

City of Murphy, Texas



Annual Financial Report

Fiscal Year Ended September 30, 2020

Prepared by: City of Murphy, Texas Finance Department

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Introductory Section

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March 29, 2021

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

Dear Mayor Bradley and Council Members:

The City of Murphy's Annual Financial Report for the year ended September 30, 2020, is hereby submitted.

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

The City's independent audit firm Weaver and Tidwell, L.L.P., has issued an unmodified ("clean") opinion on the City of Murphy's financial statements for the year ended September 30, 2020. The independent auditor's report is located in the beginning of Annual Report.

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

GENERAL INFORMATION – CITY OF MURPHY

The City of Murphy, Texas incorporated in 1958, is located in Collin County, the northeastern part of the Dallas-Fort Worth metroplex. The City occupies 5.1 square miles and serves a population of approximately 20,800. The City of Murphy is authorized under state law to levy a property tax on both real and personal property located within its boundaries. It also is authorized by state law to extend its corporate limits by annexation, which it has done from time to time.

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



Mike Castro, PhD
City Manager

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The local economy remained stable during 2020, despite the impact of the COVID-19 pandemic. The city remains a vital retail hub for the region. There were a handful of new construction projects which welcomed new business to the city. Nearly all commercial vacancies created due to pandemic related business closures were quickly backfilled. In addition, a majority of the vacant commercial space that existed prior to the pandemic was also filled. There have been two other reasons for the increase in sales tax revenue. Namely, a legislative change in 2019 that modified sales tax collections from a point-of-sale basis to a point-of-destination basis. Secondly, there has been an increase in online sales that resulted from COVID-19 business occupancy restrictions. Property values have steadily increased in recent years, as the economy locally and state-wide continues to grow. But the increases have also been by smaller margins each year. As the city reaches build out, land remaining for residential development is increasingly scarce. Any new developments in the city will be diminutive. Areas such as Wylie, Sachse, and Parker, immediately surrounding Murphy, continue to expand at a rapid pace. These additional businesses and growing tax revenue should help offset the declining building and development fee revenues as the City reaches build out. The city also projects a favorable outlook toward redevelopment of underutilized commercial sites, thus increasing the property tax base while attracting additional new businesses.

COVID-19

Overall, the impact of COVID-19 on city finances has been minimal. The city did experience a reduction in Court associated revenues, as well as revenue associated with Recreation Event programming and Building / Construction Fees. Key revenues from property taxes have remained strong and sales tax revenue marginally increased during the pandemic. Property values are typically a lag indicator economically, and with the increase in unemployment resultant from COVID-19, it remains unclear how long-term joblessness will impact the City's future property values. The City also received CARES Act funds that were utilized to respond to the COVID-19 restrictions and as an offset to unfunded pandemic expenses.

MAJOR INITIATIVES

For the fiscal year ended September 30, 2020, the top priority projects of the City of Murphy included:

Completion of the Median Projects (Heritage Parkway Landscape & Betsy Lane/ N. Murphy Road/McCreary Road Landscape Projects)

Completion of the Travis Estates Street Panels & Drainage Project

Completion of renovations to Waters Edge Park

Installation of the City Marquee Sign at the Murchy Community Center

Completion of the Ground Storage Reservoir Repainting and Rehabilitation Project (.25mg)

Completion of the Ground Storage Reservoir Repainting and Rehabilitation Project (1.0mg)

Completion of the Ground Storage Reservoir Repainting and Rehabilitation Project (2.0mg)

Installation of the S. Murphy Road: 8 Inch Water Line Project

Installation of the N. Murphy Road: 8 Inch Water Line Project

Replacement of the City's copiers, plotters, desktops and laptops

Purchasing vehicles and equipment for the Police and Parks department

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

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

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

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

Relevant financial policies

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

General Governmental Functions

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

Tax Rate per \$100 of Assessed Valuation

FY 2017	.5100
FY 2018	.5000
FY 2019	.4900
FY 2020	.4950
FY 2021	.4950

OTHER INFORMATION

Awards and Acknowledgments

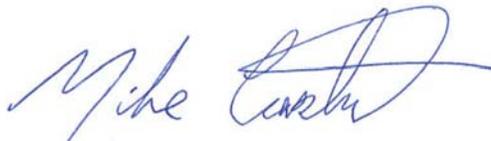
The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murphy, Texas for the FY19 Annual Financial Report (formerly referred to as a "Comprehensive Annual Financial Report" or "CAFR"). This was the sixteenth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City was required to publish an easily readable and efficiently organized Annual Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,



Mike Castro, PhD
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

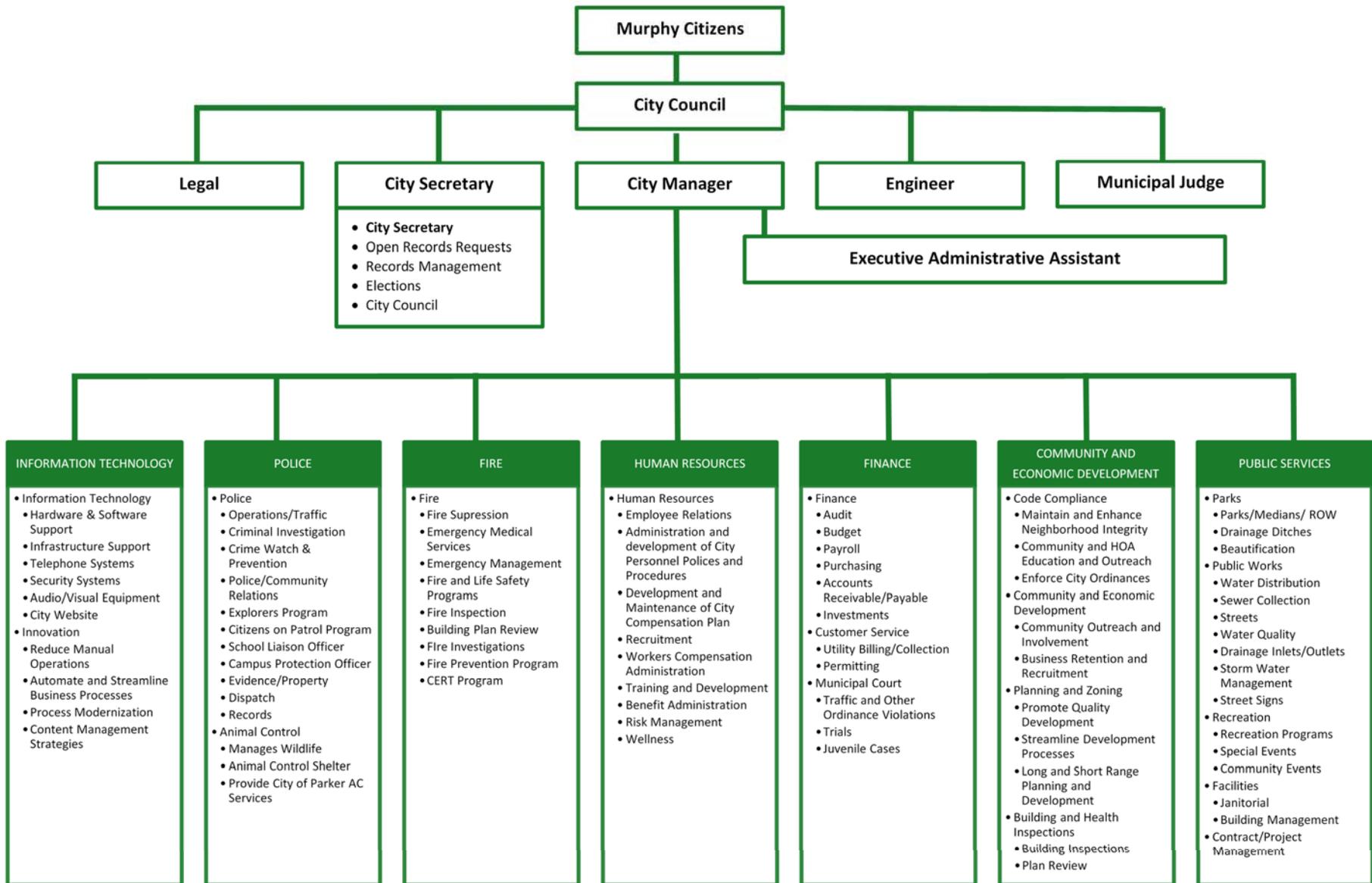
**City of Murphy
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO





City Council

Scott Bradley
Mayor

Jennifer Berthiaume
Mayor Pro Tem

Sarah Fincanon
Deputy Mayor
Pro Tem

Elizabeth Abraham
Council, Place 1

Rob Thomas
Council, Place 3

Ken Oltmann
Council, Place 4

Jené Butler, DNP
Council, Place 6

City Manager

Mike Castro, PhD

Leadership Team

Susie Quinn, TRMC
City Secretary

Arthur Cotten
Chief of Police

Jared Mayfield, AICP
Community & Econ.
Develop Director

Tim Rogers
Public Services Director

Taylor Prentice
IT Director

Karen L. Montgomery, CPA
Finance Director

Del Albright, FSCEO
Fire Chief

Jana Ventura, SPHR
Human Resources
Director

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Murphy, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Murphy, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Murphy, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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

Emphasis of Matter

Restatement

As discussed in Note 18 to the financial statements, beginning net position of the governmental activities, business-type activities and enterprise funds have been restated to correct errors in recording developer contributions and an advance payment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 7 through 16), and the TMRS pension and OPEB liability schedules (pages 64-68) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the City of Murphy, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Murphy, Texas' internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWEE, L.L.P.

Dallas, Texas
March 26, 2021

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Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Murphy exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$101,009,740 (net position). Of this amount, \$86,359,033 or 85% is the net investment in capital assets. Net position restricted for specific purposes is \$1,932,431. The remaining, \$12,718,276 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The government's total net position increased by \$3,484,492, mainly due to increased water and sewer charges for services revenues as well as property and sales tax revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,035,070, an increase of \$8,768,384 in comparison with the prior year. The increase in combined ending fund balances is attributable to the \$7,112,180 increase in capital projects fund balance, the result of issuing bonds in the current year for new capital projects. Approximately 32% of this total amount, or \$8,130,981, is available for spending at the government's discretion (unassigned).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund of \$8,130,981 was 57% percent of total general fund expenditures for the fiscal year. The increase in fund balance of the General Fund, \$1,745,325, was due to increases in property and sales taxes; an increase in intergovernmental revenue; and a transfer from the water and sewer fund.
- The City's total outstanding long-term debt increased by \$4,881,740 during the current fiscal year primarily due to new bonds and notes issued exceeding current year payments on existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the proprietary funds statements, and 3) component units.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in these financial statements. After the notes, required supplementary information is provided to show details about the City's pension and OPEB plans and supplementary information about the individual component units.

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

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

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

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

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

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

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

The City of Murphy adopts an annual appropriated budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the GAAP basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Current and Other Assets	\$ 26,864,099	\$ 18,947,153	\$ 13,638,766	\$ 15,083,299	\$ 40,502,865	\$ 34,030,452
Capital Assets	83,064,363	82,274,170	37,206,369	35,044,462	120,270,732	117,318,632
Total Assets	109,928,462	101,221,323	50,845,135	50,127,761	160,773,597	151,349,084
Deferred Outflows	1,165,665	1,868,304	139,611	212,111	1,305,276	2,080,415
Current liabilities	1,910,057	2,631,550	1,673,174	1,286,186	3,583,231	3,917,736
Noncurrent liabilities	44,282,464	38,526,605	12,405,110	13,279,229	56,687,574	51,805,834
Total liabilities	46,192,521	41,158,155	14,078,284	14,565,415	60,270,805	55,723,570
Deferred Inflows	689,951	160,438	108,377	20,243	798,328	180,681
net position:						
Net investment in capital assets	57,681,393	56,509,053	28,677,640	28,863,252	86,359,033	85,372,305
Restricted	1,034,524	1,301,360	897,907	955,637	1,932,431	2,256,997
Unrestricted	5,495,738	3,960,621	7,222,538	5,935,325	12,718,276	9,895,946
Total net position	\$ 64,211,655	\$ 61,771,034	\$ 36,798,085	\$ 35,754,214	\$ 101,009,740	\$ 97,525,248

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources exceed liabilities and deferred inflows by \$101,009,740 as of September 30, 2020. Of this amount, \$64,211,655 is recorded in the governmental activities and \$36,798,085 in the business-type activities. The City's net position increased by \$3,484,492 exclusive of a prior period adjustment of \$1,985,475 in the governmental activities and \$3,466,168 in business-type activities for the fiscal year ended September 30, 2020.

Net investment in capital assets. The largest portion of the City's net position (85%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Murphy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Murphy's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted net position. Restricted net position represents 2% which is subject to external restrictions on how it may be used, or by enabling legislation. The restricted net position is comprised of (a) \$691,794 for debt service and, (b) \$1,240,637 for state imposed and other restrictions.

Unrestricted net position. Unrestricted net position in the amount of \$12,718,276 is available to fund the City programs to citizens and creditors.

