

CITY OF MURPHY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2007

Prepared by:

Department of Finance

CITY OF MURPHY
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2007

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INTRODUCTORY SECTION

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January 9, 2008

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

State law requires that every general-purpose local government publish and file in the office of the municipal secretary within 120 days of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2007.

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

Pingleton, Howard & Company, P.C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Murphy, Texas financial statements for the year ended September 30, 2007. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Murphy, Texas, incorporated in 1958, is located in the northeastern part of the Dallas-Ft. Worth metroplex. It currently occupies 5.1 square miles and serves a population of 14,500. The City of Murphy, Texas 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, Texas 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 Council appoints the government’s manager, who in turn appoints the heads of the various departments. Council members serve three-year terms. The mayor and council members are elected at large.

The City of Murphy, Texas provides a full range of services, including police and fire protection; water, sewer and refuse collection and disposal; community development (planning and zoning); the construction and maintenance of roadways, streets and other infrastructure; public improvements; and 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 Economic Development Corporation and Murphy Community Development Corporation are included in the financial statements as special revenue funds.

The 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, function (e.g., public safety), and department (e.g., police).

Local economy

The City is located in the Dallas/Fort Worth Metropolitan Area, an area that has been recognized by planners and economists as one of the nation's top locations for future business and industrial development. This is a contributing factor to the general stability of the unemployment rate. The City has a full time executive director of economic development to help maintain the high standards and goals of future economic growth. Highlights during the fiscal year included:

- Sales tax funds received by the City were used to promote the economic growth of Murphy by giving the 4A and 4B Corporations the flexibility to assist companies with qualified expenditures important to business and the community, including Murphy Marketplace with approximately 500,000 s.f. of mixed use retail and service businesses to be located in the City. The infrastructure and ground work for this planned development began this fiscal year with the first large anchor business expected to open mid-year 2008.
- The City is moving forward with plans for the expansion of FM 2551 to accommodate the current and future economic growth.
- The FM 544 streetscape program is scheduled for completion during 2008. This will enhance the appearance of the roadway and provide a pleasant atmosphere for the adjacent retail area currently under construction.
- The street lighting project along South Murphy Road is planned to be completed during the 2008 fiscal year. This project will improve street visibility to both drivers and public safety.

According to U.S. Census Bureau estimates, Murphy is one of fastest growing cities in the DFW Metropolitan Area. Its growth from 3,973 persons in the 2000 census to its current estimated population of 14,500 makes it a favorable location for future retail and commercial growth. The city has both an Economic Development Corporation (4A) and Community Development Corporation (4B) which each receive 25 percent of the city's sales tax revenue, that are earmarked for economic and community development.

Murphy's growth and development over the past decade have been built on a strong foundation of overall planning, good management, quality of life and sound policy direction. All in all, the future of Murphy is one of a vital community facing its future economic challenges with optimistic enthusiasm.

Long-term financial planning

The City's elected and appointed officials considered many factors when adopting the fiscal year budget and tax rate. Two contributing factors were the overall stability of the local economy and continued increase in the City population. The current population of the City is approximately 14,500 with the population at build out to be approximately 20,000, currently projected to be in 2012. The reasonable cost of living and homes priced below national average continue to make Murphy an attractive area for both businesses and home owners.

Economic indicators as well as general needs of the population are taken into account when adopting the General Fund budget and ad valorem tax rate. Activities of the general fund and water and sewer fund are included in the annual appropriated budget. The assessed property values have increased annually giving the City the opportunity to maintain a tax rate of .4683 per \$100 valuation for the year which is low in comparison with many surrounding cities.

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. To further enhance cash management and improve investment income the City requested proposals from banking institutions and contracted with Wells Fargo Bank in April 2005. First Southwest Company provides additional financial advisory services to the City.

Major initiatives

For Fiscal Year 2007-2008, top priority projects for the City of Murphy include:

- Maxwell Creek Linear park, which will connect both sides of Maxwell Creek.
- Completion of installation of quiet zones throughout City.
- Comprehensive Plan Update
- Master Parks Plan Update
- Park improvements for the Gables park.
- Dublin Road/FM 544 Water Line.
- Dublin Road/FM 544 Sewer Line.
- Skyline Wastewater Treatment Plant (decommission).
- Completion of Skyline Outfall project.
- Completion of 2 million gallon North Star ground storage tank.

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 financial report (CAFR) for the fiscal year ended September 30, 2006. This was the third year that the government 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 on one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Murphy, Texas finances.

Respectfully submitted,

Ms. Linda Truitt
Finance Director

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, 2006

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



Oliver S. Cox

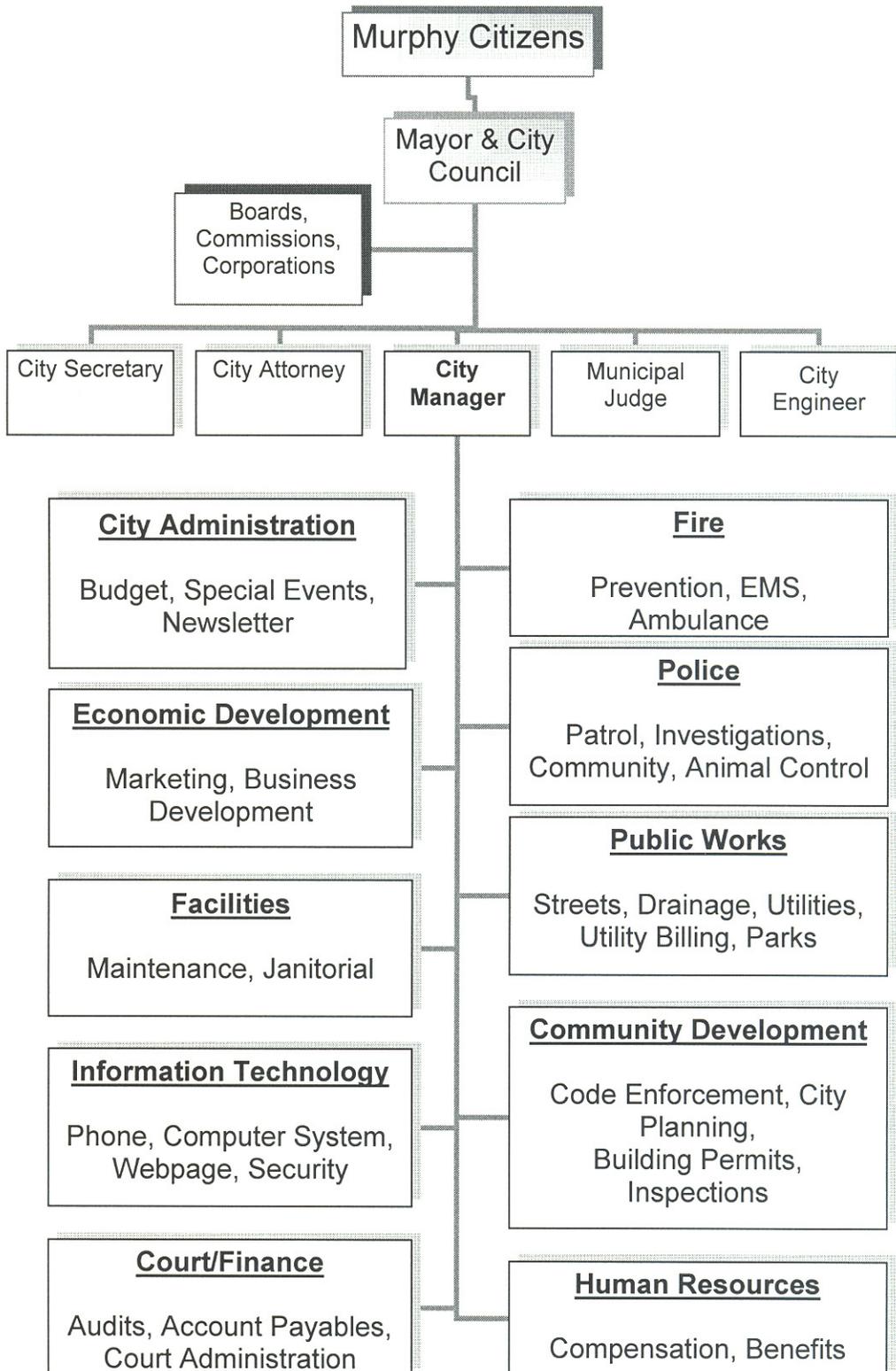
President

Jeffrey R. Emer

Executive Director

City of Murphy

Functional Organization Chart





CITY OF MURPHY

Elected and Appointed Officials

JAN 2008

Elected Officials

Mayor

Bret Baldwin
Term Expires May 2008

Place 1

Colleen Halbert
Term Expires May 2010

Place 2

Roxanne Bogdan
Term Expires May 2010

Place 3

Dwayne Elledge
Term Expires May 2008

Place 4

Scott Bradley
Term Expires May 2010

Place 5*

Mike Daniel
Term Expires May 2008

Place 6

Eric Barna
Term Expires May 2010

Appointed Officials

Interim City Manager

Jim Berzina
Appointed June 2007

City Secretary

Aimee Nemer
Appointed November
2004

City Attorney

Andrew Messer
Appointed 12/2007

Municipal Judge

Cathy Haden
Appointed July
2005-2007

City Staff

City of Murphy
206 N. Murphy Road
Murphy, TX 75094
972/468-4000
www.murphytx.org

Assistant City Manager/Director of Community Development

Jeff Bickerstaff

Executive Director of Economic Development

Vacant

Police Chief

Billy Myrick

Fire Chief

Kelley Stalder

Finance Director

Linda Truitt

Court Administrator

Debbie Wilson

HR Coordinator

Stacy Buckley

IT Director

Ron Whitley

**Murray Sanderford resigned September 2007 and Mike Daniel was elected November 2007*

FINANCIAL SECTION

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PINGLETON, HOWARD & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 148

FRISCO, TEXAS 75034

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murphy, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Murphy. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, each major fund, and the aggregate remaining fund information of the City of Murphy, Texas, at September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 13 through 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor
and Members of the City Council
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual fund statements and schedules, and statistical section, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

/s/ Pingleton, Howard & Company, P.C.

January 9, 2008

Management's Discussion and Analysis

As management of the City of Murphy, we offer readers of the City of Murphy's financial statements this narrative overview and analysis of the financial activities of the City of Murphy for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-5 of this report. All amounts, unless otherwise indicated, are expressed in actual dollars.

