that lasts

Recommended Guidelines for Synthetic Turf/Grass Installation:

The artificial grass product must be made of Polyethylene and have a minimum face weight of 50oz. with a permanent backing.

The color must be similar to the geographical area, preferably a blended, multi-color monofilament fiber with that and a minimum pile height of 1.5 inches.

Front yard areas must retain a minimum of 30% of overall square footage as organic plant material such as planter beds, bushes, shrubs, etc.

If an artificial grass area will meet a neighboring natural grass area, it must be separated with a barrier of at least 4 inches of hardscape or a planter consisting of organic plant material.

Professional installation is required and must include a weed barrier and a properly prepared aggregate base for drainage. An infill system is required.

Artificial grass must be cleaned as necessary and periodically groomed to maintain its appearance.

Artificial grass products will be inspected annually after the expiration of the warranty period to ensure the aesthetic properties are maintained. The governing bodies reserves the right to require replacement after the expectancy has been reached, typically 20 years.

Application for Synthetic Turf/Grass Improvement:

A sample of the product including model name and style

Complete product specification sheet from the manufacturer

The manufacturer's warranty on the product being submitted

Drawing(s) of the area to be covered by the artificial grass

Drawing(s) of proximity areas as well as description of the method of installation.

Front yard areas must retain some organic plant material such as planter beds, bushes, shrubs, etc.

Issue

Consider and/or act upon Timbers Nature Preserve Park and Trail project items:

1. Authorizing staff to prepare bid documents and put the project out to bid;
2. Authorizing the expenditure of funds for construction administration and project management fees.

Staff Resource/Department

James Fisher, City Manager
Steven Ventura, Interim Director of Parks & Public Works
Wade Peterson, Contract Landscape Architect

Summary

Project status and a project overview will be presented to Council. The proposed schedule is as follows:

Council consideration:	April 1
Advertise/Bid:	by May 15
Council approval:	by June 17
Construction Start:	by July 1
Estimated Completion	April 2015

Background/History

On December 10, 2013 City Council received an overview of the Timbers Nature Preserve Park project. At that time no action was taken, staff was asked to provide costs, and bring back to Council January 7th.

At the January 7th meeting, Mr. Fisher reviewed the project costs and future maintenance costs with the Council and suggested staff bring the project back in three clear phases, prior to advertising for bids.

Financial Considerations

Summary of Costs:

Base Project:	$ 1,635,000
Running Track Add:	$ 100,000
City Park Upgrades:	$ 80,000
Trail Signs Markers:	$ 75,000
Fishing Amenities:	$ 160,000
Pavilion / Restroom:	$ 350,000
Estimated Construction Cost:	$ 2,400,000

Soft Costs (Estimated):

Wetland Impact Fees:	$ 40,000
CA/Bid/Post Construction	
Survey Fees:	$ 60,000
Testing Fees:	$ 20,000

Funding for the Timbers Nature Preserve is as follows:

2008 Park Bond Funds	$ 369,505.36
Collin County Grant	$ 500,000.00
Total Available Funds	$ 869,505.36

Expenditures and Encumbrances authorized by City Council from FY 2010 through December 31, 2013:

Engineering/Design/Permitting/Survey	$ 323,190.69
Demolition of house	$ 58,084.32
Total Expenditures and Encumbrances	$ 381,275.01
Funds available	$ 488,230.35*

There is approximately $500,000 of unallocated 2008 Park Bond Funds and approximately $1,500,000 of unallocated 2008 Trail Bonds. If these funds are applied with the $488,230.35* there is approximately $2,400,000 available for the Timbers Nature Preserve project.

Action Requested

Authorize staff to prepare bid documents, and put the project out to bid.