Table 2
Changes in Net Position

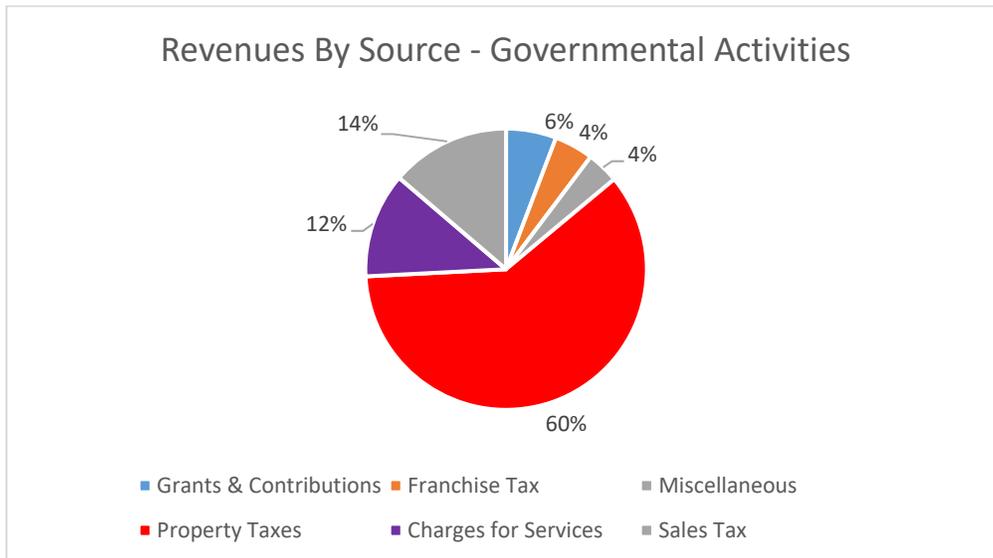
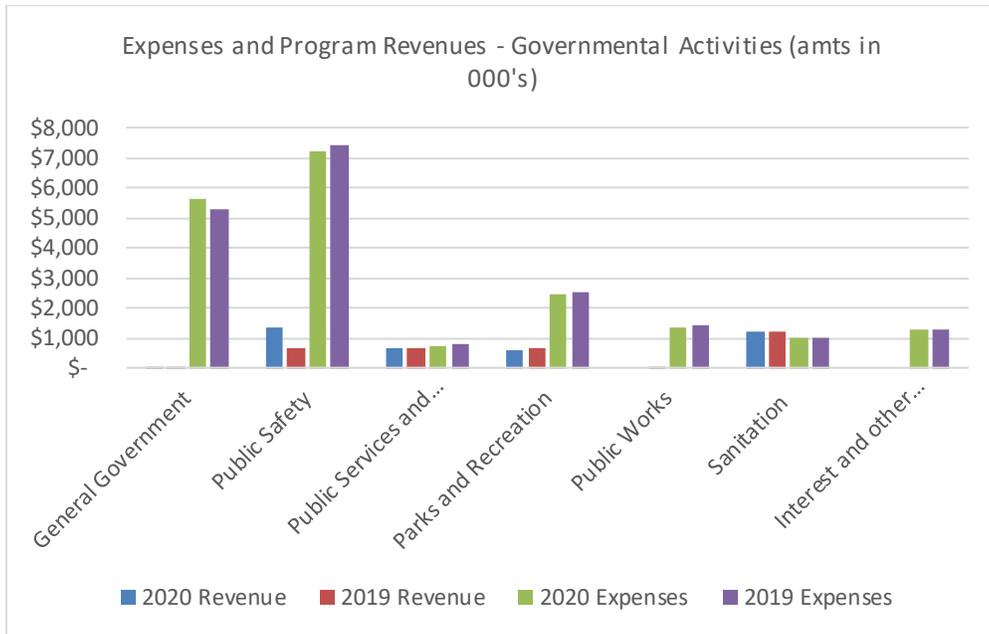
	Governmental Activities		Business-type Activities		Total	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Revenues:						
Program revenues:						
Charges for Services	\$ 2,571,608	\$ 2,632,422	\$ 12,362,891	\$ 11,235,227	\$ 14,934,499	\$ 13,867,649
Operating Grants and Contributions	1,232,106	548,105	-	-	1,232,106	548,105
Capital Grants and Contributions	-	1,976,377	131,790	4,334,640	131,790	6,311,017
General revenues:						
Property Taxes	12,833,377	12,328,279	-	-	12,833,377	12,328,279
Sales Taxes	2,926,966	2,143,615	-	-	2,926,966	2,143,615
Franchise Taxes	955,948	1,011,952	-	-	955,948	1,011,952
Investment Income	75,765	94,084	58,064	57,519	133,829	151,603
Other	710,263	157,132	40,949	166,475	751,212	323,607
Total Revenues	21,306,033	20,891,966	12,593,694	15,793,861	33,899,727	36,685,827
Expenses:						
General Government	5,618,260	5,299,392	-	-	5,618,260	5,299,392
Public Safety	7,242,049	7,396,961	-	-	7,242,049	7,396,961
Public services and operations	760,431	768,576	-	-	760,431	768,576
Parks and recreation	2,478,788	2,508,508	-	-	2,478,788	2,508,508
Public works	1,357,482	1,390,978	-	-	1,357,482	1,390,978
Development	-	-	-	-	-	-
Sanitation services	1,007,439	978,971	-	-	1,007,439	978,971
Interest on long-term debt	1,255,703	1,283,306	-	-	1,255,703	1,283,306
Water and sewer	-	-	10,513,804	10,264,997	10,513,804	10,264,997
Storm water	-	-	181,279	138,275	181,279	138,275
Total expenses	19,720,152	19,626,692	10,695,083	10,403,272	30,415,235	30,029,964
Increase in Net Position before Transfers	1,585,881	1,265,274	1,898,611	5,390,589	3,484,492	6,655,863
Transfers	854,740	875,000	(854,740)	(875,000)	-	-
Change in Net Position	2,440,621	2,140,274	1,043,871	4,515,589	3,484,492	6,655,863
Net Position at beginning of year (as restated)	61,771,034	59,630,760	35,754,214	31,238,625	97,525,248	90,869,385
Net Position at end of year	\$ 64,211,655	\$ 61,771,034	\$ 36,798,085	\$ 35,754,214	\$ 101,009,740	\$ 97,525,248

The Governmental Activities increased net position by \$2,440,621, exclusive of a prior period adjustment of \$1,985,475. This is primarily due to a \$900,000 transfer from the business-type activities and increased property and sales tax.

The Business-type Activities increased net position, by \$1,043,871, exclusive of a prior period adjustment of \$3,466,168, the net position increased due in part to increased water and sewer revenues, the result of higher user charges.

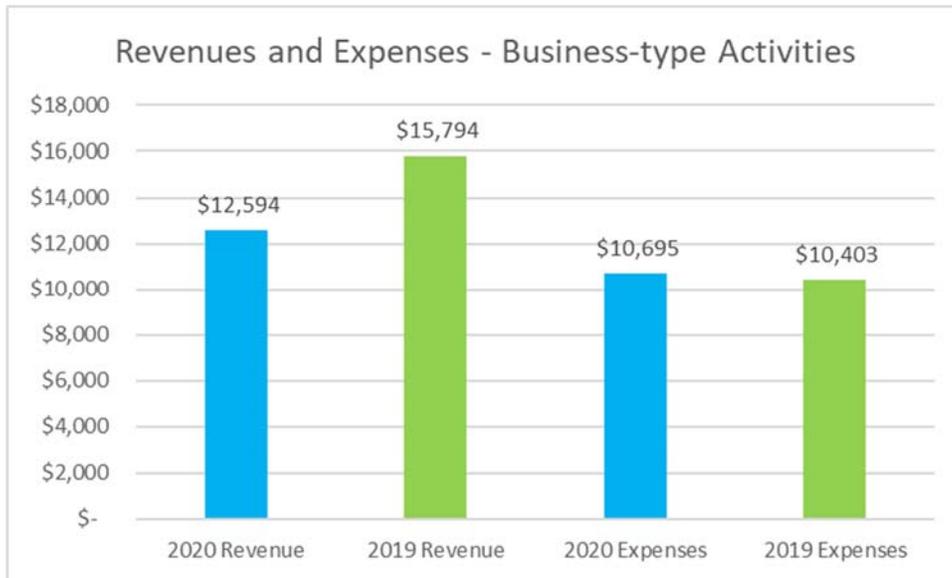
Governmental-type activities. Governmental-type activities increased the City's net position by \$2,440,621. The key elements of this increase is as follows:

Overall, revenues increased by \$414,067, while expenses increased by \$93,460. The City recognized current year increases in property and sales tax revenues, as well as an increase in operating grants and contributions. Transfers from business-type activities decreased by \$20,260.

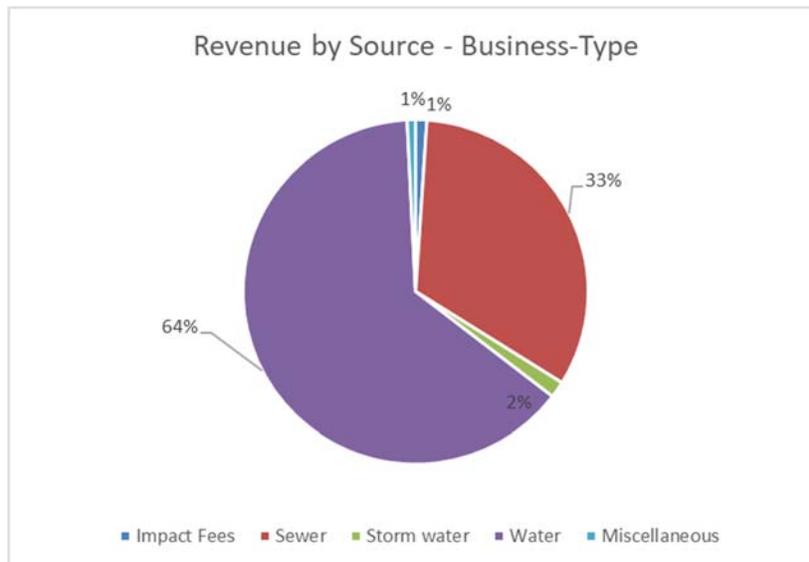


Business-type Activities – Business-type activities increased the City's net position by \$1,043,871. Key elements for this increase are as follows:

The City experienced an increase in water and sewer revenues, primarily the result of a \$1,127,664 increase in charges for services.



Revenues by Source – Business-type Activities



Financial Analysis of the City’s Funds

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

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

The General Fund is the chief operating fund of the City of Murphy. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,130,981. As a measure of the General Fund’s liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 57% of total General Fund expenditures. The increase in fund balance of the General Fund in the amount of \$1,745,325 was due to increases in property, sales, and

franchise taxes, and intergovernmental revenue, as well as a \$900,000 transfer from the water and sewer fund.

At September 30, 2020, the governmental funds of the City of Murphy reported a combined fund balance of \$25,035,070, a \$8,768,384 increase from last year primarily to the issuance of \$9.9 million of bonds and notes in the current year. The City reported total restricted fund balance of \$16,867,652 as of September 30, 2020, of which \$15,910,119 is for capital improvements.

At September 30, 2020, the debt service fund, a major governmental fund, had a total fund balance of \$876,558 which is restricted for the payment of debt. A decrease of \$89,121 in fund balance during the current year was due reduction in pledged revenue from one of the component units due to the bonds being paid off, and a net reduction in other debt service payments, that were not fully offset by the increase in property tax revenue.

During fiscal year 2020, the capital projects fund, a major fund, had an increase in fund balance of \$7,112,180. The increase is due to bonds being issued to fund new capital projects.

On May 11, 2020, the Collin County Commissioners Court (the County) approved an Order allocating \$50 million to the "Direct Costs Program", which was one of the authorized uses of CARES Act funding, to be paid to municipalities within the County based on population. The funds had to be used to reimburse COVID-19 expenditures already incurred, and to assist with additional expenditures related to the ongoing response to COVID-19 as detailed in the Interlocal Agreement (ILA) provided by the County, which was subsequently approved by the Murphy City Council. Based on the County's method of calculating each city's population, the City of Murphy was allocated 1.83% of the total funds, or \$914,613.38. Murphy received the funds on May 28, 2020.

In accordance with the requirements of the ILA, the City opened a new, interest-bearing, bank account solely for the CARES Act funds. The City also created a new Fund and named it the "Collin County CARES Act" Fund. In addition, the City submitted all COVID related expenditures incurred since March, along with a list of additional items/costs needed to continue its response to the COVID-19 pandemic, to the City Attorney for review. After obtaining the City Attorney's approval of the eligibility of the expenditures, the City proceeded to expend the CARES Act proceeds accordingly.

All CARES Act funds were fully expended by December 30, 2020, and the interest earned on the new CARES Act Fund was remitted to Collin County, as required. On January 15, 2021, the City closed its CARES Act bank account.