Financial Highlights

- The assets of the City of Murphy exceeded its liabilities at the close of the most recent fiscal year by \$73,204,985 (net assets). Of this amount, \$7,099,100, (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$934,077. This decrease is due to a reduction in water and sewer revenues, building permits and reinspection fees.
- As of the close of the current fiscal year, the City of Murphy governmental funds reported combined ending fund balances of \$4,596,573, a decrease of \$1,239,875 in comparison with the prior year. All of the decrease is due to capital outlay for the municipal complex and infrastructure. Approximately \$3,859,308 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,695,623 or 20 percent of total general fund expenditures.
- The City of Murphy's long-term debt decreased by \$1,446,368 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Murphy's basic financial statements. The City of Murphy's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Murphy's finances, in a manner similar to a private-sector business.

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

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

Both of 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 governmental activities of the City of Murphy include general government, public safety, public works, and sanitation services. The business-type activities of the City of Murphy include the water treatment plant and distribution system, and wastewater treatment plant and collection system.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is more narrow 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 the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Murphy maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, all of which are considered to be major funds. The non-major governmental funds are special revenue funds used to account for economic development and community development.

The City of Murphy adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-33 of this report.

Proprietary funds. The City of Murphy maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Murphy uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, which is considered to be a major fund of the City of Murphy.

The basic proprietary fund financial statements can be found on pages 34-37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-54 of this report.

Other information

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 57-58 of this report. The individual fund schedule provides a budgetary comparison for the enterprise fund. This statement can be found on pages 59-60 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Murphy, assets exceed liabilities by \$73,204,985 at the close of the most recent fiscal year.

A portion of the City of Murphy's net assets (89 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MURPHY - Net Assets

	Governmental		Business-type		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 5,840,627	7,420,988	3,065,470	3,468,380	8,906,097	10,889,368
Capital assets	63,842,291	64,651,200	30,588,683	30,716,753	94,430,974	95,367,953
Total assets	69,682,918	72,072,188	33,654,153	34,185,133	103,337,071	106,257,321
Long-term liabilities	27,828,317	29,165,394	634,274	743,565	28,462,591	29,908,959
Other liabilities	1,268,065	1,626,644	401,430	582,656	1,669,495	2,209,300
Total liabilities	29,096,382	30,792,038	1,035,704	1,326,221	30,132,086	32,118,259
Net assets:						
Invested in capital assets, net of						
related debt	35,389,937	35,636,008	29,978,683	29,991,753	65,368,620	65,627,761
Restricted	737,265	563,899			737,265	563,899
Unrestricted	4,459,334	5,080,243	2,639,766	2,867,159	7,099,100	7,947,402
Total net assets	\$ 40,586,536	41,280,150	32,618,449	32,858,912	73,204,985	74,139,062

An additional portion of the City of Murphy's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$7,272,435 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Murphy is able to report positive balances in all three categories of net assets for the government as a whole.

The following key elements influenced the changes in net assets from the prior year:

Governmental Activities:

- Property taxes increased by \$906,669 (20 percent) during the year. This increase is the product of new development and appreciation in property values.

- Charges for services decreased by \$528,439 during the year mostly due to a decrease in building permits and reinspection fees.

Business-type Activities

Business-type activities decreased the City of Murphy's net assets by \$240,463.

- Water and sewer revenue decreased by \$464,025 due to a wetter than normal summer.
- Impact fees decreased by \$390,998 as a result of a slow down in residential construction.
- Transfers out of the Water and Sewer Fund were \$850,000 compared to \$355,833 for the previous fiscal year.
- Operating expenses increased by \$875,103 over the previous year, with the largest increase being in the cost of sales and services.

CITY OF MURPHY - Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 3,086,581	3,615,020	5,239,554	6,220,674	8,326,135	9,835,694
Operating grants and contributions	87,029	48,525			87,029	48,525
Capital grants and contributions	370,351	2,914,467	84,276	1,026,637	454,627	3,941,104
General revenues:						
Property taxes	5,486,718	4,580,049			5,486,718	4,580,049
Other taxes	1,771,503	1,519,827			1,771,503	1,519,827
Investment earnings	341,766	311,862	145,512	148,789	487,278	460,651
Other	154,666	14,542		9,181	154,666	23,723
Total revenues	11,298,614	13,004,292	5,469,342	7,405,281	16,767,956	20,409,573
Expenses:						
General government	3,372,472	1,994,980			3,372,472	1,994,980
Public safety	4,274,898	3,131,348			4,274,898	3,131,348
Public works	3,049,568	2,191,091			3,049,568	2,191,091
Sanitation services	629,528	565,003			629,528	565,003
Economic development	255,631	227,051			255,631	227,051
Interest on long-term debt	1,260,131	1,331,285			1,260,131	1,331,285
Water & Sewer			4,859,805	3,944,484	4,859,805	3,944,484
Total expenses	12,842,228	9,440,758	4,859,805	3,944,484	17,702,033	13,385,242
Increase (decrease) in net assets before transfers	(1,543,614)	3,563,534	609,537	3,460,797	(934,077)	7,024,331
Transfers	850,000	355,833	(850,000)	(355,833)		
Increase(decrease) in net assets	(693,614)	3,919,367	(240,463)	3,104,964	(934,077)	7,024,331
Net assets - beginning	41,280,150	37,360,783	32,858,912	29,753,948	74,139,062	67,114,731
Net assets - ending	\$ 40,586,536	41,280,150	32,618,449	32,858,912	73,204,985	74,139,062

Financial Analysis of the Government'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 of Murphy's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Murphy's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

As the end of the current fiscal year, the City of Murphy's governmental funds reported combined ending fund balance of \$4,596,573, a decrease of \$1,239,875 from the prior year. All of the decrease is from capital outlay for the municipal complex and infrastructure. Of the current combined ending fund balance, a total of \$713,327 is unreserved but designated for construction, while \$1,695,623 is unreserved and not designated, and \$1,450,358 is unreserved but with specific designated uses in special revenue. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City of Murphy. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,695,623. Total unreserved fund balance represents 20% of total general fund expenditures.

The debt service fund has a total fund balance of \$737,265, all of which is reserved for payment of debt service.

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

Unrestricted net assets of the Enterprise Fund at the end of the year amounted to \$32,618,449. The factors concerning the finances of this fund have already been addressed in the discussion of the City of Murphy's business type activities.

General Fund Budgetary Highlights

During the year, revenues were over budget by \$162,462, primarily due to settlement of a lawsuit. Expenditures were under budget by \$169,716, with most of the difference being in public safety.

The budgeted revenues and expenditures were reduced for the state court cost expenditures.

Capital Asset and Debt Administration

Capital assets. The City of Murphy's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$94,430,974 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, systems, and improvements and equipment.

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

- Infrastructure was added for a total cost of \$508,210.
- Additions to major sections of both the water distribution and sewer collection systems continued with additions to the system of \$834,254.

Additional information on the City of Murphy's capital assets can be found in note 3C on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the City of Murphy had bonded debt outstanding of \$28,265,000. Of this amount, \$27,655,000 comprises debt backed by the full faith and credit of the government and \$610,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The City of Murphy's long-term debt decreased by \$1,446,368 during the current fiscal year.

Additional information on the City of Murphy's long-term debt can be found in note 3E on pages 49-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Murphy is currently experiencing rapid growth and indications are for this trend to continue until build out. According to the U.S. Census Bureau, the City of Murphy is one of the fastest growing municipalities in the area.

- The City of Murphy is a community offering exceptional housing located within two award-winning school districts and close to major thoroughfares with easy access to retail and professional office facilities. During the year 2007 the City issued 341 single family residential permits.
- The City maintained the ad valorem tax rate of .4683 pr \$100 valuation for the 2007-08 fiscal year. This tax rate is one of the lowest municipal tax rates in Collin County.
- The 2007-08 General Fund revenue is estimated to increase by 10% due primarily to the stable growth economic development in our community. Though economic forecasts for the region reflects a potentially decline in economic growth, the City's continued response to emerging economic challenges is a key element to its fiscal growth and stability.
- Sales tax is generated from a variety of businesses operating in the City of Murphy. Current estimates indicate an increase of 10% in sales tax for the current fiscal year.
- Construction of the additional 500,000 s.f. of mixed use retail and service businesses development along FM 544 and FM 2551 is expected to impact the City in future sales tax and property tax revenues. The first large anchor business is expected to open mid-year 2008 with smaller businesses opening by October.

All these factors were considered in preparing the City of Murphy's budget for the 2008 fiscal year.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF MURPHY
Statement of Net Assets
September 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,595,484	1,746,193	6,341,677
Receivables (net of allowance for uncollectibles):			
Utility bills	111,332	763,895	875,227
Property taxes	130,978		130,978
Sales taxes	190,936		190,936
Other		127,977	127,977
Due from other governments	811,897		811,897
Restricted cash and cash equivalents		427,405	427,405
Capital assets (net of accumulated depreciation):			
Land	6,474,683		6,474,683
Infrastructure	36,401,019	30,364,178	66,765,197
Buildings, systems and improvements	20,143,924		20,143,924
Equipment	<u>822,665</u>	<u>224,505</u>	<u>1,047,170</u>
Total assets	<u>69,682,918</u>	<u>33,654,153</u>	<u>103,337,071</u>
LIABILITIES			
Accounts payable	330,468	68,156	398,624
Accrued wages payable	140,243	25,509	165,752
Retainage payable	642,365		642,365
Accrued interest payable	154,989	9,924	164,913
Deposits payable		297,841	297,841
Noncurrent liabilities:			
Due within one year	1,543,317	144,274	1,687,591
Due in more than one year	<u>26,285,000</u>	<u>490,000</u>	<u>26,775,000</u>
Total liabilities	<u>29,096,382</u>	<u>1,035,704</u>	<u>30,132,086</u>
NET ASSETS			
Invested in capital assets, net of related debt	35,389,937	29,978,683	65,368,620
Restricted for debt service	737,265		737,265
Unrestricted	<u>4,459,334</u>	<u>2,639,766</u>	<u>7,099,100</u>
Total net assets	<u>\$ 40,586,536</u>	<u>32,618,449</u>	<u>73,204,985</u>

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

CITY OF MURPHY
Statement of Activities
For the Fiscal Year Ended September 30, 2007