Attachments

Estimated Park Maintenance Cost Information

Timbers Nature Preserve Man Hours

Park Inspections

Amenity	Acreage Trash P/U	Trash Cans	Recycle Bins	Playgrounds	Basketball	Pavilion	Water Fountain	Restroom	Pond	Grill	Fishing Piers	**Total**
Current	15.5	9	1	2	1	1	1	0	1	4	1	-
Future	29.69	10	3	2	1	2	2	1	1	4	5	-
Current M/H per Week	5.17	3.00	0.33	3.00	0.50	0.83	0.17	0.00	0.50	2.00	0.25	*15.75*
Future M/H per Week	9.90	3.33	1.00	3.00	0.50	1.67	0.33	7.00	0.50	2.00	1.25	*30.48*
Current M/H per Year	268.67	156.00	17.33	156.00	26.00	43.33	6.67	0.00	16.00	104.00	13.00	*807.00*
Future M/H per Year	514.63	173.33	52.00	156.00	26.00	86.67	13.33	308.00	16.00	104.00	65.00	*1514.96*
M/H Increase per Year	*245.96*	*17.33*	*34.67*	*0.00*	*0.00*	*43.33*	*6.67*	*308.00*	*0.00*	*0.00*	*52.00*	*707.96*
Increase Costs	*$5,903*	*$416*	*$832*	*$0*	*$0*	*$1,040*	*$160*	*$7,392*	*$0*	*$0*	*$1,248*	*$16,991.04*
Salary Cost Future	**$12,351**	**$4,160**	**$1,248**	**$3,744**	**$624**	**$2,080**	**$320**	**$7,392**	**$384**	**$2,496**	**$1,560**	***$36,359***

- ***Trash pickup is calculated at 10 minutes/acre twice per week***
- ***Trash cans and recycle bins are calculated at 10 minutes/can twice per week***
- ***Playground inspections is calculated at 45 minutes/playground twice per week***
- ***Basketball court inspection is calculated at 15 minutes/court twice per week***
- ***Pavilion inspection is calculated at 25 minutes/pavilion twice per week***
- ***Water fountains are calculated at 5 minutes/fountain twice per week***
- ***Restrooms are calculated at 60 minutes 7 times per week***
- ***Pond maintenance is calculated at 30 minutes once per week***
- ***Grills maintenance is calculated at 15 minutes/grill twice per week***
- ***Fishing pier inspection is calculate at 15 minutes/pier once per week***

Timbers Nature Preserve Man Hours

Irrigation

	Irrigated Acres	Irrigation Clocks	Zones	Rotors	Spray Heads	Bubblers	Routine Maintenance	Major Maintenance	Totals
Current	9.52	1	28	192	123	202	4.67	1.40	-
Future**	14.57	2	42	288	184	280	7	2.1	-
Current M/H per Week	6.77	-	-	-	-	-	-	-	6.77
Future M/H per Year	9.1	-	-	-	-	-	-	-	9.1
Current M/H per Year	243.6	-	-	-	-	-	-	-	243.6
Current M/H per Year	327.6	-	-	-	-	-	-	-	327.6
M/H Increase per Year	84.00	-	-	-	-	-	-	-	84
Increase Costs	$2,016.0	-	-	-	-	-	-	-	$2,016
Salary Cost Future	**$7,862**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$7,862**

Routine Maintenance is calculated at 10 minutes per irrigation zone per week for 36 weeks
Major Maintenance is calculated at 30 minutes per irrigation zone and occurs for one in every 10 zones for 36 weeks

	Total Acres	Irrigated Acres	Non-Irrigated Acres	Edging Miles	Trimming Miles	Drainage Acres	Brush Hog	Bed Maint. (sq. ft.)	**Total**
Current	27.82	9.52	3.17	1.41	0.75	2.53	12.6	242.16	-
Future	29.69	14.57	15.12	5.27	2.51	1.35	0	1242.16	-
Cycles per Year	-	42	42	42	42	42	7	52	-
Current M/H per Week	-	7.14	2.38	2.47	0.56	1.90	6.30	*0.81*	*21.55*
Future M/H per Week	-	10.93	11.34	9.22	1.88	1.01	0.00	*4.14*	*38.53*
Current M/H per Year	-	299.88	99.86	103.64	23.63	79.70	44.10	*41.97*	*692.76*
Future M/H per Year	-	458.96	476.28	387.35	79.07	42.53	0.00	*215.31*	*1659.5*
M/H Increase per Year	-	*159.08*	*376.43*	*283.71*	*55.44*	*-37.17*	*-44.10*	*173.33*	*966.71*
Increase Costs	-	*$3,817.8*	*$9,034.2*	*$6,809.0*	*$1,330.6*	*-$892.1*	*-$1,058*	*$4,160.0*	*$23,201*
Salary Cost Future	**-**	**$11,015**	**$11,431**	**$9,296**	**$1,898**	**$1,021**	**$0**	**$5,167**	***$39,827***