General Fund Budgetary Highlights: During Fiscal Year 2020, the City's General Fund budget was revised, increasing appropriations from the original budget by \$865,899. Appropriations were increased by \$257,532 for outstanding encumbrances at year-end, along with other needs including \$375,000 for a new chiller, \$56,367 related to unanticipated operating costs, and \$177,000 for the design of a hooded left turn lane on N. Murphy Road. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Overall, General Fund revenues were \$529,186 more than the budgeted amounts. Expenditures were \$1,763,274 less than budgeted amounts across all departments within the General Fund.

Proprietary Funds – The City of Murphy's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Proprietary Funds at the end of the fiscal year amounted to \$7,222,538 and \$28,677,640 was invested in net capital assets less related debt. \$897,907 was restricted for use of impact fees. Overall, Water and Sewer Fund net position increased by \$822,199, exclusive of a \$2,376,577 prior period adjustment, primarily due to operating

revenues exceeding operating expenses by \$2,018,260 and transfers out of \$956,047. Net position in the Storm Water Fund increased by \$221,752, exclusive of a prior period adjustment of \$1,089,591, as operating revenues exceeded operating expenses. Other factors concerning the finances of these funds have already been addressed in the discussion of the City business-type activities.

Capital assets – The City of Murphy’s investment in capital assets for its governmental and business-type activities as of September 30, 2020, totaled \$120,270,732 (net of accumulated depreciation). This investment in capital assets includes buildings, roads and bridges, land, park facilities, machinery and equipment and water infrastructure.

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

- Completion of the Median Projects (Heritage Parkway & Betsy Lane/North Murphy Road/McCreary Road Landscape Projects).
- Completion of the Travis Estates street panels and drainage project.
- Installation of the City Marquee sign at the Murphy Community Center.
- Completion of the ground storage reservoir repainting and rehabilitation project.
- Installation of the S. Murphy Road and N. Murphy Road 8 inch water line project
- Replacement of the City’s copiers, plotters, desktops and laptops.
- Purchasing vehicles and equipment for the Police and Parks Departments.

Table 3

	Capital Assets at Year-end					
	Governmental Activities		Business-type Activities		Total	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Land and improvements	\$ 10,124,051	\$ 10,124,051	\$ -	\$ -	\$ 10,124,051	\$ 10,124,051
Construction in progress	3,971,672	3,826,298	4,278,160	2,069,061	8,249,832	5,895,359
Buildings and improvements	28,244,545	28,244,545	-	-	28,244,545	28,244,545
Infrastructure	71,595,191	68,128,855	48,007,025	46,847,441	119,602,216	114,976,296
Machinery and equipment	11,656,814	10,873,043	1,532,602	1,502,320	13,189,416	12,375,363
Accumulated depreciation	(42,527,910)	(38,922,622)	(16,611,418)	(15,374,361)	(59,139,328)	(54,296,983)
Total	\$ 83,064,363	\$ 82,274,170	\$ 37,206,369	\$ 35,044,461	\$ 120,270,732	\$ 117,318,631

Detailed information about the City’s capital assets is presented in Note 5 to the financial statements.

Long-Term Liabilities

As of September 30, 2020, total long-term liabilities for the City was \$56,687,574.

Table 4

	Outstanding Debt and Other Long-Term Liabilities					
	Governmental activities		Business-type activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Bonded debt:						
General obligation and certificates of obligation	\$ 23,355,000	\$ 15,740,000	\$ 11,795,000	\$ 12,505,000	\$ 35,150,000	\$ 28,245,000
Refunding Bonds	12,700,000	15,090,000	-	-	12,700,000	15,090,000
Tax notes	3,180,000	2,140,000	-	-	3,180,000	2,140,000
Revenue bonds	-	-	-	-	-	-
Total bonded debt	39,235,000	32,970,000	11,795,000	12,505,000	51,030,000	45,475,000
Other long-term liabilities:						
Unamortized premiums	1,703,711	1,466,836	259,994	277,723	1,963,705	1,744,559
Net pension liability	2,383,561	3,500,038	289,313	441,608	2,672,874	3,941,646
Total OPEB liability	243,878	198,720	29,602	25,073	273,480	223,793
Compensated absences	473,947	391,011	31,201	29,825	505,148	420,836
Capital leases	242,367	-	-	-	242,367	-
Total other long-term liabilities	5,047,464	5,556,605	610,110	774,229	5,657,574	6,330,834
Total	\$ 44,282,464	\$ 38,526,605	\$ 12,405,110	\$ 13,279,229	\$ 56,687,574	\$ 51,805,834

The City of Murphy's long-term debt increased by \$4,881,740, or 9.4% during the past fiscal year. The increase was primarily due the issuance of \$8,315,000 of general obligation bonds and \$1,600,000 of tax notes less the scheduled payments on bonds, certificates of obligation and tax notes by the City.

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

Texas statutes limit the amount of bonds a governmental entity may issue to 10% of the assessed calculation of taxable property to the most recent ad valorem tax roll. The current debt limitation for the City is \$261,208,000, which is significantly in excess of the outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY21 overall ad valorem tax rate of \$0.495 per \$100 of assessed valuation remained the same as the FY20 tax rate, after five previous years of reductions. The FY21 adopted budget reflects a decrease of 1.67% in the maintenance and operations (M&O) tax rate from \$0.315104 to \$0.309856 per \$100 of assessed valuation. The tax rate for the interest and sinking fund (I&S) portion increased by \$0.005248 due to the issuance of \$1.6 million in new tax notes. The FY21 budget will raise more total property taxes than last year's budget by \$237,225, or 1.85%.

The City continues to see growth in sales tax collections, which seems to be driven by two relatively new things. The first is a legislative change that now requires sales tax collections to be remitted to the taxing authorities based on a point-of-destination versus point-of-origin of the transaction. The second influencer is an increasing use of online purchasing, especially by Murphy residents. The City anticipates outpacing its sales tax revenue budget for FY21, which is 13% of total General Fund revenue.

The main source of revenue for the Utility Fund are water and sewer fees from residential and commercial customers. Revenue from the sale of water is budgeted at \$8 million for FY21, a 4.2% increase over the prior year's budget, primarily due to an increase in water rates. Sewer revenue is budgeted at \$4.1 million for FY21, a 1.4% increase over the prior year's budget, primarily due to an increase in sewer rates. The water and sewer rate increases were necessary to cover the City's costs to maintain, operate, and make capital improvements to the utility system, even though North Texas Municipal Water District (NTMWD) was able to avoid increasing its costs to the City. The reason was NTMWD's effort to respond to fiscal pressures facing cities and their customers during the ongoing COVID-19 pandemic. The new rates became effective on October 1, 2020.

REQUEST FOR INFORMATION

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

Basic Financial Statements

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City of Murphy, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 26,016,264	\$ 6,494,498	\$ 32,510,762	\$ 4,464,463
Receivables (Net of allowance for uncollectibles)	770,101	1,843,236	2,613,337	303,256
Restricted cash and cash equivalents	77,734	5,301,032	5,378,766	-
Capital assets not being depreciated				
Land	10,124,051	-	10,124,051	-
Construction in progress	3,971,672	4,278,160	8,249,832	-
Capital assets net of accumulated depreciation				
Infrastructure	71,595,191	48,007,025	119,602,216	-
Buildings and improvements	28,244,545	-	28,244,545	-
Machinery and equipment	11,656,814	1,532,602	13,189,416	-
Accumulated depreciation	(42,527,910)	(16,611,418)	(59,139,328)	-
TOTAL ASSETS	109,928,462	50,845,135	160,773,597	4,767,719
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	943,714	130,022	1,073,736	-
Deferred outflows related to OPEB	72,207	9,589	81,796	-
Deferred charge on refunding	149,744	-	149,744	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,165,665	139,611	1,305,276	-
LIABILITIES				
Accounts payable	872,502	931,281	1,803,783	-
Accrued liabilities	320,509	210,866	531,375	377
Internal balances			-	-
Due to other governments	175,067	-	175,067	-
Other liabilities	94,658		94,658	9
Unearned revenues	234,663	-	234,663	-
Customer deposits	5,077	473,908	478,985	-
Accrued interest payable	207,581	57,119	264,700	-
Noncurrent liabilities:				
Due within one year	3,684,031	743,294	4,427,325	-
Due in more than one year	40,598,433	11,661,816	52,260,249	-
TOTAL LIABILITIES	46,192,521	14,078,284	60,270,805	386
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	661,222	103,318	764,540	-
Deferred inflows - OPEB	28,729	5,059	33,788	-
TOTAL DEFERRED INFLOWS OF RESOURCES	689,951	108,377	798,328	-
NET POSITION				
Net investment in capital assets	57,681,393	28,677,640	86,359,033	-
Restricted:				
Debt service	691,794	-	691,794	-
Use of impact fees	-	897,907	897,907	-
Court use	41,297	-	41,297	-
Capital improvements	261,755	-	261,755	-
Animal shelter	11,379	-	11,379	-
PEG fees	28,299	-	28,299	-
Unrestricted	5,495,738	7,222,538	12,718,276	4,767,333
TOTAL NET POSITION	\$ 64,211,655	\$ 36,798,085	\$ 101,009,740	\$ 4,767,333

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

City of Murphy, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 5,618,260	\$ 12,745	\$ 356	\$ -
Public safety	7,242,049	618,255	705,518	-
Public services and operations	760,431	651,943	3,632	-
Parks and recreation	2,478,788	64,476	522,600	-
Public works	1,357,482	-	-	-
Sanitation services	1,007,439	1,224,189	-	-
Interest on long-term debt	1,255,703	-	-	-
Total governmental activities	19,720,152	2,571,608	1,232,106	-
Business-type activities:				
Water and sewer	10,513,804	12,041,646	-	106,051
Storm water	181,279	321,245	-	25,739
Total business-type activities	10,695,083	12,362,891	-	131,790
Total primary government	\$ 30,415,235	\$ 14,934,499	\$ 1,232,106	\$ 131,790
Component units:				
Governmental Activities:				
Community Development Corporation	\$ 593,441	\$ -	\$ -	\$ -
Municipal Development District	272,246	-	-	-
Total component units	\$ 865,687	\$ -	\$ -	\$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Investment income
Contributions
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,605,159)	\$ -	\$ (5,605,159)	\$ -
(5,918,276)	-	(5,918,276)	-
(104,856)	-	(104,856)	-
(1,891,712)	-	(1,891,712)	-
(1,357,482)	-	(1,357,482)	-
216,750	-	216,750	-
(1,255,703)	-	(1,255,703)	-
(15,916,438)	-	(15,916,438)	-
-	1,633,893	1,633,893	-
-	165,705	165,705	-
-	1,799,598	1,799,598	-
\$ (15,916,438)	\$ 1,799,598	\$ (14,116,840)	\$ -
\$ -	\$ -	\$ -	\$ (593,441)
-	-	-	(272,246)
-	-	-	(865,687)
12,833,377	-	12,833,377	-
2,926,966	-	2,926,966	1,737,687
955,948	-	955,948	-
75,765	58,064	133,829	3,492
-	-	-	855
710,263	40,949	751,212	-
854,740	(854,740)	-	-
18,357,059	(755,727)	17,601,332	1,742,034
2,440,621	1,043,871	3,484,492	876,347
61,771,034	35,754,214	97,525,248	3,890,986
\$ 64,211,655	\$ 36,798,085	\$ 101,009,740	\$ 4,767,333

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City of Murphy, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Debt Service	Capital Projects	CARES Act Fund	Total
ASSETS					
Cash and cash equivalents	\$ 8,605,600	\$ 876,441	\$ 16,075,503	\$ 458,720	\$ 26,016,264
Receivables, net of allowance	645,885	22,934	101,282	-	770,101
Restricted cash and cash equivalents	77,734	-	-	-	77,734
Total assets	\$ 9,329,219	\$ 899,375	\$ 16,176,785	\$ 458,720	\$ 26,864,099
LIABILITIES					
Accounts payable	\$ 389,979	\$ -	\$ 258,902	\$ 223,621	\$ 872,502
Accrued liabilities	314,830	-	5,243	436	320,509
Due to other governments	175,067	-	-	-	175,067
Customer deposits	5,077	-	-	-	5,077
Unearned revenue	-	-	-	234,663	234,663
Other liabilities	92,137	-	2,521	-	94,658
Total liabilities	977,090	-	266,666	458,720	1,702,476
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	38,772	22,817	-	-	61,589
Unavailable revenue - ambulance fees	57,928	-	-	-	57,928
Unavailable revenue - municipal fines	7,036	-	-	-	7,036
Total deferred inflows of resources	103,736	22,817	-	-	126,553
FUND BALANCES					
Restricted:					
Debt service	-	876,558	-	-	876,558
Animal shelter	11,379	-	-	-	11,379
Municipal court	41,297	-	-	-	41,297
PEG fees	28,299	-	-	-	28,299
Capital improvements	-	-	15,910,119	-	15,910,119
Assigned:					
Police	36,437	-	-	-	36,437
Unassigned	8,130,981	-	-	-	8,130,981
Total fund balances	8,248,393	876,558	15,910,119	-	25,035,070
Total liabilities, deferred inflows of resources and fund balances	\$ 9,329,219	\$ 899,375	\$ 16,176,785	\$ 458,720	\$ 26,864,099