Functions/Programs	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,372,472	1,628,880		
Public safety	4,274,898	702,686	67,029	
Public works	3,049,568	30,556		370,351
Sanitation services	629,528	724,459		
Economic and community development	255,631		20,000	
Interest and fiscal charges	<u>1,260,131</u>			
Total governmental activities	<u>12,842,228</u>	<u>3,086,581</u>	<u>87,029</u>	<u>370,351</u>
Business-type activities:				
Water and sewer	<u>4,859,805</u>	<u>5,239,554</u>		<u>84,276</u>
Total business-type activities	<u>4,859,805</u>	<u>5,239,554</u>		<u>84,276</u>
 Total primary government	 \$ <u>17,702,033</u>	 <u>8,326,135</u>	 <u>87,029</u>	 <u>454,627</u>

General revenues:

Property taxes
Sales taxes
Franchise taxes
Investment earnings
Miscellaneous revenue
Transfers
Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
(1,743,592)		(1,743,592)
(3,505,183)		(3,505,183)
(2,648,661)		(2,648,661)
94,931		94,931
(235,631)		(235,631)
<u>(1,260,131)</u>		<u>(1,260,131)</u>
<u>(9,298,267)</u>		<u>(9,298,267)</u>
	<u>464,025</u>	<u>464,025</u>
	<u>464,025</u>	<u>464,025</u>
<u>(9,298,267)</u>	<u>464,025</u>	<u>(8,834,242)</u>
5,486,718		5,486,718
1,170,553		1,170,553
600,950		600,950
341,766	145,512	487,278
154,666		154,666
<u>850,000</u>	<u>(850,000)</u>	
<u>8,604,653</u>	<u>(704,488)</u>	<u>7,900,165</u>
(693,614)	(240,463)	(934,077)
<u>41,280,150</u>	<u>32,858,912</u>	<u>74,139,062</u>
<u>\$ 40,586,536</u>	<u>32,618,449</u>	<u>73,204,985</u>

CITY OF MURPHY
 Balance Sheet
 Governmental Funds
 September 30, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,893,170	737,265
Receivables (net of allowance for uncollectibles):		
Property taxes	64,639	66,339
Sales taxes	95,468	
Utility bills	111,332	
Due from other governments	<u> </u>	<u> </u>
Total assets	<u>\$ 2,164,609</u>	<u>803,604</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 272,671	
Accrued wages payable	131,676	
Retainage payable		
Deferred revenue	<u>64,639</u>	<u>66,339</u>
Total liabilities	<u>468,986</u>	<u>66,339</u>
Fund balances:		
Reserved for:		
Debt service		737,265
Unreserved and designated for:		
Construction		
Unreserved and undesignated:		
Reported in the general fund	1,695,623	
Reported in the special revenue fund	<u> </u>	<u> </u>
Total fund balances	<u>1,695,623</u>	<u>737,265</u>
Total liabilities and fund balances	<u>\$ 2,164,609</u>	<u>803,604</u>

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

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
596,553	1,368,496	4,595,484
		130,978
	95,468	190,936
		111,332
<u>811,897</u>	<u> </u>	<u>811,897</u>
<u>1,408,450</u>	<u>1,463,964</u>	<u>5,840,627</u>
52,758	5,039	330,468
	8,567	140,243
642,365		642,365
<u> </u>	<u> </u>	<u>130,978</u>
<u>695,123</u>	<u>13,606</u>	<u>1,244,054</u>
		737,265
713,327		713,327
		1,695,623
<u> </u>	<u>1,450,358</u>	<u>1,450,358</u>
<u>713,327</u>	<u>1,450,358</u>	<u>4,596,573</u>
<u>1,408,450</u>	<u>1,463,964</u>	<u>5,840,627</u>

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CITY OF MURPHY
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 September 30, 2007

Total Fund Balances - Government Funds \$ 4,596,573

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$70,285,297 and the accumulated depreciation was \$5,634,097. In addition, long-term liabilities, including bonds payable of \$28,975,000, loans payable of \$35,523, and capital leases payable of \$4,669, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets. 35,636,008

Current year capital outlays of \$901,308 and long-term debt principal payments of \$1,360,192 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets. 2,261,500

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to decrease net assets. (154,989)

The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. (1,710,217)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing \$130,978 of deferred revenue as revenue and recognizing the liabilities associated with compensated absences of \$(173,317). The net effect of these reclassifications is to decrease net assets. (42,339)

Net Assets of Governmental Activities \$ 40,586,536

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

CITY OF MURPHY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Taxes:		
Property	\$ 2,724,746	2,752,920
Sales	586,307	
Franchise	600,950	
Licenses and permits	1,432,050	
Charges for services	30,556	
Fines and forfeitures	702,686	
Sanitation collections	724,459	
Drainage fees	196,830	
Contributions and grants	38,637	
Intergovernmental	48,392	
Interest	139,609	49,810
Miscellaneous	<u>153,466</u>	
Total revenues	<u>7,378,688</u>	<u>2,802,730</u>
EXPENDITURES		
Current:		
General government	1,876,392	
Public safety	4,425,685	
Public works	1,510,980	
Sanitation services	629,528	
Economic and community development		
Debt service:		
Principal		1,360,192
Interest and fiscal charges		<u>1,269,172</u>
Total expenditures	<u>8,442,585</u>	<u>2,629,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,063,897)</u>	<u>173,366</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	(273,590)	
Transfers in	<u>850,000</u>	
Total other financing sources (uses)	<u>576,410</u>	
Net change in fund balances	(487,487)	173,366
Fund balances, beginning	<u>2,183,110</u>	<u>563,899</u>
Fund balances, ending	<u>\$ 1,695,623</u>	<u>737,265</u>

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

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		5,477,666
	584,246	1,170,553
		600,950
		1,432,050
		30,556
		702,686
		724,459
		196,830
		38,637
370,351		418,743
90,680	61,667	341,766
1,200		154,666
<u>462,231</u>	<u>645,913</u>	<u>11,289,562</u>
773,258		2,649,650
		4,425,685
1,278,599		2,789,579
		629,528
	255,631	255,631
		1,360,192
		<u>1,269,172</u>
<u>2,051,857</u>	<u>255,631</u>	<u>13,379,437</u>
(1,589,626)	<u>390,282</u>	<u>(2,089,875)</u>
	(409,792)	(683,382)
<u>683,382</u>		<u>1,533,382</u>
<u>683,382</u>	<u>(409,792)</u>	<u>850,000</u>
(906,244)	(19,510)	(1,239,875)
<u>1,619,571</u>	<u>1,469,868</u>	<u>5,836,448</u>
<u>713,327</u>	<u>1,450,358</u>	<u>4,596,573</u>

CITY OF MURPHY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
September 30, 2007

Total Net Change in Fund Balances - Governmental Funds \$ (1,239,875)

Current year capital outlays of \$901,308 and long-term debt principal payments of \$1,360,192 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets. 2,261,500

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to increase net assets. 9,041

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current resources. The net effect of the current year's depreciation is to decrease net assets. (1,710,217)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue of \$9,052 as revenue, and recognizing the liabilities associated with compensated absences of \$(23,115). The net effect of these reclassifications is to decrease net assets. (14,063)

Change in Net Assets of Governmental Activities \$ (693,614)

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

CITY OF MURPHY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

For the Fiscal Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Taxes:				
Property	\$ 2,630,211	2,722,800	2,724,746	1,946
Sales	700,000	582,000	586,307	4,307
Franchise	590,000	600,450	600,950	500
Licenses and permits	2,164,907	1,517,000	1,432,050	(84,950)
Charges for services	30,556	30,556	30,556	
Fines and forfeitures	1,021,000	608,360	702,686	94,326
Sanitation collections	724,459	724,459	724,459	
Drainage fees		196,830	196,830	
Contributions and grants			38,637	38,637
Intergovernmental			48,392	48,392
Interest	130,809	130,809	139,609	8,800
Miscellaneous	<u>133,776</u>	<u>102,962</u>	<u>153,466</u>	<u>50,504</u>
Total revenues	<u>8,125,718</u>	<u>7,216,226</u>	<u>7,378,688</u>	<u>162,462</u>
 EXPENDITURES				
City administration:				
Personnel services	240,514	471,978	470,608	1,370
Materials and supplies	16,400	9,341	9,285	56
Other services	<u>144,648</u>	<u>168,760</u>	<u>168,061</u>	<u>699</u>
Total city administration	<u>401,562</u>	<u>650,079</u>	<u>647,954</u>	<u>2,125</u>
 Human resources:				
Personnel services	68,549	70,040	68,463	1,577
Materials and supplies	800	439	400	39
Other services	<u>57,464</u>	<u>52,785</u>	<u>50,154</u>	<u>2,631</u>
Total human resources	<u>126,813</u>	<u>123,264</u>	<u>119,017</u>	<u>4,247</u>
 Information technology:				
Personnel services	134,283	118,061	117,284	777
Materials and supplies	32,300	31,532	30,793	739
Other services	<u>30,200</u>	<u>29,719</u>	<u>29,710</u>	<u>9</u>
Total information technology	<u>196,783</u>	<u>179,312</u>	<u>177,787</u>	<u>1,525</u>
 City council:				
Materials and supplies	16,000	15,900	15,426	474
Other services	<u>204,650</u>	<u>263,180</u>	<u>251,841</u>	<u>11,339</u>
Total city council	<u>220,650</u>	<u>279,080</u>	<u>267,267</u>	<u>11,813</u>
 City secretary:				
Personnel services	80,688	82,447	82,015	432
Materials and supplies	5,050	4,111	3,957	154
Other services	<u>53,675</u>	<u>48,846</u>	<u>48,024</u>	<u>822</u>
Total city secretary	<u>\$ 139,413</u>	<u>135,404</u>	<u>133,996</u>	<u>1,408</u>

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CITY OF MURPHY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Fiscal Year Ended September 30, 2007
 -continued-