Irrigated and Non-irrigated mowing is calculated at 45 minutes per acre once per week for 42 weeks
Edging is calculated at 1.75 hours per mile for 42 weeks (includes edging, weedeating, and blowing sidewalks and curbs)
Trimming is calculated at 45 minutes per mile for 42 weeks (includes trimming around all amenities, fences, and trees)
Drainage is calculated at 45 minutes per mile for 42 weeks (includes all flumes, drainage ditches, creeks, etc.)
Bed maintenance is calculated at 20 minutes/100 sq. ft. of bed for 52 weeks (takes in weeding, mulching, prepping, planting)

	Irrigated Acres	Bed Area (sq. ft.)	Trees Maint.	Dimension/ SpeedZone	Basagran/ Fusilade/ Sedgehammer	MSMA	Glyphosate (Turf)	Glyphosate (Tree Wells)	Fertilizing	Pre-Emergent	Aeration	**Total**
Current	9.52	242.16	145	1.90	0.40	1.90	1.90	4.83	3.17	3.17	3.97	-
Future	14.57	1242.16	~400	2.91	2.07	2.91	2.91	13.33	4.86	4.86	6.07	-
Cycles per Year	-	-	-	2	3	2	1	3	4	2	6	-
Current M/H per Year	-	-	-	3.81	1.21	3.81	3.81	29.00	12.69	6.35	23.80	84.47
Future M/H per Year	-	-	-	5.83	6.21	5.83	5.83	80.00	19.43	9.71	36.43	169.26
M/H Increase per Year	-	-	-	2.02	5.00	2.02	2.02	51.00	6.73	3.37	12.63	84.79
Increase Costs	-	-	-	$48.48	$120.00	$48.48	$48.48	$1,224.00	$161.60	$80.80	$303.00	$2,034.84
Salary Cost per Year	**-**	**-**	**-**	**$139.87**	**$149.06**	**$139.9**	**$139.9**	**$1,920.00**	**$466.24**	**$233.1**	**$874.2**	**$4,062.24**

Dimension/SpeedZone application is calculated at 12 minutes per acre

MSMA application is calculated at 12 minutes per acre

Glyphosate (Turf) application is calculated at 12 minutes per acre

Glyphosate (Tree Wells) application is calculated at 2 minutes per tree

Fertilizing and Pre-emergent application are calculated at 20 minutes per acre

Aeration is calculated at 25 minutes per acre

Timbers Nature Preserve Man Hours
Cumulative Man Hours

	Park Inspections	Irrigation Maintenance	Turf & Grounds	Chemical & Management	**Total**
Current M/H per Year	807.00	243.6	692.76	84.47	1827.84
Future M/H per Year	1514.96	327.6	1659.48	169.26	3671.30
M/H Increase per Year	707.96	84.00	966.71	84.79	1843.46
Increase Costs	$16,991	$2,016	$23,201	$2,035	$44,243
Salary Cost per Year	**$36,359**	**$7,862**	**$39,827**	**$4,062**	***$88,111***

Available Man Hours - 1 F/T Employee

Gross	**2080**
Vacation	**-80**
Sick	**-40**
Holiday	**-80**
Training	**-80**
Net	**1800**

Timbers Nature Preserve Yearly Maintenance Cost

Cumulative Totals

	Man Hours	Chemical Cost	Supply Cost	Irrigation Supplies	Misc. Supplies	Total
Yearly Cost	**$88,111**	**$9,718**	**$2,028.09**	**$1,000.00**	**$2,000.00**	***$102,857***

Irrigation supply costs should be minimal for the first two years, but will increase with age of the system

Timbers Nature Preserve Maintenance & Equipment

	Inspection Supplies				Mowing Supplies		
	Trash Bags (boxes)	*Big Belly Bags (boxes)*	*Pond Supplies (algae control)*	*Paint (Grills)*	*Diesel (gallons)*	*Blades (set of 3)*	***Total***
Quantity per Cycle	0.14	0.12	1	4	2.97	2	-
Cost per Unit	$25.98	$31.50	$120.00	$3.98	$4.00	$58.10	-
Cycles per Year	52	52	6	12	42	2	-
Total	**$189.13**	**$196.56**	**$720.00**	**$191.04**	**$498.96**	**$232.40**	***$2,028.09***

Trash bags for regular trash cans and Big Belly Compactors and Recyclers come 50 per box and are changed on the average once per week

Pond supplies include Pond Dye, to tint the water in order to deter the growth of algae on the pond floor, and Copper Sulfate in order to eradicate any algae that was able to grow

Grills are to be painted once per month - each grill requires approximately one can of paint

Diesel consumption is calculated on a basis of 10 acres per 1 gallon of diesel @ a cost of $4.00 per gallon

Blades should be changed twice per year and are calculated price per set of blades for two mowers

Currently we do not have the need for new mowers, but in the next 2-3 years we will need to begin replacing the existing mowers in our fleet.