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

City of Murphy, Texas

Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position September 30, 2020

Total governmental fund balances	\$ 25,035,070
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	83,064,363
Bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	(39,235,000)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.	(1,703,711)
Capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements.	(242,367)
For debt refunding, the difference between the acquisition price and the net carrying value amount of the debt has been deferred and amortized in the government-wide financial statements.	149,744
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.	(207,581)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(473,947)
The net effect of deferred outflows, \$1,015,921, and deferred inflows (\$689,951) of resources related to the City's net pension and total other postemployment benefits (OPEB) liabilities increases net position in the government-wide financial statements.	325,970
The City's net pension liability, \$2,383,561, and total OPEB liability, \$243,878, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(2,627,439)
Unavailable revenue reported as a deferred inflow of resources in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.	<u>126,553</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 64,211,655</u></u>

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

City of Murphy, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended September 30, 2020

	General Fund	Debt Service	Capital Projects	CARES Act Fund	Total
Revenues:					
Property tax	\$ 8,185,446	\$ 4,671,870	\$ -	\$ -	\$ 12,857,316
Franchise taxes	955,948	-	-	-	955,948
Fines and forfeitures	215,298	-	-	-	215,298
Sales tax	2,346,607	-	580,359	-	2,926,966
Charges for services	1,780,187	-	-	-	1,780,187
Licenses and permits	571,264	-	-	-	571,264
Intergovernmental	524,563	56,380	-	679,950	1,260,893
Donations	3,862	-	-	-	3,862
Investment income	32,167	7,111	36,487	-	75,765
Miscellaneous	175,586	-	560,338	-	735,924
	<u>14,790,928</u>	<u>4,735,361</u>	<u>1,177,184</u>	<u>679,950</u>	<u>21,383,423</u>
Expenditures:					
Current operating:					
General government	4,064,006	-	35,197	213,618	4,312,821
Public safety	6,482,169	-	-	202,312	6,684,481
Public works	244,065	-	-	26,549	270,614
Public services and operations	687,809	-	-	16,988	704,797
Parks and recreation	1,700,071	-	-	37,692	1,737,763
Sanitation services	1,007,439	-	-	-	1,007,439
Debt service:					
Principal retirement	27,124	3,650,000	-	-	3,677,124
Interest and fiscal agent fees	2,411	1,174,482	-	-	1,176,893
Bond issuance costs	-	-	180,445	-	180,445
Capital outlay	-	-	4,118,743	182,791	4,301,534
	<u>14,215,094</u>	<u>4,824,482</u>	<u>4,334,385</u>	<u>679,950</u>	<u>24,053,911</u>
Excess (deficiency) of revenues over (under) expenditures	575,834	(89,121)	(3,157,201)	-	(2,670,488)
Other financing sources (uses):					
Transfers in	900,000	-	-	-	900,000
Transfers out	-	-	(45,260)	-	(45,260)
Capital lease proceeds	269,491	-	-	-	269,491
Bonds issued	-	-	9,915,000	-	9,915,000
Premium on bonds issued	-	-	399,641	-	399,641
Total other financing sources (uses)	<u>1,169,491</u>	<u>-</u>	<u>10,269,381</u>	<u>-</u>	<u>11,438,872</u>
Net change in fund balances	1,745,325	(89,121)	7,112,180	-	8,768,384
Fund balance, beginning of year	<u>6,503,068</u>	<u>965,679</u>	<u>8,797,939</u>	<u>-</u>	<u>16,266,686</u>
Fund balance, end of year	<u>\$ 8,248,393</u>	<u>\$ 876,558</u>	<u>\$ 15,910,119</u>	<u>\$ -</u>	<u>\$ 25,035,070</u>

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

City of Murphy, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities For the Fiscal Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$ 8,768,384
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the capital outlay is to increase net position.	4,736,854
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(3,945,718)
In governmental fund financial statements, the proceeds from the sale of are shown as an increase in financial resources. However, in the statement of activities, the gain or loss is calculated and reported.	(943)
Current year long-term debt principal and capital lease payments are expenditures in the fund financial statements and are shown as a reduction of long term debt in the government-wide financial statements.	3,677,124
The issuance of long-term debt provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(9,915,000)
The issuance of capital leases provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(269,491)
Premiums are recognized in the fund financial statements as other financing sources or uses, but these are amortized over the term of the bonds in the government-wide financial statements. This amount is the net effect of the addition of premiums of \$433,641 and amortization of premiums of \$196,766.	(236,875)
Current year amortization of deferred charges on refundings decreases net position in the government-wide financial statements.	(37,436)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, the change is not reported in the governmental funds.	(52,555)
Changes to compensated absences liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(82,936)
Certain pension items are not recorded as current year inflows or outflows in the government-wide financial statements and are, instead, recorded as deferred resource outflows or inflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized.	(106,137)
Certain OPEB expenditures are not recorded as current year inflows or outflows in the government-wide financial statements and are, instead, recorded as deferred resource outflows or inflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the OPEB liability were amortized.	(17,260)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(77,390)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 2,440,621

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

City of Murphy, Texas

General Fund

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

For the Fiscal Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property tax	\$ 8,205,441	\$ 8,205,441	\$ 8,185,446	\$ (19,995)
Franchise taxes	902,500	902,500	955,948	53,448
Fines and forfeitures	277,000	277,000	215,298	(61,702)
Sales tax	1,998,300	1,998,300	2,346,607	348,307
Charges for services	1,856,101	1,856,101	1,780,187	(75,914)
Licenses and permits	409,900	409,900	571,264	161,364
Intergovernmental	522,600	522,600	524,563	1,963
Donations	-	-	3,862	3,862
Investment income	31,100	31,100	32,167	1,067
Miscellaneous	58,800	58,800	175,586	116,786
Total revenues	<u>14,261,742</u>	<u>14,261,742</u>	<u>14,790,928</u>	<u>529,186</u>
EXPENDITURES				
General government				
City Administration	378,668	378,668	399,587	(20,919)
Human Resources	367,927	368,690	354,031	14,659
Information Technology	1,221,795	1,240,847	1,364,796	(123,949)
City Council	296,547	307,053	199,879	107,174
City Secretary	161,720	161,720	139,295	22,425
Finance	668,523	700,405	616,129	84,276
Facilities	703,513	1,080,113	639,834	440,279
Municipal Court	457,959	457,959	350,455	107,504
TOTAL GENERAL GOVERNMENT	<u>4,256,652</u>	<u>4,695,455</u>	<u>4,064,006</u>	<u>631,449</u>
Public Safety				
Fire Department	2,985,034	2,989,634	2,776,298	213,336
Police Department	4,024,620	4,031,020	3,705,871	325,149
TOTAL PUBLIC SAFETY	<u>7,009,654</u>	<u>7,020,654</u>	<u>6,482,169</u>	<u>538,485</u>
Public Works				
Public works department	297,718	484,164	244,065	240,099
TOTAL PUBLIC WORKS	<u>297,718</u>	<u>484,164</u>	<u>244,065</u>	<u>240,099</u>
Public Services and Operations				
Community Services	611,316	611,316	522,049	89,267
Animal Control	188,317	188,317	165,760	22,557
TOTAL PUBLIC SERVICES AND OPERATIONS	<u>799,633</u>	<u>799,633</u>	<u>687,809</u>	<u>111,824</u>

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

City of Murphy, Texas

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual -- Continued For the Fiscal Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Parks and Recreation:				
Parks	\$ 1,242,436	\$ 1,472,086	\$ 1,315,241	\$ 156,845
Recreation	488,876	488,876	384,830	104,046
TOTAL PARKS AND RECREATION	<u>1,731,312</u>	<u>1,960,962</u>	<u>1,700,071</u>	<u>260,891</u>
Sanitation Services				
Other services	1,017,500	1,017,500	1,007,439	10,061
TOTAL SANITATION SERVICES	<u>1,017,500</u>	<u>1,017,500</u>	<u>1,007,439</u>	<u>10,061</u>
Debt Service				
Principal retirement	-	-	27,124	(27,124)
Interest and fiscal agent fees	-	-	2,411	(2,411)
TOTAL DEBT SERVICE	<u>-</u>	<u>-</u>	<u>29,535</u>	<u>(29,535)</u>
Total expenditures	<u>15,112,469</u>	<u>15,978,368</u>	<u>14,215,094</u>	<u>1,763,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(850,727)</u>	<u>(1,716,626)</u>	<u>575,834</u>	<u>2,292,460</u>
Other financing sources (uses):				
Transfers in	900,000	900,000	900,000	-
Capital lease proceeds	-	-	269,491	269,491
Total other financing sources (uses)	<u>900,000</u>	<u>900,000</u>	<u>1,169,491</u>	<u>269,491</u>
NET CHANGE IN FUND BALANCES	49,273	(816,626)	1,745,325	2,561,951
FUND BALANCES, beginning of year	<u>6,503,068</u>	<u>6,503,068</u>	<u>6,503,068</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 6,552,341</u>	<u>\$ 5,686,442</u>	<u>\$ 8,248,393</u>	<u>\$ 2,561,951</u>

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

City of Murphy, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water and Sewer	Storm Water	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,328,812	\$ 165,686	\$ 6,494,498
Receivables, net	1,810,609	32,627	1,843,236
Restricted cash and investments	5,301,032	-	5,301,032
Total current assets	<u>13,440,453</u>	<u>198,313</u>	<u>13,638,766</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	46,817,293	1,189,732	48,007,025
Vehicles, machinery and equipment	1,532,602	-	1,532,602
Construction in progress	4,201,447	76,713	4,278,160
Less: accumulated depreciation	(16,575,609)	(35,809)	(16,611,418)
Total noncurrent assets	<u>35,975,733</u>	<u>1,230,636</u>	<u>37,206,369</u>
Total assets	<u>49,416,186</u>	<u>1,428,949</u>	<u>50,845,135</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	111,640	18,382	130,022
Deferred outflows related to OPEB	8,193	1,396	9,589
Total deferred outflows of resources	<u>119,833</u>	<u>19,778</u>	<u>139,611</u>
LIABILITIES			
Current liabilities:			
Accounts payable	927,481	3,800	931,281
Accrued liabilities	203,977	6,889	210,866
Payables from restricted assets:			
Customer deposits	473,908	-	473,908
Accrued interest payable	57,119	-	57,119
Compensated absences - current	3,294	-	3,294
Revenue bonds payable - current	740,000	-	740,000
Total current liabilities	<u>2,405,779</u>	<u>10,689</u>	<u>2,416,468</u>
Non-current liabilities:			
Compensated absences	27,907	-	27,907
Net pension liability	266,134	23,179	289,313
Total OPEB liability	27,230	2,372	29,602
Revenue bonds payable	11,314,994	-	11,314,994
Total noncurrent liabilities	<u>11,636,265</u>	<u>25,551</u>	<u>11,661,816</u>
Total liabilities	<u>14,042,044</u>	<u>36,240</u>	<u>14,078,284</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	94,334	8,984	103,318
Deferred inflows related to OPEB	4,765	294	5,059
Total deferred inflows of resources	<u>99,099</u>	<u>9,278</u>	<u>108,377</u>
NET POSITION			
Net investment in capital assets	27,447,004	1,230,636	28,677,640
Restricted for:			
Impact fees	897,907	-	897,907
Unrestricted	7,049,965	172,573	7,222,538
Total net position	<u>35,394,876</u>	<u>1,403,209</u>	<u>36,798,085</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 49,536,019</u>	<u>\$ 1,448,727</u>	<u>\$ 50,984,746</u>

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

City of Murphy, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2020

	Water and Sewer	Storm Water	Total
Operating revenues:			
Charges for sales and services			
Service charges	\$ 12,041,646	\$ 321,245	12,362,891
Miscellaneous	40,949	-	40,949
Total operating revenues	<u>12,082,595</u>	<u>321,245</u>	<u>12,403,840</u>
Operating expenses:			
Personnel services	1,058,299	93,411	1,151,710
Supplies and material	197,346	777	198,123
Other services	20,566	-	20,566
Maintenance and repair	103,710	45,077	148,787
Contractual services	7,456,639	17,754	7,474,393
Depreciation	1,227,775	24,260	1,252,035
Total operating expenses	<u>10,064,335</u>	<u>181,279</u>	<u>10,245,614</u>
Operating income	<u>2,018,260</u>	<u>139,966</u>	<u>2,158,226</u>
Non-operating revenues (expenses):			
Investment earnings	58,064	-	58,064
Interest expense	(449,469)	-	(449,469)
Total non-operating revenue (expenses)	<u>(391,405)</u>	<u>-</u>	<u>(391,405)</u>
Income before contributions and transfers	<u>1,626,855</u>	<u>139,966</u>	<u>1,766,821</u>
Contributions and Transfers			
Capital contributions	106,051	25,739	131,790
Transfers in	45,260	56,047	101,307
Transfers out	(956,047)	-	(956,047)
Total contributions and transfers (net)	<u>(804,736)</u>	<u>81,786</u>	<u>(722,950)</u>
Change in net position	822,119	221,752	1,043,871
TOTAL NET POSITION, beginning of year, as restated	<u>34,572,757</u>	<u>1,181,457</u>	<u>35,754,214</u>
TOTAL NET POSITION, end of year	<u>\$ 35,394,876</u>	<u>\$ 1,403,209</u>	<u>\$ 36,798,085</u>