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
EXPENDITURES (continued)				
Finance:				
Personnel services	\$ 170,168	146,257	142,903	3,354
Materials and supplies	2,000	651	646	5
Other services	<u>109,347</u>	<u>104,333</u>	<u>102,891</u>	<u>1,442</u>
Total finance	<u>281,515</u>	<u>251,241</u>	<u>246,440</u>	<u>4,801</u>
Fire department:				
Personnel services	1,272,052	1,182,761	1,143,812	38,949
Materials and supplies	78,530	82,552	76,766	5,786
Other services	224,445	256,059	219,932	36,127
Capital outlay	<u>75,000</u>	<u>110,000</u>	<u>110,000</u>	
Total fire department	<u>1,650,027</u>	<u>1,631,372</u>	<u>1,550,510</u>	<u>80,862</u>
Public works:				
Materials and supplies	46,150	42,839	42,385	454
Other services	<u>229,100</u>	<u>197,266</u>	<u>197,236</u>	<u>30</u>
Total public works	<u>275,250</u>	<u>240,105</u>	<u>239,621</u>	<u>484</u>
Facilities:				
Materials and supplies	35,000	40,503	40,502	1
Other services	<u>234,000</u>	<u>248,624</u>	<u>243,429</u>	<u>5,195</u>
Total facilities	<u>269,000</u>	<u>289,127</u>	<u>283,931</u>	<u>5,196</u>
Community development:				
Personnel services	347,913	334,574	328,067	6,507
Materials and supplies	23,674	19,305	17,136	2,169
Other services	<u>411,305</u>	<u>263,460</u>	<u>267,395</u>	<u>(3,935)</u>
Total community development	<u>782,892</u>	<u>617,339</u>	<u>612,598</u>	<u>4,741</u>
Police department:				
Personnel services	1,844,246	1,931,350	1,905,587	25,763
Materials and supplies	130,451	166,313	164,608	1,705
Other services	404,965	430,580	425,096	5,484
Capital outlay	<u>89,555</u>	<u>84,055</u>	<u>77,816</u>	<u>6,239</u>
Total police department	<u>2,469,217</u>	<u>2,612,298</u>	<u>2,573,107</u>	<u>39,191</u>
Animal control:				
Personnel services	49,542	51,790	51,415	375
Materials and supplies	9,130	6,339	4,926	1,413
Other services	<u>10,678</u>	<u>8,627</u>	<u>8,612</u>	<u>15</u>
Total animal control	<u>69,350</u>	<u>66,756</u>	<u>64,953</u>	<u>1,803</u>
Parks and recreation:				
Personnel services	439,193	430,976	421,895	9,081
Materials and supplies	\$ 76,415	69,774	70,372	(598)

CITY OF MURPHY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Fiscal Year Ended September 30, 2007
 -continued-

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
EXPENDITURES (continued)				
Parks and recreation: (continued)				
Other services	\$ 144,541	132,448	132,305	143
Capital outlay	<u>34,000</u>	<u>32,456</u>	<u>34,189</u>	<u>(1,733)</u>
Total parks and recreation	<u>694,149</u>	<u>665,654</u>	<u>658,761</u>	<u>6,893</u>
Municipal court:				
Personnel services	131,658	133,650	130,454	3,196
Materials and supplies	45,800	22,758	21,093	1,665
Other services	<u>575,039</u>	<u>81,862</u>	<u>80,732</u>	<u>1,130</u>
Total municipal court	<u>752,497</u>	<u>238,270</u>	<u>232,279</u>	<u>5,991</u>
Waste management:				
Other services	<u>646,600</u>	<u>633,000</u>	<u>629,528</u>	<u>3,472</u>
Total waste management	<u>646,600</u>	<u>633,000</u>	<u>629,528</u>	<u>3,472</u>
Debt service:				
Principal			4,668	(4,668)
Interest			<u>168</u>	<u>(168)</u>
Total debt service			<u>4,836</u>	<u>(4,836)</u>
Total expenditures	<u>8,975,718</u>	<u>8,612,301</u>	<u>8,442,585</u>	<u>169,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(850,000)</u>	<u>(1,396,075)</u>	<u>(1,063,897)</u>	<u>332,178</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	850,000	850,000	
Transfers out		<u>(273,590)</u>	<u>(273,590)</u>	
Total other financing sources (uses)	<u>850,000</u>	<u>576,410</u>	<u>576,410</u>	
Net change in fund balances		(819,665)	(487,487)	332,178
Fund balances, beginning	<u>2,183,110</u>	<u>2,183,110</u>	<u>2,183,110</u>	
Fund balances, ending	\$ <u>2,183,110</u>	<u>1,363,445</u>	<u>1,695,623</u>	<u>332,178</u>

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

CITY OF MURPHY
Statement of Net Assets
Proprietary Funds
September 30, 2007

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,746,193
Restricted cash and cash equivalents	427,405
Utility bills receivable (net of allowance for uncollectibles)	763,895
Other receivable	<u>127,977</u>
Total current assets	<u>3,065,470</u>

Noncurrent assets:

Capital Assets:

Systems and improvements	35,134,667
Equipment	395,754
Less: accumulated depreciation	<u>(4,941,738)</u>
Total capital assets (net of depreciation)	<u>30,588,683</u>
Total noncurrent assets	<u>30,588,683</u>
Total assets	<u>33,654,153</u>

LIABILITIES

Current liabilities:

Accounts payable	68,156
Deposits	297,841
Accrued interest	9,924
Accrued wages payable	25,509
Compensated absences	24,274
Current portion of revenue bonds payable	<u>120,000</u>
Total current liabilities	<u>545,704</u>

Noncurrent liabilities:

Revenue bonds payable	<u>490,000</u>
Total noncurrent liabilities	<u>490,000</u>
Total liabilities	<u>1,035,704</u>

NET ASSETS

Invested in capital assets, net of related debt	29,978,683
Unrestricted	<u>2,639,766</u>
Total net assets	\$ <u><u>32,618,449</u></u>

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

CITY OF MURPHY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2007

OPERATING REVENUES

Charges for sales and services:	
Water sales	\$ 2,238,964
Sewer sales	2,026,894
Impact fees	839,895
Meter fees	20,920
Engineering/inspection fees	108,221
Developer contributions	84,276
Miscellaneous	<u>4,660</u>
Total operating revenues	<u>5,323,830</u>

OPERATING EXPENSES

Cost of sales and services	3,780,578
Administration	170,149
Depreciation	<u>868,860</u>
Total operating expenses	<u>4,819,587</u>

Operating income (loss)	<u>504,243</u>
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NONOPERATING REVENUES (EXPENSES)

Interest revenue	145,512
Interest expense and fiscal charges	<u>(40,218)</u>
Total nonoperating revenues (expenses)	<u>105,294</u>

Net income (loss) before transfers	609,537
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Transfers out	<u>(850,000)</u>
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Change in net assets	(240,463)
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Net assets, beginning	<u>32,858,912</u>
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Net assets, ending	\$ <u><u>32,618,449</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MURPHY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2007

Cash flows from operating activities:	
Cash received from customers and users	\$ 5,267,442
Cash payments to suppliers	(2,437,166)
Cash payments to employees	(1,706,456)
Net cash provided by operating activities	<u>1,123,820</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(850,000)</u>
Net cash used for noncapital financing activities	<u>(850,000)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(740,790)
Principal paid on long-term debt	(115,000)
Interest paid on debt	<u>(41,906)</u>
Net cash used for capital and related financing activities	<u>(897,696)</u>
Cash flows from investing activities:	
Interest on deposits and investments	<u>145,512</u>
Net cash provided by investing activities	<u>145,512</u>
Net increase in cash and cash equivalents	(478,364)
Cash and cash equivalents, beginning	<u>2,651,962</u>
Cash and cash equivalents, ending	\$ <u><u>2,173,598</u></u>

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

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	\$ <u>504,243</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	868,860
(Increase) decrease in accounts receivable	(77,017)
(Increase) decrease in other receivable	1,564
Increase (decrease) in accounts payable	(222,832)
Increase (decrease) in accrued wages payable	24,225
Increase (decrease) in compensated absences payable	5,709
Net increase in customer deposits	<u>19,068</u>
Total adjustments	<u>619,577</u>
Net cash provided by operating activities	\$ <u><u>1,123,820</u></u>

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CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Murphy, Texas, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board (accompanied by either the potential imposition of will or ongoing financial benefit/burden), 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. For this last test, special attention must be paid 1) to certain special financing authorities and 2) to the nature and significance of a legally separate, tax-exempt entity's relationship with the primary government and its component units. Based upon the application of these tests, the City of Murphy does not have any component units.

B. Government-wide and Fund financial statements

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

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

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

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *special revenue funds* account for revenues that are legally restricted for particular purposes. The government's special revenue funds are used to account for activity related to economic development, community development, and park fees.

The government reports the following proprietary fund:

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation
(continued)

The *enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The government's enterprise fund is for water and sewer operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund, and of the government's internal service fund are charges to customers for sales and services. The enterprise 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 enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity

1. Deposits and Investments

Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments. Investments are stated at fair value.

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

3. Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When the government incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	10-30
Infrastructure	50
Equipment	5-10
Vehicles	5

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government except upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

1. Prior to September 1, the City Manager and staff meet with the City Council in a series of workshops to work on the budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than August 10, the City Manager officially presents the budget to the City Council for consideration. A second Council meeting is scheduled before October 1 to finalize the adoption of the new budget.
4. The City Manager is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter expenditures between departments of any fund, must be approved by the City Council.
5. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund. Two supplemental appropriations were made during the fiscal year.
6. The budget approved for the Water and Sewer Fund follows similar approval procedures but departs from accounting principles generally accepted in the United States of America by not including depreciation in the approved budget. These amounts are reported at year end as part of the "actual" column. Two supplemental appropriations were made during the fiscal year.
7. The Debt Service and Capital Project Funds do not have formal budgets since all are controlled by contractual obligations approved at inception or as part of the General Fund on an annual basis. The nonmajor governmental funds are not budgeted.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbered amounts lapse at year end. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

B. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual - Enterprise Fund to the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds:

	<u>Water and Sewer Fund</u>
Net assets (budget)	\$ 33,487,309
Depreciation	(868,860)
Net assets (GAAP)	\$ <u>32,618,449</u>

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At September 30, 2007, the government's carrying amount of deposits was \$6,769,082 and the bank balance of the government's deposits was \$7,347,662. Of the bank balance, \$308,033 was covered by federal depository insurance and \$7,039,629 was covered by collateral held by the pledging financial institution's trust department or agent in the government's name.

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

- a. **Custodial Credit Risk - Deposits:** In the case of deposits this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The City is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.
- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Since the City does not carry investments, it is not exposed to custodial credit risk.
- c. **Credit Risk -** This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. Since the City does not carry investments, it is not exposed to credit risk.
- d. **Interest Rate Risk -** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the City's investment in external investment pools is less than 60 days. Since the City does not carry investments, it is not exposed to interest rate risk.
- e. **Foreign Currency Risk -** This is the risk that exchange rates will adversely affect the fair value of an investment. Since the City does not carry investments, it is not exposed to foreign currency risk.