Timbers Nature Preserve Chemical & Fertilizer Costs

Chemicals	Purpose	Application Rate	Total/Appl.	Appl./Yr.	Total/Yr.	Needed	Price/Qty.	Total
SpeedZone	Broadleaf Weed Control	1.5 oz/1000 sq. ft.	952 oz.	1	952 oz.	(3) 2.5 gal. jugs	$180.00	*$540.00*
Basagran	Broadleaf Weed Control(Orn. Beds)	.75 oz/1000 sq. ft.	476 oz.	1	476 oz.	(4) 1 gal. jugs	$170.00	*$680.00*
Sedgehammer	Nutsedge Control	1 oz./acre	0.23	2	0.46	(1/3) bottle	$83.00	*$27.39*
Dimension	Broadleaf and Grassy Weed Control	20 oz./acre	291.4 oz.	1	291.40 oz.	(8) 5oz.X8 pkg.	$137.00	*$1,096.00*
Top Choice	Fire Ant Control	87 lb./acre	1267.59 lb.	1	1267.59 lb.	(32) 40 lb. bags	$127.00	*$4,064.00*
Specticle FLO	Pre-Emergent	6 oz./acre	87.42 oz.	1	87.42 oz.	(.7) 1 gal. jug	$1,470.00	*$1,029.00*
Fusilade II	Bermudagrass Control in Beds	.5 oz/1000 sq. ft.	2.5 oz.	2	5 oz.	(.16) 1 qt. bottle	$87.00	*$13.92*
Fertilizer								
25-0-0 Fertilizer	Initial Turf Fertilization	2 bags/acre	(30) 50 lb. bags	1	30 bags		$14.00	*$420.00*
16-3-4 Fertilizer	Secondary Turf Fertilization	3 bags/acre	(44) 40 lb. bags	3	132 bags		$14.00	*$1,848.00*
Total								***$9,718.31***

Issue

Consider and take appropriate action, if any, on the Safe Routes to School program proposed sidewalk in the Rolling Ridge Subdivision.

Background

The Safe Routes to School Program has provided approximately $100,000 in funding to construct a sidewalk from Liberty Ridge Park northwest to Oriole Court. The purpose of this sidewalk is to create access along the north side of Rolling Ridge Drive from Parkview Lane north to Oriole Court without having to cross the street for residents who live in that area of Rolling Ridge. There are approximately 40 residences in this area. This will provide safe access from Parkview to Oriole Court. The City will need to look at Salsbury Circle to Parkview Lane in the near future to provide safe access to that area as well.

The proposed sidewalk between Featherwood Drive and Liberty Ridge Park is a huge challenge because of existing topography and landscaping. These challenges would only allow for a 4 foot sidewalk and it would be located right next to the curb. The staff is proposing to white stripe an area approximately 2-3 feet from the curb in this section to minimize driving near the curb. Also, this area would be marked as a no parking zone. There will also be a 2 foot retaining wall installed in places to help protect and maintain the landscaping that currently is in place. If the City damages or destroys a tree(s), it will be replaced at our cost.

The proposed sidewalk from Featherwood Drive to Oriole Court meanders along the right-of-way and does not affect any trees. It is also a 4 foot sidewalk. The City would also install crosswalks at Featherwood Drive across Rolling Ridge and Mayfield Drive across Rolling Ridge with an access ramp to connect to the sidewalk on the south side of Rolling Ridge Drive.

The staff is also looking at relocating the school zone sign from Featherwood back to the Liberty Ridge Park area. I have asked a traffic engineer to review the regulations regarding school zone that will help with the decision.

There will be a Town Hall meeting with residents of Rolling Ridge on Monday, March 31st at 7pm here at City Hall. The Town Hall is to give residents an additional opportunity to voice their concerns, if any, regarding this proposed sidewalk. The staff is preparing a presentation that will help address those concerns.

Recommendation

The staff is asking that the City Council make a decision regarding the proposed sidewalk at the April 1st meeting. TxDOT has given the City until April 2nd to decide or funding may be lost for this project.