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

City of Murphy, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Water and Sewer	Storm Water	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 12,535,971	\$ 303,430	\$ 12,839,401
Cash paid to employees	(1,047,462)	(90,004)	(1,137,466)
Cash paid for goods and services	(7,414,496)	(60,865)	(7,475,361)
Net cash provided by operating activities	4,074,013	152,561	4,226,574
Cash flows from non-capital financing activities:			
Transfers from other funds	45,260	56,047	101,307
Transfers to other funds	(956,047)	-	(956,047)
Net cash provided by (used in) noncapital financing activities	(910,787)	56,047	(854,740)
Cash flows from capital and related financing activities:			
Interest and fiscal charges	(467,197)	-	(467,197)
Principal payments on bonds payables	(710,000)	-	(710,000)
Acquisition or construction of capital assets	(3,163,252)	(118,901)	(3,282,153)
Net cash used in capital and related financing activities	(4,340,449)	(118,901)	(4,459,350)
Cash flows from investing activities:			
Interest income	58,064	-	58,064
Net cash provided by investing activities	58,064	-	58,064
Net increase (decrease) in cash and cash equivalents	(1,119,159)	89,707	(1,029,452)
Cash and cash equivalents, beginning of year	12,749,003	75,979	12,824,982
Cash and cash equivalents, end of the year	\$ 11,629,844	\$ 165,686	\$ 11,795,530

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

City of Murphy, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

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

Operating income	\$ 2,018,260	\$ 139,966	\$ 2,158,226
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	1,227,775	24,260	1,252,035
Change in assets and liabilities			
Receivables	319,771	(17,815)	301,956
Accounts payable and accrued liabilities	363,765	2,743	366,508
Interfund payables	113,125	-	113,125
Customer deposits	20,480	-	20,480
Compensated absences	1,376	-	1,376
Deferred inflows and outflows - net pension liability and total OPEB liability	9,461	3,407	12,868

Net cash provided by operating activities	<u>\$ 4,074,013</u>	<u>\$ 152,561</u>	<u>\$ 4,226,574</u>
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Non-cash investing activities:

Contributions of capital assets from developers	<u>\$ 106,051</u>	<u>\$ 25,739</u>	<u>\$ 131,790</u>
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City of Murphy, Texas
 Discretely Presented Component Units
 Combining Statement of Net Position
 For the Fiscal Year Ended September 30, 2020

	Community Development Corporation	Municipal Development District	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,337,529	\$ 3,126,934	\$ 4,464,463
Receivables (net of allowance for uncollectibles)	202,564	97,252	299,816
Other receivables	2,355	1,085	3,440
Total assets	<u>1,542,448</u>	<u>3,225,271</u>	<u>4,767,719</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	377	-	377
Other liabilities	9	-	9
Total liabilities	<u>386</u>	<u>-</u>	<u>386</u>
NET POSITION			
Unrestricted	<u>1,542,062</u>	<u>3,225,271</u>	<u>4,767,333</u>
Total Net Position	<u><u>\$ 1,542,062</u></u>	<u><u>\$ 3,225,271</u></u>	<u><u>\$ 4,767,333</u></u>

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

City of Murphy, Texas

Discretely Presented Component Units

Combining Statement of Activities

For the Fiscal Year Ended September 30, 2020

	Expenses	Charges for Services	Program Revenues		Component Units		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Community Development Corporation	Municipal Development District	
Governmental Activities							
Community Development Corporation	\$ 593,441	\$ -	\$ -	\$ -	\$ (593,441)	\$ -	\$ (593,441)
Municipal Development District	272,246	-	-	-	-	(272,246)	(272,246)
Total component units	\$ 865,687	\$ -	\$ -	\$ -	\$ (593,441)	\$ (272,246)	\$ (865,687)
General Revenues							
Sales taxes					\$ 1,160,898	\$ 576,789	\$ 1,737,687
Investment income					310	3,182	3,492
Contributions					855	-	855
Total general revenues					1,162,063	579,971	1,742,034
Change in net position					568,622	307,725	876,347
Net position - beginning of year					973,440	2,917,546	3,890,986
Net position - end of year					\$ 1,542,062	\$ 3,225,271	\$ 4,767,333

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

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

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

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

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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

2. Measurement Focus, Basis of Accounting

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

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

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

The City reports the following major governmental funds:

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

The *CARES Fund* accounts for the grant activity related to CARES Act funding related to Covid-19 response.

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

The City reports the following major enterprise funds:

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

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

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

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

b. Receivable and Payable Balances

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

c. Property Taxes

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

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

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

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities with a population greater than 5,000 limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2020, the City had a tax rate of \$0.495 per \$100 assessed valuation based upon the maximum rates described above.

d. Prepaid Items

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

e. Restricted Assets

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

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

f. Capital Assets

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

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

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

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

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

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

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

- Difference in expected and actual pension/OPEB experience and changes in actuarial assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference between projected and actual investment earnings on pension assets. The difference is deferred and amortized over a closed 5-year period.

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

i. Compensated Absences

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

j. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bond issuance costs are expensed during the year they are incurred.

The fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Net Position Flow Assumption

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

l. Fund equity

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

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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

Unassigned fund balance — the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. The general fund is the only fund that reports a positive unassigned fund balance. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes.

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

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

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

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

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

m. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

City of Murphy, Texas

Notes to the Basic Financial Statements

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

n. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal and state agencies which are accounted for in the General Fund and CARES Fund.

o. Interfund Activity

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

p. Use of Estimates

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

q. Program Revenues

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

Note 2. Budgets and Budgetary Accounting

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

The following procedures are followed in establishing the budgetary data:

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

The CARES Act fund reported expenditures in excess of appropriations; however, there was sufficient budget authority due to costs originally expected to be incurred in other funds that were ultimately incurred in the CARES Act fund.

City of Murphy, Texas

Notes to the Basic Financial Statements

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

Note 3. Deposits and Investments

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

A. Cash Deposits

At September 30, 2020, the carrying amount of the City's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$42,352,841 and the bank balance was \$42,864,378. The City's cash deposits at September 30, 2020 and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. Cash and cash equivalents as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Primary government:		
Cash and cash equivalents	\$	32,510,762
Restricted cash and cash equivalents		5,378,766
		<hr/>
		37,889,528
<i>Discretely presented component units:</i>		
Cash and cash equivalents		4,464,463
		<hr/>
Total cash and cash equivalents	\$	42,353,991
		<hr/> <hr/>
Cash and cash equivalents consists of the following:		
Petty cash	\$	1,150
Carrying Amount of Deposits		42,352,841
Total	\$	42,353,991
		<hr/> <hr/>

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

B. Investments

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

C. Investment Accounting Policy

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

D. Disclosure relating to Interest Rate Risk

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

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

E. Custodial Credit Risk

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

As of September 30, 2020, the City's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Note 4. Receivables

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

	General	Debt Service	Capital Projects	Total Governmental Funds	Water and Sewer	Storm Water	Total
Receivables							
Taxes	\$ 447,500	25,352	\$ 101,282	\$ 574,134	\$ -	\$ -	\$ 574,134
Ambulance fees	136,910	-	-	136,910	-	-	136,910
Municipal court	140,728	-	-	140,728	-	-	140,728
Intergovernmental	-	-	-	-	-	-	-
Fees and charges	150,464	-	-	150,464	1,469,828	32,627	1,652,919
Muddy Creek	-	-	-	-	373,361	-	373,361
Miscellaneous	-	117	-	117	-	-	117
Gross receivables	875,602	25,469	101,282	1,002,353	1,843,189	32,627	2,878,169
Less: allowance for uncollectible	(229,717)	(2,535)	-	(232,252)	(32,580)	-	(264,832)
Net total	\$ 645,885	\$ 22,934	\$ 101,282	\$ 770,101	\$ 1,810,609	\$ 32,627	\$ 2,613,337

City of Murphy, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the period ended September 30, 2020 was as follows:

	(As restated) Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,124,051	\$ -	\$ -	\$ -	\$ 10,124,051
Construction in progress	3,826,298	3,150,615	-	(3,005,241)	3,971,672
Total capital assets, not being depreciated	13,950,349	3,150,615	-	(3,005,241)	14,095,723
Capital assets being depreciated:					
Buildings and improvements	28,244,545	-	-	-	28,244,545
Infrastructure	68,128,855	461,095	-	3,005,241	71,595,191
Machinery and equipment	10,873,043	1,125,144	(341,373)	-	11,656,814
Total capital assets being depreciated	107,246,443	1,586,239	(341,373)	3,005,241	111,496,550
Less accumulated depreciation for:					
Buildings and improvements	(11,427,286)	(983,253)	-	-	(12,410,539)
Infrastructure	(19,990,295)	(1,771,121)	-	-	(21,761,416)
Machinery and equipment	(7,505,041)	(1,191,344)	340,430	-	(8,355,955)
Total accumulated depreciation	(38,922,622)	(3,945,718)	340,430	-	(42,527,910)
Total capital assets being depreciated, net	68,323,821	(2,359,479)	(943)	3,005,241	68,968,640
Governmental activities capital assets, net	\$ 82,274,170	\$ 791,136	\$ (943)	\$ -	\$ 83,064,363

	(As restated) Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 2,069,061	\$ 3,164,737	\$ -	\$ (955,638)	\$ 4,278,160
Total capital assets, not being depreciated	2,069,061	3,164,737	-	(955,638)	4,278,160
Capital assets being depreciated:					
Buildings and improvements	46,847,441	203,946	-	955,638	48,007,025
Machinery and equipment	1,502,320	45,260	(14,978)	-	1,532,602
Total capital assets being depreciated	48,349,761	249,206	(14,978)	955,638	49,539,627
Less accumulated depreciation for:					
Buildings and improvements	(14,485,010)	(1,062,920)	-	-	(15,547,930)
Machinery and equipment	(889,351)	(189,115)	14,978	-	(1,063,488)
Total accumulated depreciation	(15,374,361)	(1,252,035)	14,978	-	(16,611,418)
Total capital assets being depreciated, net	32,975,400	(1,002,829)	-	955,638	32,928,209
Business-type activities capital assets, net	\$ 35,044,461	\$ 2,161,908	\$ -	\$ -	\$ 37,206,369

City of Murphy, Texas
Notes to the Basic Financial Statements

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

Depreciation by function:

Governmental activities:

General government	\$ 1,408,692
Public safety	478,673
Public works	1,211,365
Public services and operations	43,756
Parks and recreation	803,232

\$ 3,945,718

Business-type activities:

Water and Sewer	\$ 1,227,775
Stormwater	24,260

\$ 1,252,035

Note 6. Interfund Balances and Transfers

A. Interfund Transfers

Transfers between funds during the fiscal year were as follows:

Transfer Out	Transfer In	Amount	Purpose
Water and Sewer Fund	General Fund	\$ 900,000	Administrative costs
Capital Projects Fund	Water and Sewer Fund	45,260	To subsidize the water and sewer debt payments
Water and Sewer Fund	Stormwater Fund	56,047	To subsidize stormwater improvements
		<u>\$ 1,001,307</u>	

Note 7. Long-Term Obligations

A summary of long-term liabilities transactions, including the current portion, for the year ended September 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 30,830,000	\$ 8,315,000	\$ (3,090,000)	\$ 36,055,000	\$ 2,970,000
Tax notes	2,140,000	1,600,000	(560,000)	3,180,000	605,000
Unamortized bond premium	1,466,836	433,641	(196,766)	1,703,711	-
Capital leases	-	269,491	(27,124)	242,367	61,637
Net pension liability	3,500,038	-	(1,116,477)	2,383,561	-
Total OPEB liability	198,720	45,158	-	243,878	-
Compensated absences	391,011	82,936	-	473,947	47,394
	<u>38,526,605</u>	<u>10,746,226</u>	<u>(4,990,367)</u>	<u>44,282,464</u>	<u>3,684,031</u>
Business-type activities:					
Certificates of obligation	12,505,000	-	(710,000)	11,795,000	740,000
Unamortized bond premium	277,723	-	(17,729)	259,994	-
Net pension liability	441,608	-	(152,295)	289,313	-
Total OPEB liability	25,073	4,529	-	29,602	-
Compensated absences	29,825	1,376	-	31,201	3,294
	<u>13,279,229</u>	<u>5,905</u>	<u>(880,024)</u>	<u>12,405,110</u>	<u>743,294</u>
Total Primary Government	<u>\$ 51,805,834</u>	<u>\$ 10,752,131</u>	<u>\$ (5,870,391)</u>	<u>\$ 56,687,574</u>	<u>\$ 4,427,325</u>