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. Since the City does not carry investments, it is not exposed to concentration of credit risk.

B. Receivables

Receivables at September 30, 2007 consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Water & Sewer</u>	<u>Total</u>
Receivables:					
Utility bills	\$ 111,332			778,234	889,566
Delinquent taxes	64,639	66,339			130,978
Sales taxes	95,468		95,468		190,936
Other	_____	_____	_____	<u>127,977</u>	<u>127,977</u>
Gross receivables	271,439	66,339	95,468	906,211	1,339,457
Less: allowance for uncollectibles	_____	_____	_____	<u>(14,339)</u>	<u>(14,339)</u>
Net total receivables	<u>\$ 271,439</u>	<u>66,339</u>	<u>95,468</u>	<u>891,872</u>	<u>1,325,118</u>

Taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 up to the date collected by the government at the rate of 1% per month. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes applicable to personal property may be deemed uncollectible by the government. The government's current policy is to write-off uncollectible personal property taxes after four years.

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2007 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,474,683			6,474,683
Total capital assets, not being depreciated	<u>6,474,683</u>			<u>6,474,683</u>
Capital assets, being depreciated:				
Buildings and improvements	21,573,067	9,050		21,582,117
Infrastructure	40,460,581	508,210		40,968,791
Equipment	<u>1,776,966</u>	<u>384,048</u>	<u>(149,391)</u>	<u>2,011,623</u>
Total capital assets being depreciated	<u>63,810,614</u>	<u>901,308</u>	<u>(149,391)</u>	<u>64,562,531</u>
Less accumulated depreciation for:				
Buildings and improvements	(754,871)	(683,322)		(1,438,193)
Infrastructure	(3,845,773)	(721,999)		(4,567,772)
Equipment	<u>(1,033,453)</u>	<u>(304,896)</u>	<u>149,391</u>	<u>(1,188,958)</u>
Total accumulated depreciation	<u>(5,634,097)</u>	<u>(1,710,217)</u>	<u>149,391</u>	<u>(7,194,923)</u>
Total capital assets, being depreciated, net	<u>58,176,517</u>	<u>(808,909)</u>		<u>57,367,608</u>
Governmental activities capital assets, net	\$ <u>64,651,200</u>	<u>(808,909)</u>		<u>63,842,291</u>

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 235,730		(235,730)	
Total capital assets, not being depreciated	<u>235,730</u>		<u>(235,730)</u>	
Capital assets, being depreciated:				
Buildings, systems and improvements	34,300,413	834,254		35,134,667
Equipment	<u>253,488</u>	<u>142,266</u>		<u>395,754</u>
Total capital assets, being depreciated	<u>34,553,901</u>	<u>976,520</u>		<u>35,530,421</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(3,940,006)	(830,483)		(4,770,489)
Equipment	<u>(132,872)</u>	<u>(38,377)</u>		<u>(171,249)</u>
Total accumulated depreciation	<u>(4,072,878)</u>	<u>(868,860)</u>		<u>(4,941,738)</u>
Total capital assets, being depreciated, net	<u>30,481,023</u>	<u>107,660</u>		<u>30,588,683</u>
Business-type activities capital assets, net	\$ <u>30,716,753</u>	<u>107,660</u>	<u>(235,730)</u>	<u>30,588,683</u>

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

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

Governmental activities:		
General government	\$	717,274
Public safety		135,564
Public works		<u>857,379</u>
Total depreciation expense - governmental activities		<u>\$ 1,710,217</u>
Business-type activities:		
Water and sewer	\$	<u>868,860</u>
Total depreciation expense - business-type activities		<u>\$ 868,860</u>

D. Interfund Receivables, Payables, and Transfers

Interfund activity for the year ended September 30, 2007, was as follows:

	Transfers in:		
	General Fund	Capital Projects Fund	Total
Transfers out:			
General fund	\$	273,590	273,590
Special Revenue fund		409,792	409,792
Water & Sewer fund	<u>850,000</u>		<u>850,000</u>
Total	<u>\$ 850,000</u>	<u>683,382</u>	<u>1,533,382</u>

The transfer from the water and sewer fund to the general fund was to pay for city resources used by the water department. The transfers from the General and Special Revenue Funds to the Capital Projects Fund were to pay their share of specific projects.

E. Long-Term Debt

Long-term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 4,669		(4,669)		
Notes payable	35,523		(35,523)		
Bonds payable	28,975,000		(1,320,000)	27,655,000	1,370,000
Compensated absences	<u>150,202</u>	<u>173,317</u>	<u>(150,202)</u>	<u>173,317</u>	<u>173,317</u>
Totals	<u>\$ 29,165,394</u>	<u>173,317</u>	<u>(1,510,394)</u>	<u>27,828,317</u>	<u>1,543,317</u>

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Bonds payable at September 30, 2007 are comprised of the following issues for the debt service fund:

1993 General Obligation Refunding Bonds. Interest payable February 15 and August 15 at rates ranging from 6.0% to 6.5%.	\$ 35,000
1998 Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 4.4% to 5.25%.1,975,000	1,755,000
2001 Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 4.75% to 5.75%.	2,905,000
2001 General Obligation Refunding Bonds. Interest payable February 15 and August 15 at rates ranging from 4.0% to 4.375%.	645,000
2002 Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 4.5% to 5.75%.	2,970,000
2002A Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 3.5% to 4.75%.	4,150,000
2003 Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 3.5% to 5.0%.	5,900,000
2004 Certificates of Obligation. Interest payable February 15 and August 15 at rates ranging from 4.125% to 4.875%.	<u>9,295,000</u>
Combined Debt	<u>\$ 27,655,000</u>

The annual requirements to amortize the bonded debt outstanding for the debt service fund as of September 30, 2007 are as follows:

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,370,000	1,207,986	2,577,986
2009	1,455,000	1,143,164	2,598,164
2010	1,525,000	1,077,171	2,602,171
2011	1,520,000	1,010,981	2,530,981
2012	1,595,000	943,094	2,538,094
2013	1,570,000	874,776	2,444,776
2014	1,635,000	805,657	2,440,657
2015	1,710,000	733,844	2,443,844
2016	1,795,000	658,661	2,453,661
2017	1,875,000	578,390	2,453,390
2018	1,965,000	493,176	2,458,176
2019	1,840,000	407,671	2,247,671
2020	1,930,000	321,683	2,251,683
2021	2,035,000	229,798	2,264,798
2022	1,830,000	138,977	1,968,977
2023	1,240,000	66,471	1,306,471
2024	<u>765,000</u>	<u>18,647</u>	<u>783,647</u>
Totals	<u>\$ 27,655,000</u>	<u>10,710,147</u>	<u>38,365,147</u>

During the year ended September 30, 2007, the following changes occurred in liabilities reported in the Water and Sewer Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable	\$ 725,000		(115,000)	610,000	120,000
Compensated absences	<u>18,565</u>	<u>24,274</u>	<u>(18,565)</u>	<u>24,274</u>	<u>24,274</u>
Totals	<u>\$ 743,565</u>	<u>24,274</u>	<u>(133,565)</u>	<u>634,274</u>	<u>144,274</u>

Bonds payable at September 30, 2007 are comprised of the following issues for the Water and Sewer fund:

1976A Revenue Bonds. Interest payable on January 10 and July 10 at 5.6%.	\$ 100,000
1976B Revenue Bonds. Interest payable on January 10 and July 10 at 5.6%.	150,000
1994 Revenue Bonds. Interest payable on January 10 and July 10 at rates ranging from 5.7% to 6.25%.	<u>360,000</u>
Combined Debt	<u>\$ 610,000</u>

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

The annual requirements to amortize all bonded debt outstanding for the Water and Sewer Fund as of September 30, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 120,000	36,418	156,418
2009	215,000	29,497	244,497
2010	50,000	17,188	67,188
2011	50,000	14,062	64,062
2012	55,000	10,938	65,938
2013	60,000	7,500	67,500
2014	<u>60,000</u>	<u>3,750</u>	<u>63,750</u>
Totals	<u>\$ 610,000</u>	<u>119,353</u>	<u>729,353</u>

F. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 297,481
Accrued interest payable	9,924
Current revenue bonds payable	<u>120,000</u>
Total restricted assets	<u>\$ 427,405</u>

NOTE 4. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 1,821 individual governmental units located with Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System

Texas Municipal Retirement System

Plan Description

The government provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 821 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the government-financed monetary credits, with interest. At the date the plan began, the government granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the government can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the government matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the government, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7%, and the government matching ratio is currently 2 to 1, both as adopted by the governing body of the government. Under the state law governing TMRS, the government contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to government matching percent, which are the obligation of the government as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the government to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year - open period - amortization period, using the level percent of payroll amortization method. When the government periodically adopts updated service credits and increases its annuities in effect, the increased unfunded

-continued-

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System (continued)

Contributions (continued)

(overfunded) actuarial liability (asset) is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January, 2006. The unit credit actuarial cost method is used for determining the government contribution rate. Contributions are made monthly by both the employees and the government. Since the government needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Annual Pension Cost

For the year ended September 30, 2007, the government's annual pension cost of \$358,524 for TMRS was equal to the government's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return, (b) no projected salary increases, and (c) no cost-of-living adjustments. A 3.5% inflation amount was used in computing (a) and (b). The actuarial value of TMRS assets was determined using amortized cost.

Three-Year Trend Information for TMRS

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/05	\$ 243,513	100%	0
09/30/06	\$ 332,089	100%	0
09/30/07	\$ 358,524	100%	0

Schedule of Funding Progress for TMRS
(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)</u>
12/31/04	\$ 1,689	2,300	611	73.4%	\$ 2,513	24.3%
12/31/05	\$ 1,961	2,742	781	71.5%	\$ 3,107	25.1%
12/31/06	\$ 2,599	3,510	911	74.0%	\$ 4,112	22.2%

CITY OF MURPHY
Notes to the Financial Statements
September 30, 2007
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System (continued)

Texas Statewide Emergency Services Personnel Retirement Fund (Fund)

Plan Description

The government contributes to the Texas Statewide Emergency Services Personnel Retirement Fund, a cost-sharing multiple-employer pension system administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. The Fund does not issue a stand alone financial report, but is considered a component unit of the State of Texas. A report may be obtained by contacting the Texas Comptroller at Post Office Box 13528, Capitol Station, Austin, Texas 78711-3528.