City of Murphy, Texas
Notes to the Basic Financial Statements

A. Compensated Absences

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

B. Bonds and Notes

Governmental activities bonds payable at September 30, 2020, includes the following individual issues:

Description	Original Amount	Year of Issue (Fiscal)	Final Maturity	Interest Rates	Balance 09/30/20
General Obligation Bonds:					
Improvements	\$ 7,915,000	2009	2029	2.5% - 5.0%	\$ 3,610,000
Improvements	4,800,000	2010	2030	2.0% - 4.02%	2,840,000
Improvements	8,725,000	2011	2031	2.0% - 4.0%	5,015,000
Improvements	11,695,000	2012	2024	2.0% - 5.0%	4,075,000
Improvements	12,770,000	2018	2038	3.0% - 4.0%	12,200,000
Improvements	8,315,000	2020	2040	2.15% - 3.0%	8,315,000
Total General Obligation Bonds	54,220,000				36,055,000
Tax Notes:					
Improvements	1,000,000	2014	2020	1.74%	-
Improvements	1,800,000	2016	2023	1.57%	795,000
Improvements	1,075,000	2018	2025	2.99%	785,000
Improvements	1,600,000	2020	2027	1.76%	1,600,000
Total Tax Notes	5,475,000				3,180,000
Total Governmental Activities Debt	\$ 59,695,000				\$ 39,235,000

Governmental activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 3,575,000	\$ 1,443,328	\$ 5,018,328
2022	4,060,000	1,157,694	5,217,694
2023	4,015,000	1,009,167	5,024,167
2024	3,125,000	876,616	4,001,616
2025	2,300,000	778,356	3,078,356
2026-2030	10,695,000	2,633,585	13,328,585
2031-2035	6,420,000	1,208,804	7,628,804
2036-2040	5,045,000	367,936	5,412,936
Total	\$ 39,235,000	\$ 9,475,486	\$ 48,710,486

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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

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

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

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

\$12,770,000, Series 2018 General Obligation Bonds, issued for street improvements, improvements to public safety facilities and improvements to park and recreation facilities.

\$8,315,000, Series 2019 General Obligation Bonds, issued for street improvements and improvements to park and recreation facilities.

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

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

\$1,075,000 Tax Notes, Series 2018 for improvements to municipal buildings and facilities related to security systems and the purchase of machinery and equipment relating to information technology, computer networks, and audio visual systems of the City.

\$1,600,000, Series 2020, tax notes, issued for the purchase of materials, supplies, equipment and machinery for the City's information technology, public works, parks and recreation, fire, police and animal control departments.

Business-type activities bonds payable at September 30, 2020, includes the following individual issues:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 09/30/20
Certificates of Obligation:					
Improvements	\$ 8,000,000	2009	2029	2.5% - 4.625%	\$ 4,400,000
Improvements	2,910,000	2014	2034	2.0% - 4.0%	2,190,000
Improvements	5,525,000	2018	2038	3.0% - 4.0%	5,205,000
Total Certificates of Obligation	16,435,000				11,795,000
Total Business-Type Activities Debt	\$ 16,435,000				\$ 11,795,000

City of Murphy, Texas
Notes to the Basic Financial Statements

Business-type activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Business Activities		
	Principal	Interest	Total
2021	\$ 740,000	\$ 443,398	\$ 1,183,398
2022	765,000	414,960	1,179,960
2023	800,000	384,444	1,184,444
2024	835,000	352,210	1,187,210
2025	870,000	317,705	1,187,705
2026-2030	4,315,000	1,008,116	5,323,116
2031-2035	2,370,000	386,728	2,756,728
2036-2038	1,100,000	58,625	1,158,625
Total	\$ 11,795,000	\$ 3,366,186	\$ 15,161,186

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

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

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

\$5,525,000, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018, issued for the purpose of constructing, renovating, enlarging, equipping, and improving water and wastewater facilities.

C. Capital Leases

The City has various general government capital leases related to computer equipment. Future payments under the leases are due as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 61,637	\$ 8,814	\$ 70,451
2022	63,694	6,932	70,626
2023	66,522	4,092	70,614
2024	50,514	1,183	51,697
Total	\$ 242,367	\$ 21,021	\$ 263,388

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 8. Pension Plan

A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

B. Benefits Provided

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

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

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

C. Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	107
Active employees	120
Total	274

City of Murphy, Texas

Notes to the Basic Financial Statements

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.98% and 14.11% in calendar years 2020 and 2019, respectively. The City's pension contributions to TMRS for the year ended September 30, 2020, were \$1,167,249, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

D. Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50% per year, including inflation
Investment rate of return	6.75%

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

City of Murphy, Texas

Notes to the Basic Financial Statements

The target allocation and best estimates of real rates of return for each major assets class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

E. Discount Rate

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

F. Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/18	\$ 22,493,744	\$ 18,552,098	\$ 3,941,646
Changes for the year:			
Service cost	1,522,290	-	1,522,290
Interest	1,551,971	-	1,551,971
Changes of benefit terms	-	-	-
Difference between expected and actual experience	101,617	-	101,617
Changes of assumptions	136,320	-	136,320
Contributions - employer	-	1,151,002	(1,151,002)
Contributions - employee	-	571,063	(571,063)
Net investment income	-	2,875,597	(2,875,597)
Benefit payments, including refunds of employee contributions	(525,453)	(525,453)	-
Administrative expense	-	(16,206)	16,206
Other changes	-	(486)	486
Net Changes	2,786,745	4,055,517	(1,268,772)
Balance at 12/31/19	\$ 25,280,489	\$ 22,607,615	\$ 2,672,874

City of Murphy, Texas

Notes to the Basic Financial Statements

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$ 7,251,453	\$ 2,672,874	\$ (963,274)

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmr.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2020, the City recognized pension expense of \$1,283,719.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 124,247	\$ (93,661)
Changes in actuarial assumptions	105,189	-
Difference between projected and actual investment earnings	-	(670,879)
Contributions subsequent to the measurement date	844,300	-
Total	\$ 1,073,736	\$ (764,540)

\$844,300 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (Inflows)
2021	\$ (128,441)
2022	(164,586)
2023	66,505
2024	(308,582)
	\$ (535,104)

City of Murphy, Texas

Notes to the Basic Financial Statements

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

A. Plan Description

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

B. Benefits Provided

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

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	26
Active employees	120
	<hr/>
	178
	<hr/> <hr/>

C. Contributions

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

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

The retiree portion of contribution rates to the SDBF for the City was 0.01% in both calendar years 2019 and 2020. The Town's contributions to the SDBF for the years ended September 30, 2020 and 2019 were \$12,639 and \$10,037, respectively, and were equal to the required contributions.

City of Murphy, Texas

Notes to the Basic Financial Statements

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The discount rate used to measure the Total OPEB Liability was 2.75% and as of December 31, 2019.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 223,793
Changes for the year:	
Service Cost	16,316
Interest on Total OPEB Liability	8,590
Change of benefit terms	-
Difference between expected and actual experience	(24,498)
Changes of assumptions or other inputs	50,095
Benefit payments	(816)
Administrative expense	-
Other changes	-
Net changes	49,687
Balance at 12/31/19	\$ 273,480

City of Murphy, Texas

Notes to the Basic Financial Statements

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate 2.75%	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 345,301	\$ 273,480	\$ 220,123

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$30,989. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$ 9,726	\$ (20,797)
Differences in expected and actual experience	53,488	(12,991)
Contributions subsequent to the measurement date	18,582	-
Total	\$ 81,796	\$ (33,788)

The \$18,582 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (Inflows)
2021	\$ 6,083
2022	6,083
2023	6,083
2024	5,443
2025	3,333
Thereafter	2,401
Total	\$ 29,426

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 10. Health Care Coverage

During the year ended September 30, 2020, employees of the City were covered by a health insurance plan ("Plan"). The City contributed \$451 per month per employee and 50% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay additional contributions for dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Note 11. Insurance Coverage

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

Note 12. Risk Management

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

Note 13. Litigation

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

Note 14. Additional Water and Sewer Information

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

Gallons Pumped	1,061,225,726
Gallons Billed	1,381,513,000

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

City of Murphy, Texas

Notes to the Basic Financial Statements

The City purchases all of its water from the North Texas Municipal Water District. The cost for water purchases is calculated based upon the maximum or peak usage of prior years. The City currently pays \$3.04 per thousand gallons of water for this fiscal year.

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

Muddy Water Regional Wastewater System

In May 1999, the Cities of Wylie and Murphy in Collin County entered into a contract with the District to provide for the acquisition, construction, improvement, operation, and maintenance of the Regional Muddy Creek Wastewater System (System) for the purpose of providing facilities to adequately receive, transport, treat, and dispose of wastewater. The District will own the System with Wylie and Murphy as the initial participants. The District issued approximately \$20 million in bonds to construct this new facility. Budget calculations for operating costs and debt service for the System of the service commencement date is based on the following estimated flow ratio: City of Wylie – 2/3 and Murphy – 1/3. "Service Commencement Date" means the first date upon which the System is available to treat wastewater from the participants.

The District sends each participant a letter detailing the annual requirement necessary to operate the System each year. The annual requirement budget includes an operation and maintenance component and a bond service component. The budgeting ratio described earlier was only valid for the first year of System operations. In subsequent years, budgets and year-end audits are based on actual flow ratios. For example, if the flow measurements indicate that 60% of the flow is produced by Wylie and 40% by Murphy, then the next year's operating and debt service components would be allocated using a 60/40 split. If in the future, additional participants are added, then the flow ratios would be adjusted using the above method.

The contract with the District has a clause for "Credit for Payments Relating to the System." This clause states: "Each participant shall be entitled to a credit in an amount equal to any funds advanced by such Participant with the approval of the District for land, engineering, construction or other costs related to the System and/or the financing thereof". All credits for advance made prior to the Service Commencement Date shall bear interest from the date of such advance at a rate equal to the net effective interest rate on the initial issue of the bonds hereunder. All credits for advances made prior to the Service Commencement Date shall be amortized over a period of twenty years, with such amortization to commence on October 1 of the Fiscal Year following the Service Commencement Date.

City of Murphy, Texas

Notes to the Basic Financial Statements

In 2004, the City made an advance payment of \$1,369,848. This amount is being amortized over a twenty-year period commencing with fiscal year 2005. The amortization was \$83,892 for 2020, leaving an unamortized balance of \$373,361 as of September 30, 2020 which is recorded as accounts receivable.

Note 15. Construction Commitments

The City has active construction projects as of September 30, 2020. The projects include park infrastructure and improvements, street infrastructure, and water/wastewater infrastructure improvements. At September 30, 2020, the City's commitments with contractors are as follows:

Project	Remaining Commitment
Vehicles and equipment	\$ 1,228,543
Infrastructure	4,835,602
Facilities	18,716
Parks and recreation	210,585
Utilities	1,070,715
Totals	\$ 7,364,161

Note 16. Murphy Community Development Corporation

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

A. Deposits and Investments

Cash and investment as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 1,337,529
----------------------------------	---------------------

B. Custodial Credit Risk

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

As of September 30, 2020, CDC deposits with financial institutions were covered by FDIC and fully collateralized.

City of Murphy, Texas
Notes to the Basic Financial Statements

C. Receivables

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

Receivables:	
Sales tax	\$ 202,564
Other	<u>2,355</u>
Total	<u>\$ 204,919</u>

Note 17. Murphy Municipal Development District

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

A. Deposits and Investments

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 3,126,934</u>

B. Custodial Credit Risk

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

As of September 30, 2020, MDD deposits with financial institutions were covered by FDIC and fully collateralized.

C. Receivables

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

Receivables:	
Sales tax	\$ 97,252
Other	<u>1,085</u>
Total	<u>\$ 98,337</u>

City of Murphy, Texas

Notes to the Basic Financial Statements

D. Note Payable

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

The amount of sales tax revenue recognized during the fiscal year was \$576,789 and the amount of debt service expenditures paid to the City were \$56,380.

Note 17. Coronavirus Pandemic

In March 2020, the World Health Organization declared the novel coronavirus ('COVID-19') a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the City's operations and financial results at this time.

Note 18. Restatement

As a result of various errors discovered by the City as described below, beginning net position of the governmental activities, business-type activities, water and sewer enterprise fund and storm water enterprise fund have been restated as follows:

	Governmental Activities	Business-type Activities	Enterprise Funds	
			Water and Sewer	Storm Water
Beginning net position, as previously reported	\$ 59,785,559	\$ 32,288,046	\$ 32,196,180	\$ 91,866
To record receivable for unamortized advance payment to Muddy Creek Regional Wastewater System	-	457,253	457,253	-
To correct capital assets by adding developer contributions of infrastructure	1,985,475	3,008,915	1,919,324	1,089,591
Beginning net position, as restated	<u>\$ 61,771,034</u>	<u>\$ 35,754,214</u>	<u>\$ 34,572,757</u>	<u>\$ 1,181,457</u>

In addition, the restatement increases the change in net position of the governmental activities, business-type activities, water and sewer enterprise fund, and storm water enterprise fund by \$1,976,377, \$2,671,901, \$1,621,703, and \$1,050,198, respectively for the fiscal year ended September 30, 2019.