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977). No contributions are required by volunteer emergency services personnel. The governing bodies of participating departments are required to contribute at least \$12 per month for each active member and can elect to increase the monthly amount. Additional contributions may be required by a governing body to pay for unfunded prior service costs from a prior plan or to establish credit in the Fund for service prior to entry in the Fund. The State may also be required to make annual contributions up a limited amount to make the fund actuarially sound. The costs of administering the Fund are paid from the Fund. The government's contributions to the Fund for the years ended September 30, 2007, 2006, and 2005, were \$1,730, \$580, and \$1,612, respectively, which equaled the required contributions each year.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF MURPHY
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

	<u>Economic Development</u>	<u>Community Development</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 706,830	661,666	1,368,496
Sales tax receivable	<u>47,734</u>	<u>47,734</u>	<u>95,468</u>
Total assets	<u>\$ 754,564</u>	<u>709,400</u>	<u>1,463,964</u>
LIABILITIES			
Accounts payable	\$ 1,456	3,583	5,039
Accrued wages payable	<u>4,282</u>	<u>4,285</u>	<u>8,567</u>
Total liabilities	<u>5,738</u>	<u>7,868</u>	<u>13,606</u>
FUND BALANCES			
Unreserved, reported in:			
Special revenue funds	<u>748,826</u>	<u>701,532</u>	<u>1,450,358</u>
Total fund balances	<u>748,826</u>	<u>701,532</u>	<u>1,450,358</u>
Total liabilities and fund balances	<u>\$ 754,564</u>	<u>709,400</u>	<u>1,463,964</u>

CITY OF MURPHY
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2007

	<u>Economic Development</u>	<u>Community Development</u>	<u>Park</u>	<u>Total</u>
REVENUES				
Sales taxes	\$ 292,123	292,123		584,246
Interest	<u>30,095</u>	<u>31,572</u>		<u>61,667</u>
Total revenues	<u>322,218</u>	<u>323,695</u>		<u>645,913</u>
EXPENDITURES				
Economic and community development	<u>120,837</u>	<u>134,794</u>		<u>255,631</u>
Total expenditures	<u>120,837</u>	<u>134,794</u>		<u>255,631</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>201,381</u>	<u>188,901</u>		<u>390,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(409,792)	<u>(409,792)</u>
Total other financing sources (uses)			<u>(409,792)</u>	<u>(409,792)</u>
Net change in fund balances	201,381	188,901	(409,792)	(19,510)
Fund balances, beginning	<u>547,445</u>	<u>512,631</u>	<u>409,792</u>	<u>1,469,868</u>
Fund balances, ending	\$ <u><u>748,826</u></u>	<u><u>701,532</u></u>	<u><u>0</u></u>	<u><u>1,450,358</u></u>

CITY OF MURPHY
Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual
Enterprise Fund
For the Fiscal Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
OPERATING REVENUES				
Charges for sales and services				
Water sales	\$ 3,185,150	2,100,000	2,238,964	138,964
Sewer sales	1,940,000	2,000,000	2,026,894	26,894
Impact fees	204,473	204,473	839,895	635,422
Meter fees	20,920	20,920	20,920	
Engineering/inspection fees	108,221	108,221	108,221	
Developer contributions	84,276	84,276	84,276	
Miscellaneous	<u>4,660</u>	<u>22,360</u>	<u>4,660</u>	<u>(17,700)</u>
Total operating revenues	<u>5,547,700</u>	<u>4,540,250</u>	<u>5,323,830</u>	<u>783,580</u>
OPERATING EXPENSES				
Administration:				
Personnel services	183,097	91,651	90,782	869
Materials and supplies	3,300	3,372	3,292	80
Other services	<u>128,334</u>	<u>76,441</u>	<u>76,075</u>	<u>366</u>
Total administration	<u>314,731</u>	<u>171,464</u>	<u>170,149</u>	<u>1,315</u>
Water distribution:				
Personnel services	454,620	440,100	433,694	6,406
Materials and supplies	567,338	419,585	299,966	119,619
Other services	<u>1,682,669</u>	<u>1,755,306</u>	<u>1,429,554</u>	<u>325,752</u>
Total water distribution	<u>2,704,627</u>	<u>2,614,991</u>	<u>2,163,214</u>	<u>451,777</u>
Wastewater collection				
Personnel services	43,075	34,714	34,752	(38)
Materials and supplies	216,750	48,844	210,107	(161,263)
Other services	<u>573,066</u>	<u>530,298</u>	<u>551,979</u>	<u>(21,681)</u>
Total wastewater collection	<u>832,891</u>	<u>613,856</u>	<u>796,838</u>	<u>(182,982)</u>
Billing and collection:				
Personnel services	182,866	174,582	174,003	579
Materials and supplies	14,000	8,211	6,951	1,260
Other services	<u>110,327</u>	<u>60,698</u>	<u>62,277</u>	<u>(1,579)</u>
Total billing and collection	<u>307,193</u>	<u>243,491</u>	<u>243,231</u>	<u>260</u>
Facilities:				
Personnel services	147,898	151,521	149,931	1,590
Materials and supplies	84,000	85,953	80,770	5,183
Other services	<u>306,360</u>	<u>343,405</u>	<u>346,594</u>	<u>(3,189)</u>
Total facilities	<u>538,258</u>	<u>580,879</u>	<u>577,295</u>	<u>3,584</u>
Total operating expenses	<u>4,697,700</u>	<u>4,224,681</u>	<u>3,950,727</u>	<u>273,954</u>
Operating income (loss)	\$ <u>850,000</u>	<u>315,569</u>	<u>1,373,103</u>	<u>1,057,534</u>

CITY OF MURPHY

Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual
Enterprise Fund
For the Fiscal Year Ended September 30, 2007
-continued-

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	\$		145,512	145,512
Interest expense and fiscal charges		<u>(160,000)</u>	<u>(40,218)</u>	<u>119,782</u>
Total nonoperating revenues (expenses)		<u>(160,000)</u>	<u>105,294</u>	<u>265,294</u>
Net income (loss) before transfers	850,000	155,569	1,478,397	1,322,828
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u> </u>
Changes in net assets		(694,431)	628,397	1,322,828
Net assets, beginning	<u>32,858,912</u>	<u>32,858,912</u>	<u>32,858,912</u>	<u> </u>
Net assets, ending	\$ <u>32,858,912</u>	<u>32,164,481</u>	<u>33,487,309</u>	<u>1,322,828</u>

STATISTICAL SECTION

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

Contents

Financial Trends	62
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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	71
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These schedules contain information to help the reader assess the government’s most significant local revenue source, property taxes and water and sewer revenue.

Debt Capacity	78
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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	85
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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	88
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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
Net Assets by Component
Last Four Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 20,724	31,431	35,636	35,217
Restricted	409	488	564	737
Unrestricted	<u>8,798</u>	<u>5,442</u>	<u>5,080</u>	<u>4,633</u>
Total governmental activities net assets	<u>\$ 29,931</u>	<u>37,361</u>	<u>41,280</u>	<u>40,587</u>
 Business-type activities				
Invested in capital assets, net of related debt	\$ 24,419	26,921	29,992	29,979
Restricted		361		
Unrestricted	<u>1,761</u>	<u>2,472</u>	<u>2,867</u>	<u>2,640</u>
Total business-type activities net assets	<u>\$ 26,180</u>	<u>29,754</u>	<u>32,859</u>	<u>32,619</u>
 Primary government				
Invested in capital assets, net of related debt	\$ 45,143	58,713	65,628	65,196
Restricted	409	488	564	737
Unrestricted	<u>10,558</u>	<u>7,914</u>	<u>7,947</u>	<u>7,273</u>
Total primary government net assets	<u>\$ 56,110</u>	<u>67,115</u>	<u>74,139</u>	<u>73,206</u>

Note: Net asset and accrual basis information for Governmental Activities has only been available since 2004. Additional amounts will be added each year until ten years are reported.

CITY OF MURPHY
Changes in Net Assets
Last Four Fiscal Years
(Accrual basis of accounting)
(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 Works	2,260	2,152	2,191	3,049
Culture and recreation/Economic Development	67	110	227	256
Sanitation	350	490	565	629
Interest on long-term debt	<u>1,232</u>	<u>1,522</u>	<u>1,331</u>	<u>1,260</u>
Total governmental activities expenses	<u>7,718</u>	<u>7,734</u>	<u>9,441</u>	<u>12,841</u>
Business-type activities:				
Water and sewer	<u>3,137</u>	<u>3,314</u>	<u>3,944</u>	<u>4,860</u>
Total business-type activities expenses	<u>3,137</u>	<u>3,314</u>	<u>3,944</u>	<u>4,860</u>
Total primary government expenses	<u>10,855</u>	<u>11,048</u>	<u>13,385</u>	<u>17,701</u>
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
Sanitation	549	624	728	724
Operating grants and contributions	4		49	87
Capital grants and contributions	<u>180</u>	<u>6,312</u>	<u>2,914</u>	<u>370</u>
Total governmental activities program revenues	<u>2,401</u>	<u>8,835</u>	<u>6,578</u>	<u>3,543</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,196	5,077	6,221	5,240
Capital grants and contributions	<u> </u>	<u>2,615</u>	<u>1,026</u>	<u>84</u>
Total business-type activities program revenues	<u>4,196</u>	<u>7,692</u>	<u>7,247</u>	<u>5,324</u>
Total primary government program revenues	<u>6,597</u>	<u>16,527</u>	<u>13,825</u>	<u>8,867</u>
Governmental activities	(5,317)	1,101	(2,863)	(9,298)
Business-type activities	<u>1,059</u>	<u>4,378</u>	<u>3,303</u>	<u>464</u>
Total primary government net (expense)/revenue	\$ <u>(4,258)</u>	<u>5,479</u>	<u>440</u>	<u>(8,834)</u>

CITY OF MURPHY
Changes in Net Assets
Last Four Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
(continued)

	Fiscal Year			
	2004	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes				
Property taxes	\$ 2,901	3,765	4,580	5,487
Sales taxes	828	1,173	1,016	1,170
Franchise taxes	344	388	503	601
Investment earnings	144	150	312	342
Miscellaneous	31	41	15	155
Transfers	<u>2,196</u>	<u>850</u>	<u>356</u>	<u>850</u>
Total governmental activities	<u>6,444</u>	<u>6,367</u>	<u>6,782</u>	<u>8,605</u>
Business-type activities:				
Investment earnings	19	37	149	145
Miscellaneous	24	18	9	
Transfers	<u>(2,196)</u>	<u>(850)</u>	<u>(356)</u>	<u>(850)</u>
Total business-type activities	<u>(2,153)</u>	<u>(795)</u>	<u>(198)</u>	<u>(705)</u>
Total primary government	<u>4,291</u>	<u>5,572</u>	<u>6,584</u>	<u>7,900</u>
 CHANGE IN NET ASSETS				
Governmental activities	1,127	7,468	3,919	(693)
Business-type activities	<u>(1,094)</u>	<u>3,583</u>	<u>3,105</u>	<u>(241)</u>
Total primary government	\$ <u>33</u>	<u>11,051</u>	<u>7,024</u>	<u>(934)</u>

Note: Net asset and accrual basis information for Governmental Activities has only been available since 2004. Additional amounts will be added each year until ten years are reported.