Required Supplementary Information

City of Murphy, Texas

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System

Last Ten Measurement Periods

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:						
Service cost	\$ 1,522,290	\$ 1,441,416	\$ 1,306,442	\$ 1,296,399	\$ 1,245,327	\$ 1,050,852
Interest (on the Total Pension Liability)	1,551,971	1,399,243	1,258,826	1,111,877	1,026,901	918,661
Difference between expected and actual experience	101,617	(117,188)	(71,082)	219,473	(100,244)	(124,436)
Change in assumptions	136,320	-	-	-	46,815	-
Benefit payments, including refunds of employee contributions	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)	(333,601)
Net change in total pension liability	2,786,745	2,246,377	2,008,431	2,202,005	1,760,356	1,511,476
Total pension liability - beginning	22,493,744	20,247,367	18,238,936	16,036,931	14,276,575	12,765,099
Total pension liability - ending (a)	25,280,489	22,493,744	20,247,367	18,238,936	16,036,931	14,276,575
Plan fiduciary net position:						
Contributions - employer	1,151,002	1,076,118	1,022,730	931,923	943,727	638,669
Contributions - employee	571,063	540,145	496,746	474,375	473,766	423,071
Net investment income	2,875,597	(539,110)	2,062,350	879,201	17,806	613,963
Benefit payments, including refunds of employee contributions	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)	(333,601)
Administrative expense	(16,206)	(10,399)	(10,686)	(9,944)	(10,842)	(6,408)
Other	(486)	(546)	(542)	(537)	(536)	(527)
Net change in plan fiduciary net position	4,055,519	589,114	3,084,843	1,849,274	965,478	1,335,167
Plan fiduciary net position - beginning	18,552,098	17,962,984	14,878,141	13,028,867	12,063,389	10,728,222
Plan fiduciary net position - ending (b)	22,607,615	18,552,098	17,962,984	14,878,141	13,028,867	12,063,389
Net pension liability - ending (a) - (b)	\$ 2,672,874	\$ 3,941,646	\$ 2,284,383	\$ 3,360,795	\$ 3,008,064	\$ 2,213,186
Plan fiduciary net position as a percentage of total pension liability	89.43%	82.48%	88.72%	81.57%	81.24%	84.50%
Covered payroll	8,158,040	7,716,358	\$ 7,096,372	\$ 6,776,784	\$ 6,768,083	\$ 6,043,871
Net pension liability as a percentage of covered payroll	32.76%	51.08%	32.19%	49.59%	44.44%	36.62%

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

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

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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially determined contribution	\$ 1,167,249	\$ 1,133,549	\$ 1,062,070	\$ 995,834	\$ 906,822	\$ 841,012	\$ 622,027
Contributions in relation of the actuarially determined contribution	1,167,249	1,133,549	1,062,070	995,834	906,822	841,012	622,027
Contribution deficiency (excess)	\$ -						
Covered payroll	\$ 8,328,170	\$ 8,056,878	\$ 7,546,881	\$ 6,997,115	\$ 6,708,287	\$ 6,442,822	\$ 5,931,242
Contributions as a percentage of covered payroll	14.02%	14.07%	14.07%	14.23%	13.52%	13.05%	10.49%

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

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

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

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

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Total OPEB Liability:			
Service cost	\$ 16,316	\$ 18,519	\$ 14,902
Interest	8,590	7,034	6,443
Change in benefit terms	-	-	-
Difference between expected and actual experience	(24,498)	13,796	-
Change in assumptions	50,095	(18,427)	19,660
Benefit payments	(816)	(772)	(710)
	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	49,687	20,150	40,295
Total OPEB Liability-beginning	223,793	203,643	163,348
	<hr/>	<hr/>	<hr/>
Total OPEB Liability-ending	\$ 273,480	\$ 223,793	\$ 203,643
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Covered payroll	\$ 8,158,040	\$ 7,716,358	\$ 7,096,372
City's total OPEB liability as a % of covered payroll	3.35%	2.90%	2.87%

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

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

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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
	<u> </u>	<u> </u>	<u> </u>
Actuarially determined contribution	\$ 12,639	\$ 10,037	\$ 8,302
Contribution in relation of the actuarially determined contribution	<u>12,639</u>	<u>10,037</u>	<u>8,302</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 8,328,170	\$ 8,056,878	\$ 7,546,881
Contributions as a percentage of covered payroll	0.15%	0.12%	0.11%

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

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

City of Murphy, Texas

Notes to Required Supplementary Information
Texas Municipal Retirement System
For the Fiscal Year Ended September 30, 2020

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP

Other information:

There were no benefit changes during the year.

**Individual Fund
Financial Statements and Schedules**

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual – Debt Service Fund

For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,691,329	\$ 4,691,329	\$ 4,671,870	\$ (19,459)
Investment income	7,000	7,000	7,111	111
Intergovernmental	152,700	152,700	56,380	(96,320)
Total revenues	<u>4,851,029</u>	<u>4,851,029</u>	<u>4,735,361</u>	<u>(115,668)</u>
EXPENDITURES				
Debt service				
Principal retirement	3,650,000	3,650,000	3,650,000	-
Interest and fiscal charges	1,175,000	1,175,000	1,174,482	518
Total expenditures	<u>4,825,000</u>	<u>4,825,000</u>	<u>4,824,482</u>	<u>518</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>26,029</u>	<u>26,029</u>	<u>(89,121)</u>	<u>(115,150)</u>
NET CHANGE IN FUND BALANCE	26,029	26,029	(89,121)	(115,150)
FUND BALANCE, beginning of year	<u>965,679</u>	<u>965,679</u>	<u>965,679</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 991,708</u>	<u>\$ 991,708</u>	<u>\$ 876,558</u>	<u>\$ (115,150)</u>

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual – CARES Act Fund

For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 914,613	\$ 679,950	\$ (234,663)
Total revenues	-	914,613	679,950	(234,663)
EXPENDITURES				
Current operating:				
General government	-	115,392	213,618	(98,226)
Public safety	-	-	202,312	(202,312)
Public works	-	-	26,549	(26,549)
Public services and operations	-	-	16,988	(16,988)
Parks and recreation	-	-	37,692	(37,692)
Capital outlay	-	412,583	182,791	229,792
Total expenditures	-	527,975	679,950	(151,975)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	386,638	-	(386,638)
Other financing uses:				
Transfers out	-	(374,993)	-	374,993
Total other financing uses	-	(374,993)	-	374,993
NET CHANGE IN FUND BALANCE	-	11,645	-	(11,645)
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ 11,645	\$ -	\$ (11,645)

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City of Murphy, Texas

Murphy Community Development Corporation
Reconciliation of Balance Sheet to Statement of Net Position
September 30, 2020

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

Total fund balance - governmental funds	\$ 1,542,062
Amounts reported in the Statement of Net Position are different because:	
There are no differences	-
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,542,062</u>

City of Murphy, Texas

Murphy Community Development Corporation Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended September 30, 2020

	<u>Community Development</u>
Revenues:	
Taxes	
General sales and use taxes	\$ 1,160,898
Contributions	855
Interest	310
	<hr/>
Total revenues	1,162,063
	<hr/>
Expenditures:	
Personnel services	12,293
Administration	280,724
Contractual services and supplies	29,300
Community events	128,539
Capital outlay	142,585
	<hr/>
Total expenditures	593,441
	<hr/>
Excess of revenues over expenditures	568,622
Fund balance, beginning of year	973,440
	<hr/>
Fund balance, end of year	\$ 1,542,062
	<hr/> <hr/>

City of Murphy, Texas

Murphy Community Development Corporation
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For the Year Ended September 30, 2020

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

Net change in fund balances - governmental funds \$ 568,622

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

There are no differences -

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 568,622

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual – Community Development Corporation
 For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 999,114	\$ 999,114	\$ 1,160,898	\$ 161,784
Charges for service	5,000	5,000	-	(5,000)
Donations	2,000	2,000	855	(1,145)
Investment income	2,957	2,957	310	(2,647)
	<u>1,009,071</u>	<u>1,009,071</u>	<u>1,162,063</u>	<u>152,992</u>
Total revenues				
EXPENDITURES				
Current				
Personnel services	76,100	76,100	12,293	63,807
Administration	295,500	310,724	280,724	30,000
Contractual services and supplies	2,900	2,900	29,300	(26,400)
Community events	285,600	285,600	128,539	157,061
Capital outlay	177,000	243,745	142,585	101,160
	<u>837,100</u>	<u>919,069</u>	<u>593,441</u>	<u>325,628</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	171,971	90,002	568,622	(172,636)
FUND BALANCE, October 1	<u>973,440</u>	<u>973,440</u>	<u>973,440</u>	-
FUND BALANCE, September 30	<u>\$ 1,145,411</u>	<u>\$ 1,063,442</u>	<u>\$ 1,542,062</u>	<u>\$ (172,636)</u>

City of Murphy, Texas
 Murphy Municipal Development District
 Balance Sheet
 September 30, 2020

	Municipal Development District
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 3,126,934
Receivables:	
Sales taxes	97,252
Other receivables	<u>1,085</u>
TOTAL ASSETS	<u>\$ 3,225,271</u>
FUND BALANCES	
Unrestricted	<u>\$ 3,225,271</u>
Total fund balances	<u>3,225,271</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,225,271</u>

City of Murphy, Texas

Murphy Municipal Development District
Reconciliation of Balance Sheet to Statement of Net Position
September 30, 2020

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

Total fund balance - governmental funds \$ 3,225,271

Amounts reported in the Statement of Net Position
are different because:
There are no differences

-

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,225,271

City of Murphy, Texas

Murphy Municipal Development District

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended September 30, 2020

	Municipal Development District
Revenues:	
Taxes	
General sales and use taxes	\$ 576,789
Interest	3,182
	<hr/>
Total revenues	579,971
	<hr/>
Expenditures:	
Administration	260,165
Contractual services	11,781
Debt service	56,680
	<hr/>
Total expenditures	328,626
	<hr/>
Excess of revenues over expenditures	251,345
Fund balance, beginning of year	<hr/> 2,973,926
Fund balance, end of year	<hr/> <hr/> \$ 3,225,271

City of Murphy, Texas

Murphy Municipal Development District

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

For the Year Ended September 30, 2020

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

Net change in fund balances - governmental funds \$ 251,345

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

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 56,380

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 307,725

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual – Murphy Municipal Development District
 For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 499,600	\$ 499,600	\$ 576,789	\$ 77,189
Investment income	11,640	11,640	3,182	(8,458)
Total revenues	<u>511,240</u>	<u>511,240</u>	<u>579,971</u>	<u>68,731</u>
EXPENDITURES				
Current				
Administration	265,100	263,136	260,165	2,971
Contractual services	9,800	11,764	11,781	(17)
Debt Service	<u>153,100</u>	<u>153,100</u>	<u>56,680</u>	<u>96,420</u>
Total expenditures	<u>428,000</u>	<u>428,000</u>	<u>328,626</u>	<u>99,374</u>
NET CHANGE IN FUND BALANCE	83,240	83,240	251,345	168,105
FUND BALANCE, October 1	<u>2,973,926</u>	<u>2,973,926</u>	<u>2,973,926</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 3,057,166</u>	<u>\$ 3,057,166</u>	<u>\$ 3,225,271</u>	<u>\$ 168,105</u>

Statistical Section

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City of Murphy, Texas

Statistical Section

Table of Contents

Statistical Section

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

<u>Contents</u>	<u>Table #s</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 to 5
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6 to 10
Debt Capacity 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.	11 to 15
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	16 to 17
Operating Information 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.	18 to 20

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

City of Murphy, Texas

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 41,513	\$ 42,865	\$ 44,574	\$ 47,365
Restricted	1,049	903	887	818
Unrestricted	2,943	3,922	5,232	5,616
Total governmental activities net position	\$ 45,505	\$ 47,690	\$ 50,693	\$ 53,799
Business-type activities				
Net investment in capital assets	\$ 27,325	\$ 27,031	\$ 25,025	\$ 24,910
Restricted	606	686	652	647
Unrestricted	2,163	1,933	3,483	3,464
Total business-type activities net position	\$ 30,094	\$ 29,650	\$ 29,160	\$ 29,021
Primary government				
Net investment in capital assets	\$ 68,838	\$ 69,896	\$ 69,599	\$ 72,275
Restricted	1,655	1,589	1,539	1,465
Unrestricted	5,106	5,855	8,715	9,080
Total primary governmental net position	\$ 75,599	\$ 77,340	\$ 79,853	\$ 82,820