CITY OF MURPHY
 Governmental Activities Tax Revenues By Source
 Last Four Fiscal Years
 (Accrual basis of accounting)
 (Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2004	\$ 2,901	828	344	4,073
2005	3,765	1,173	388	5,326
2006	4,580	1,016	503	5,596
2007	\$ 5,487	1,171	601	7,259

Note: Net asset and accrual basis information for Governmental Activities has only been available since 2004. Additional amounts will be added each year until ten years are reported.

CITY OF MURPHY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Fiscal</u> <u>2001</u>
General fund				
Unreserved	\$ <u>182</u>	<u>429</u>	<u>950</u>	<u>1,192</u>
Total general fund	\$ <u><u>182</u></u>	<u><u>429</u></u>	<u><u>950</u></u>	<u><u>1,192</u></u>
 All other governmental funds				
Reserved	\$ 42	46	90	196
Unreserved, reported in:				
Special revenue funds				
Capital projects funds	<u>2,461</u>	<u>2,424</u>	<u>2,176</u>	<u>2,051</u>
Total all other governmental funds	\$ <u><u>2,503</u></u>	<u><u>2,470</u></u>	<u><u>2,266</u></u>	<u><u>2,247</u></u>

<u>Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>1,066</u>	<u>16</u>	<u>796</u>	<u>1,145</u>	<u>2,183</u>	<u>1,696</u>
<u>1,066</u>	<u>16</u>	<u>796</u>	<u>1,145</u>	<u>2,183</u>	<u>1,696</u>
276	380	409	488	564	737
<u>8,638</u>	<u>12,680</u>	<u>7,877</u>	<u>3,639</u>	<u>1,620</u>	<u>1,450</u>
<u>8,914</u>	<u>13,060</u>	<u>8,593</u>	<u>4,999</u>	<u>3,654</u>	<u>2,900</u>

CITY OF MURPHY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Fiscal</u> <u>2001</u>
REVENUES				
Taxes	\$ 867	1,073	1,395	1,604
Licenses and permits	128	308	671	846
Charges for services	122	158	201	350
Fines	70	81	105	100
Investments earnings	40	135	153	175
Contributions	34	57	421	131
Miscellaneous	<u>27</u>	<u>36</u>	<u>76</u>	<u>35</u>
Total revenues	<u>1,288</u>	<u>1,848</u>	<u>3,022</u>	<u>3,241</u>
EXPENDITURES				
General government	201	306	312	372
Public safety	352	444	644	1,073
Transportation/Public Works	38	63	560	520
Sanitation	105	110	136	200
Culture and recreation				
Capital outlay	64	167	416	3,816
Debt service:				
Principal	235	263	319	330
Interest	<u>174</u>	<u>293</u>	<u>255</u>	<u>238</u>
Total expenditures	<u>1,169</u>	<u>1,646</u>	<u>2,642</u>	<u>6,549</u>
Excess of revenues over/(under) expenditures	<u>119</u>	<u>202</u>	<u>380</u>	<u>(3,308)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Note issued	2,611	110	27	
Bonds issued				3,531
Capital leases	<u>(106)</u>	<u>(97)</u>	<u>(90)</u>	
Total other financing sources (uses)	<u>2,505</u>	<u>13</u>	<u>(63)</u>	<u>3,531</u>
Net change in fund balances	\$ <u>2,624</u>	<u>215</u>	<u>317</u>	<u>223</u>
Debt service as a percentage of noncapital expenditures	36.90%	37.59%	25.78%	20.79%

<u>Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
2,104	2,979	4,078	5,269	6,050	7,249
912	934	1,463	1,545	2,207	1,432
489	823	450	656	587	952
120	178	150	187	585	703
90	154	144	150	312	342
164	205	4	6,393	2,981	457
<u>27</u>	<u>82</u>	<u>366</u>	<u>95</u>	<u>232</u>	<u>155</u>
<u>3,906</u>	<u>5,355</u>	<u>6,655</u>	<u>14,295</u>	<u>12,954</u>	<u>11,290</u>
2,468	2,480	1,311	963	1,268	2,650
1,290	1,936	2,391	2,320	3,162	4,426
608	1,553	1,490	1,301	1,330	2,789
255	310	350	490	565	630
		67	109	280	255
384	1,528	15,026	10,667	4,250	
375	632	880	996	1,422	1,360
<u>445</u>	<u>786</u>	<u>1,351</u>	<u>1,507</u>	<u>1,340</u>	<u>1,269</u>
<u>5,825</u>	<u>9,225</u>	<u>22,866</u>	<u>18,353</u>	<u>13,617</u>	<u>13,379</u>
<u>(1,919)</u>	<u>(3,870)</u>	<u>(16,211)</u>	<u>(4,058)</u>	<u>(663)</u>	<u>(2,089)</u>
	250	2,200	855	949	1,533
		(4)	(5)	(593)	(683)
		130			
8,460	6,716	10,127			
		<u>72</u>			
<u>8,460</u>	<u>6,966</u>	<u>12,525</u>	<u>850</u>	<u>356</u>	<u>850</u>
<u>6,541</u>	<u>3,096</u>	<u>(3,686)</u>	<u>(3,208)</u>	<u>(307)</u>	<u>(1,239)</u>
15.07%	18.43%	28.46%	32.57%	29.49%	24.46%

CITY OF MURPHY
 General Governmental Tax Revenues By Source
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)
 (Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
1998	\$ 662	156	65	883
1999	819	184	74	1,077
2000	998	319	83	1,400
2001	1,140	345	126	1,611
2002	1,478	395	231	2,104
2003	2,336	343	300	2,979
2004	2,907	828	344	4,079
2005	3,707	1,173	388	5,268
2006	4,530	1,016	503	6,049
2007	\$ 5,478	1,171	601	7,250

CITY OF MURPHY
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In thousands of dollars)

Fiscal Year Ended September 30	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
1998	\$ 85,734	2,002	1,147	96,276	0.6596	63,504	100.00%
1999	98,144	2,164	2,488	114,594	0.6871	78,738	100.00
2000	138,143	3,325	5,509	153,454	0.5444	83,540	100.00
2001	121,546	14,397	7,670	238,028	0.4140	98,544	100.00
2002	281,512	25,869	9,912	374,545	0.3764	140,979	100.00
2003	400,224	27,692	14,564	526,038	0.4200	220,936	100.00
2004	525,384	33,577	17,238	652,682	0.4304	280,914	100.00
2005	652,089	43,097	17,038	779,231	0.4683	364,914	100.00
2006	793,662	52,038	19,023	939,593	0.4683	440,012	100.00
2007	\$ 1,235,585	64,475	19,632	1,292,415	0.4683	605,238	100.00%

Source: Collin County Central Appraisal District.

CITY OF MURPHY
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City of Murphy			Plano School District			Wylie School District		
	General Fund	Debt Service Funds	Total	General Fund	Debt Service Funds	Total	General Fund	Debt Service Funds	Total
1998	\$ 0.2686	0.3910	0.6596	1.3335	0.1858	1.5193	1.2060	0.3440	1.5500
1999	0.2574	0.4297	0.6871	1.3704	0.1691	1.5395	1.3600	0.2400	1.6000
2000	0.2296	0.3148	0.5444	1.4162	0.1630	1.5792	1.4100	0.1600	1.5700
2001	0.1846	0.2294	0.4140	1.3858	0.1673	1.5531	1.3930	0.1770	1.5700
2002	0.1615	0.2149	0.3764	1.4400	0.1885	1.6285	1.4118	0.1491	1.5609
2003	0.1558	0.2642	0.4200	1.4700	0.2334	1.7034	1.4300	0.1800	1.6100
2004	0.1459	0.2845	0.4304	1.5000	0.2334	1.7334	1.4700	0.2500	1.7200
2005	0.1492	0.3191	0.4683	1.5000	0.2334	1.7334	1.5000	0.3000	1.8000
2006	0.1839	0.2844	0.4683	1.5000	0.2334	1.7334	1.5000	0.3170	1.8170
2007	\$ 0.2345	0.2338	0.4683	1.0200	0.2484	1.2684	1.0400	0.3500	1.3900

Source: Collin County Central Appraisal District

<u>Collin County</u>			<u>Collin County Community College</u>			<u>Total Direct & Overlapping Rates</u>
<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>	
0.1921	0.0679	0.2600	0.0744	0.0242	0.0986	4.0875
0.1961	0.0539	0.2500	0.0788	0.0198	0.0986	4.1752
0.1961	0.0539	0.2500	0.0800	0.0167	0.0967	4.0403
0.1961	0.0539	0.2500	0.0800	0.0140	0.0940	3.8811
0.1974	0.0526	0.2500	0.0800	0.0128	0.0928	3.9086
0.1961	0.0539	0.2500	0.0800	0.0119	0.0919	4.0753
0.1996	0.0504	0.2500	0.0800	0.0119	0.0919	4.2257
0.1961	0.0540	0.2500	0.0800	0.0106	0.0906	4.3423
0.1997	0.0503	0.2500	0.0800	0.0094	0.0894	4.3581
0.1916	0.0534	0.2450	0.0800	0.0070	0.0870	3.4587

CITY OF MURPHY
Principal Property Taxpayers
September 30, 2007
(Amounts expressed in thousands)

<u>Taxpayer</u>	<u>2007</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Shaddock Developers	\$ 8,557	1	1.41%			
Murphy Crossing Shopping Center Dallas TX LP	8,300	2	1.37%			
Forestar (USA) Real Estate Group Inc.	8,296	3	1.37%			
Allen & Loucks Venture LP	6,635	4	1.10%			
Wal-Mart Texas LP	6,530	5	1.08%			
First Texas Homes Inc.	6,527	6	1.08%			
J Evans Family LP #99 LTD	6,125	7	1.01%			
ABS TX Investor LP	5,111	8	0.84%			
Grand Homes 2003 LP	5,049	9	0.83%			
McBirney #544 JV	4,980	10	0.82%			
Crescent Timbers Associates LP				1,328	1	1.65%
U S Home Corp				1,148	2	1.43%
Murphy 544 LTD				1,143	3	1.42%
Murphy West Inc.				927	4	1.15%
Northpark Phase 1 LTD				869	5	1.08%
Texas Utilities Electric Co.				800	6	0.99%
General Telephone of the SW				600	7	0.75%
Pirkey, Steven G.				495	8	0.62%
McCraw, Bobby				404	9	0.50%
U S Homes Corporation				<u>404</u>	10	<u>0.50%</u>
	<u>\$ 66,110</u>		<u>10.91%</u>	<u>\$ 8,118</u>		<u>10.09%</u>

Source: Collin County Central Appraisal District

CITY OF MURPHY
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Year</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent Of Levy</u>		<u>Amount</u>	<u>Percentage Of Levy</u>
1998	\$ 635,035	627,097	98.75%	\$ 7,930	635,027	100.00%
1999	787,378	778,323	98.85	8,966	787,289	99.99
2000	835,899	827,456	98.99	8,230	835,686	99.97
2001	985,436	976,074	99.05	9,187	985,261	99.98
2002	1,409,789	1,393,294	98.83	16,341	1,409,635	99.99
2003	2,209,361	2,127,488	99.01	21,157	2,208,645	99.97
2004	2,809,142	2,778,140	98.90	29,554	2,807,694	99.95
2005	3,649,295	3,614,262	99.04	30,297	3,644,559	99.87
2006	4,410,232	4,341,691	98.45	68,541	4,370,737	99.10
2007	\$ 5,309,158	5,308,795	97.83%	\$	5,308,795	97.83%

Notes: (1) Includes general and debt service funds.

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CITY OF MURPHY
Water and Sewer Revenues
Last Ten Fiscal Years
(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
1998	\$ 350	280	630
1999	364	353	717
2000	537	483	1,019
2001	743	695	1,439
2002	925	880	1,805
2003	1,538	1,124	2,662
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

CITY OF MURPHY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Notes	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government
1998	\$ 4,955	146		1,380	17	6,498
1999	4,725	126		1,300	8	6,159
2000	4,435	34		1,220	8	5,696
2001	7,695	85		1,130	7	8,917
2002	15,865	90		1,040	17	17,013
2003	21,995	99		940	17	23,051
2004	31,255	147	31	940	11	32,384
2005	30,310	112	16	835	5	31,278
2006	28,975	36	5	725		29,741
2007	\$ 27,655			610		28,265

Sources: Notes to the financial statements and schedule of Demographic and Economic Statistics.

<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2.27%	\$ 2,788
1.83	2,302
2.39	1,642
2.59	1,779
5.49	2,540
6.87	2,885
8.55	2,944
7.96	2,606
8.59	2,121
8.23%	\$ 1,949

CITY OF MURPHY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1998	\$ 4,955	42	4,913	3.29%	\$ 2,108
1999	4,725	46	4,679	5.10	1,749
2000	4,435	90	4,345	4.08	1,253
2001	7,695	196	7,499	2.83	1,496
2002	15,865	276	15,589	3.15	2,327
2003	21,995	380	21,615	4.16	2,705
2004	31,255	441	30,814	4.11	2,801
2005	30,310	487	29,823	4.72	2,595
2006	28,975	564	28,411	3.08	2,415
2007	\$ 27,655	737	26,918	2.08%	\$ 2,288

Notes: Estimated population is U.S. Census Bureau count; assessed values provided by Collin County Central Appraisal District.

See Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF MURPHY
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2007
 (Amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Collin County	\$ 364,110	1.79%	\$ 6,518
Collin County Community College District	52,745	1.79%	944
Plano Independent School District	823,794	2.67%	21,995
Wylie Independent School District	245,439	0.90%	<u>22,089</u>
Total overlapping debt			\$ 51,546
City of Murphy direct debt			<u>28,265</u>
Total direct and overlapping debt			\$ <u><u>79,811</u></u>

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 government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

CITY OF MURPHY
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Amounts expressed in thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Fiscal</u> <u>2001</u>
Debt limit	\$ 9,628	11,459	15,345	23,803
Total net debt applicable to limit	<u>4,955</u>	<u>4,725</u>	<u>4,435</u>	<u>7,695</u>
Legal debt margin	\$ <u>4,673</u>	<u>6,734</u>	<u>10,910</u>	<u>16,108</u>
Total net debt applicable to the limit as a percentage of debt limit	51.47%	41.23	28.90	32.33

Source: Collin County Central Appraisal District and city records of general obligation debt.

<u>Year</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	37,455	52,604	65,268	77,923	93,959	131,205
	<u>15,865</u>	<u>21,995</u>	<u>31,255</u>	<u>30,310</u>	<u>28,975</u>	<u>26,918</u>
	<u>21,590</u>	<u>30,609</u>	<u>34,013</u>	<u>47,613</u>	<u>64,984</u>	<u>104,287</u>
	42.36	41.81	47.89	38.90	30.84	20.52

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 1,292,415
Add back: exempt real property	<u>19,632</u>
Total assessed value	<u>1,312,047</u>
Debt limit (10% of total assessed value)	131,205
Debt applicable to limit:	
General obligation bonds	27,655
Less: Amount set aside for repayment of general obligation debt	<u>737</u>
Total net debt applicable to limit	<u>26,918</u>
Legal debt margin	\$ <u>104,287</u>

CITY OF MURPHY
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water and Sewer Revenue Bonds</u>					
	<u>Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1998	\$ 1,309	405	904	70	92	5.58
1999	2,369	469	1,900	75	87	11.73
2000	3,554	561	2,993	80	83	18.36
2001	2,763	788	1,975	80	81	12.27
2002	2,157	1,367	790	90	71	4.91
2003	3,305	2,013	1,292	90	70	8.07
2004	4,239	2,484	1,755	100	61	10.90
2005	7,747	2,720	5,027	105	56	31.22
2006	7,405	3,239	4,166	110	51	25.88
2007	\$ 5,469	3,951	1,518	115	40	9.79

Note: Operating expense excludes depreciation; charges and other includes investment earnings.

CITY OF MURPHY
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u> (Amounts expressed In thousands)	(1) <u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	(1) <u>Unemployment Rate</u>
1998	2,331	71	\$ 40,314	35.2	13.2	47,437	1.7%
1999	2,675	74	45,404	34.5	13.2	47,821	1.7
2000	3,469	76	31,416	32.5	13.9	50,688	1.4
2001	5,013	80	42,986	32.5	13.9	52,332	3.3
2002	6,699	76	40,740	33.9	13.8	56,227	5.5
2003	7,991	84	39,941	33.7	14.0	58,322	5.3
2004	11,000	90	42,077	33.2	14.0	59,931	4.2
2005	12,000	111	35,381	33.0	14.0	60,139	4.4
2006	14,000	102	33,954	34.6	14.0	62,694	4.2
2007	14,500	103	\$ 33,358	35.5	14.0	64,478	2.3%

Sources: School enrollment figures provided by school districts and websites.

(1) Unemployment rates and per capita income provided by Texas Workforce Commission.

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CITY OF MURPHY
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Landmark Brick				22	1	1.04%
Lynn Rogers				9	2	0.42
Parker Group				6	3	0.28
Jon Lashbrook Insurance				5	4	0.24
Classic Garden and Landscape				5	5	0.24
Murphy Veterinary Hospital				4	6	0.19
Mr. Video				2	7	0.09%
Albertson's Food Center	130	1	6.49%			
Murphy Middle School	100	2	5.24			
Bogges Elementary School	79	3	4.14			
Wal-Mart Discount Cities	67	4	3.51			
Links Storage	55	5	2.88			
J Donuts	54	6	2.83			
Agilent Technologies Inc.	37	7	1.94			
Murphy Distribution Center - Plano ISD	37	8	1.94			
McDonald's	35	9	1.84			
Panda Express	34	10	1.78%			

Source: City economic development records

CITY OF MURPHY
 Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

FUNCTION	<u>Fiscal</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General government	2	4	5	5
Public safety				
Police				
Officers	2	3	4	10
Civilians				
Fire				
Firefighters and officers				
Civilians				
Culture and recreation				
Water	5	5	4	5
Total	9	12	13	20

Source: Government Human Resource Department.

<u>Year</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	8	18	9	17	22	27
	14	17	19	20	19	24
		2	3	2	6	8
		3	5	5	7	14
				1	2	2
	4	6	7	7	8	12
	7	12	11	10	10	10
	33	58	54	62	74	97

CITY OF MURPHY
 Operating Indicators by Function
 Last Ten Fiscal Years

FUNCTION	<u>Fiscal</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police				
Physical arrests	29	70	96	116
Traffic violations	552	654	865	957
Fire				
Number of calls answered	231	257	286	318
Inspections				
Water				
New connections	148	99		
Average daily consumption (thousands of gallons)	501	749	780	1,200
Wastewater				
Average daily sewage treatment (thousands of gallons)	288	600	440	1,174

Sources: Various government departments.

Note: Indicators are not available for the general government function.
 Sanitation services are provided by contractor.
 Information not available for some years.

<u>Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
94	124	134	130	183	237
1,141	1,733	2,530	3,139	9,147	9,158
353	392	449	556	568	745
				121	108
379	532	443	534	467	368
1,800	2,003	2,162	2,971	3,384	4,036
1,313	795	1,113	1,114	1,246	1,614

CITY OF MURPHY
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

FUNCTION	Fiscal			
	1998	1999	2000	2001
Public safety				
Police:				
Stations	1	1	1	1
Patrol units/CID Vehicles				
Motor Cycles				
Fire stations	1	1	1	1
Streets (miles)				
Culture and recreation				
Parks acreage				12.5
Parks			1	
Water				
Water mains (miles)				
Fire hydrants				
Maximum daily capacity (thousands of gallons)	844	982	1,200	1,800
Sewer				
Sanitary sewers (miles)				

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.
 Information not available for some years.

<u>Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
			12	9	12
					3
1	1	1	1	1	1
		72.3	73.2	73.2	78
12.5	17.5	142	142	150	180
1	2	5	5	6	6
		74.8	80.4	86.1	90
		646	791	857	900
		3,000	2,376	3,300	5,000
	62.9	74	74	81.6	90