Source: Comprehensive Annual Financial Report

Table 1

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 50,922	\$ 48,931	\$ 55,882	\$ 54,480	\$ 54,524	\$ 57,681	
832	2,611	2,209	1,557	1,301	1,035	
2,455	4,543	3,127	3,585	3,961	5,496	
<u>\$ 54,209</u>	<u>\$ 56,085</u>	<u>\$ 61,218</u>	<u>\$ 59,622</u>	<u>\$ 59,786</u>	<u>\$ 64,212</u>	
\$ 22,284	\$ 25,461	\$ 25,647	\$ 19,020	\$ 25,854	\$ 28,678	
647	674	707	827	956	898	
6,332	3,398	3,146	10,597	5,478	7,222	
<u>\$ 29,263</u>	<u>\$ 29,533</u>	<u>\$ 29,500</u>	<u>\$ 30,444</u>	<u>\$ 32,288</u>	<u>\$ 36,798</u>	
\$ 73,206	\$ 74,392	\$ 81,529	\$ 73,500	\$ 80,378	\$ 86,359	
1,479	3,285	2,916	2,384	2,257	1,933	
8,787	7,941	6,273	14,182	9,439	12,718	
<u>\$ 83,472</u>	<u>\$ 85,618</u>	<u>\$ 90,718</u>	<u>\$ 90,066</u>	<u>\$ 92,074</u>	<u>\$ 101,010</u>	

City Of Murphy, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 3,210	\$ 3,705	\$ 3,636	\$ 3,517
Public safety	4,859	5,062	5,291	5,525
Public services and operations	596	704	789	630
Parks and recreation	1,051	1,472	1,545	1,582
Public works	1,114	1,476	1,220	1,275
Sanitation services	647	676	698	721
Development	-	-	131	110
Interest on long-term debt	1,605	1,584	1,129	1,218
Total governmental activities expenses	13,082	14,679	14,439	14,578
Business-type activities:				
Water and sewer	5,194	5,739	6,461	6,507
Storm water	-	-	-	-
Total business-type activities expenses	5,194	5,739	6,461	6,507
Total primary government expenses	\$ 18,276	\$ 20,418	\$ 20,900	\$ 21,085
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 85	\$ 95	\$ 39	\$ 40
Public safety	164	172	832	682
Public services and operations	571	536	939	727
Parks and recreation	55	62	121	137
Public works	840	1,007	213	217
Sanitation services	810	823	903	897
Operating grants and contributions	56	218	369	245
Capital grants and contributions	879	2,540	1,976	1,546
Total governmental activities program revenues	3,460	5,453	5,392	4,491
Business-type activities:				
Charges for services:				
Water and sewer	6,188	6,276	7,059	7,188
Storm water	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	6,188	6,276	7,059	7,188
Total primary government program revenues	\$ 9,648	\$ 11,729	\$ 12,451	\$ 11,679

Source: Comprehensive Annual Financial Report

Table 2 (Continued)

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	4,051	\$	5,266	\$	5,522	\$	5,219	\$	5,299	\$	5,618
	5,905		6,268		6,478		6,979		7,397		7,242
	702		684		723		581		769		760
	151		121		157		2,342		2,509		2,479
	1,587		1,812		2,122		1,313		1,391		1,358
	1,433		1,101		1,217		880		979		1,007
	756		761		770		144		-		-
	1,228		986		933		1,201		1,283		1,256
	15,813		16,999		17,922		18,659		19,627		19,720
	7,388		8,172		8,668		9,449		10,265		10,514
	-		-		-		-		138		181
	7,388		8,172		8,668		9,449		10,403		10,695
\$	23,201	\$	25,171	\$	26,590	\$	28,108	\$	30,030	\$	30,415
\$	15	\$	15	\$	11	\$	16	\$	16	\$	13
	716		698		804		633		664		618
	117		139		129		584		627		652
	220		221		228		126		136		65
	559		1,017		612		248		-		-
	917		916		938		1,026		1,190		1,224
	717		1,485		750		383		548		1,232
	2,821		1,689		3,275		-		-		-
	6,082		6,180		6,747		3,016		3,181		3,804
	8,623		8,980		9,440		11,111		12,668		12,042
	-		-		-		-		230		321
	-		-		-		-		-		132
	8,623		8,980		9,440		11,111		12,898		12,495
\$	14,705	\$	15,160	\$	16,187	\$	14,127	\$	16,079	\$	16,299

City Of Murphy, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2011	2012	2013	2014
Net (Expense) Revenues				
Governmental activities	\$ (9,622)	\$ (9,226)	\$ (9,047)	\$ (10,087)
Business-type activities	994	537	598	681
Total primary government net expense	\$ (8,628)	\$ (8,689)	\$ (8,449)	\$ (9,406)
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 8,347	\$ 8,477	\$ 8,962	\$ 9,348
Sales	952	1,049	1,300	1,625
Franchise	820	925	855	970
Investment income	76	20	17	12
Donations	-	-	-	-
Miscellaneous	81	42	281	389
Transfers	850	850	850	850
Total governmental activities	11,126	11,363	12,265	13,194
Business-type activities:				
Investment income	14	9	6	4
Miscellaneous	5	30	10	25
Transfers	(850)	(850)	(850)	(850)
Total business-type activities	(831)	(811)	(834)	(821)
Total primary government	\$ 10,295	\$ 10,552	\$ 11,431	\$ 12,373
Change in Net Position				
Governmental activities	\$ 1,504	\$ 2,137	\$ 3,218	\$ 3,107
Business-type activities	163	(274)	(236)	(140)
Total primary government	\$ 1,667	\$ 1,863	\$ 2,982	\$ 2,967

Table 2 (Concluded)

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ (9,731)	\$ (10,819)	\$ (11,175)	\$ (15,643)	\$ (16,446)	\$ (15,916)	
1,235	808	772	1,662	2,495	1,800	
\$ (8,496)	\$ (10,011)	\$ (10,403)	\$ (13,981)	\$ (13,951)	\$ (14,116)	
\$ 9,911	\$ 10,483	\$ 11,179	\$ 11,792	\$ 12,328	\$ 12,833	
1,801	2,006	2,001	1,986	2,144	2,927	
1,041	1,029	992	976	1,012	956	
11	26	49	81	94	76	
-	-	-	-	-	-	
57	770	1,236	64	157	710	
850	850	850	385	875	855	
13,671	15,164	16,307	15,284	16,610	18,357	
6	19	32	36	58	58	
22	35	12	84	166	41	
(850)	(850)	(850)	(385)	(875)	(855)	
(822)	(796)	(806)	(265)	(651)	(756)	
\$ 12,849	\$ 14,368	\$ 15,501	\$ 15,019	\$ 15,959	\$ 17,601	
\$ 3,940	\$ 4,344	\$ 5,132	\$ (359)	\$ 164	\$ 2,441	
413	12	(34)	1,397	1,844	1,044	
\$ 4,353	\$ 4,356	\$ 5,098	\$ 1,038	\$ 2,008	\$ 3,485	

City Of Murphy, Texas

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

Table 3

Fiscal Year Ended	Property Tax	Sales Tax	Franchise Tax	Total
2011	8,347	953	820	10,120
2012	8,477	1,049	925	10,451
2013	8,950	1,299	856	11,105
2014	9,365	1,625	970	11,960
2015	9,892	1,801	1,041	12,734
2016	10,483	2,006	1,029	13,518
2017	11,179	2,001	992	14,172
2018	11,792	1,986	975	14,753
2019	12,328	2,144	1,012	15,484
2020	12,833	2,927	956	16,716

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City of Murphy, Texas

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable - prepaid items	\$ 10	\$ -	\$ -	\$ -
Restricted for:				
Court use	147	147	125	101
Animal shelter	-	-	-	6
PEG fees	-	-	-	13
Assigned for:				
Police	12	18	17	19
Unassigned	3,044	3,060	3,557	3,635
Total general fund	\$ 3,213	\$ 3,225	\$ 3,699	\$ 3,774
All other governmental funds				
Restricted for:				
Debt service	\$ 902	\$ 756	\$ 844	\$ 836
Capital improvements	8,657	7,358	3,771	3,427
Assigned for				
Capital projects	435	435	-	-
Total all other governmental funds	\$ 9,994	\$ 8,549	\$ 4,615	\$ 4,263

Source: Comprehensive Annual Financial Report

Table 4

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	-	\$	29	\$	61	\$	1	\$	22	\$	-
	88		70		73		64		65		41
	12		8		7		11		11		11
	15		5		5		14		14		28
	11		11		16		9		1		36
	3,965		5,155		5,036		5,869		6,390		8,131
\$	4,091	\$	5,278	\$	5,198	\$	5,968	\$	6,503	\$	8,247
\$	836	\$	860	\$	903	\$	934	\$	966	\$	877
	1,958		1,780		1,320		13,983		8,798		15,910
	-		-		-		-		-		-
\$	2,794	\$	2,640	\$	2,223	\$	14,917	\$	9,764	\$	16,787

City of Murphy, Texas

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

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

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Taxes				
Property	\$ 8,324	\$ 8,466	\$ 8,950	\$ 9,365
Sales	953	1,049	1,299	1,625
Franchise	820	925	856	970
Charges for services	1,405	1,451	1,595	1,633
Licenses and permits	548	721	891	689
Fines and forfeitures	570	536	442	367
Investment income	76	20	17	12
Grant revenue	33	752	1,133	640
Intergovernmental	-	188	1,212	1,095
Donations	23	27	23	84
Miscellaneous	82	49	295	400
Total revenues	12,834	14,184	16,713	16,880
EXPENDITURES				
General government	2,292	2,615	2,669	2,552
Public safety	4,523	4,754	4,974	5,267
Public works	233	256	240	307
Public service and operations	595	698	783	624
Sanitation	648	676	698	721
Development	-	78	131	110
Parks and Recreation	845	1,089	1,096	1,128
Capital outlay	5,776	3,319	6,232	3,330
Debt service				
Principal retirement	2,270	2,928	2,914	2,874
Interest and fiscal charges	1,540	1,588	1,317	1,244
Other	130	115	-	-
Total expenditures	18,852	18,116	21,054	18,157
Excess (deficiency) of revenues over (under) expenditures	(6,018)	(3,932)	(4,341)	(1,277)
OTHER FINANCING SOURCES (USES)				
Bonds/notes proceeds	9,655	13,195	-	150
Premium (discount) on issuance of debt	278	789	-	-
Payments to escrow agent	(4,253)	(12,335)	-	-
Extraordinary revenue (expense)	-	-	-	-
Capital leases	-	-	-	-
Transfers in	850	850	850	850
Transfers out	-	-	-	-
Total other financing sources (uses)	6,530	2,499	850	1,000
NET CHANGE IN FUND BALANCES	\$ 512	\$ (1,433)	\$ (3,491)	\$ (277)
Debt service as a percentage of noncapital expenditures	29.14%	30.52%	28.52%	28.52%

Source: Comprehensive Annual Financial Report

Table 5

Fiscal Year						
	2015	2016	2017	2018	2019	2020
\$	9,892	\$ 10,483	\$ 11,179	\$ 11,805	\$ 12,287	\$ 12,857
	1,801	2,006	2,001	1,986	2,144	2,927
	1,041	1,029	992	975	1,012	956
	1,647	1,739	1,766	1,866	1,829	1,780
	521	941	560	485	531	571
	370	304	360	298	261	215
	11	26	49	81	94	76
	2,816	620	999	15	-	-
	717	765	821	694	882	1,261
	11	4	2	8	1	4
	67	779	1,254	88	181	736
	18,894	18,696	19,983	18,301	19,222	21,383
	3,060	4,250	4,831	3,999	4,285	4,313
	5,683	5,876	6,219	6,346	6,681	6,684
	285	231	271	235	300	271
	668	646	675	537	738	705
	756	761	770	880	979	1,007
	152	119	153	143	-	-
	1,137	1,118	1,493	1,482	1,660	1,738
	4,862	2,978	2,455	1,421	5,180	4,302
	3,095	3,235	3,410	3,215	3,370	3,677
	1,198	1,099	1,039	931	1,523	1,177
	-	-	14	288	-	180
	20,896	20,313	21,330	19,477	24,716	24,054
	(2,002)	(1,617)	(1,347)	(1,176)	(5,494)	(2,671)
	-	1,800	-	13,845	-	9,915
	-	-	-	558	-	400
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	269
	850	851	850	928	875	900
	-	(1)	-	(543)	-	(45)
	850	2,650	850	14,788	875	11,439
\$	(1,152)	\$ 1,033	\$ (497)	\$ 13,612	\$ (4,619)	\$ 8,768
	26.41%	24.92%	30.47%	23.13%	25.53%	25.13%

City of Murphy, Texas

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

Table 6

Fiscal Year	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾	Total Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2011	1,343,032	171,655	46,830	1,467,857	0.5650	1,467,857	100.00%
2012	1,344,417	200,050	44,852	1,499,615	0.5650	1,499,615	100.00%
2013	1,374,719	210,457	40,516	1,544,660	0.5700	1,544,660	100.00%
2014	1,456,899	231,165	49,666	1,638,398	0.5700	1,638,398	100.00%
2015	1,600,864	253,386	53,625	1,800,625	0.5500	1,800,625	100.00%
2016	1,788,854	259,811	73,647	1,975,018	0.5300	1,975,018	100.00%
2017	2,021,044	280,198	109,172	2,192,070	0.5100	2,192,070	100.00%
2018	2,116,829	309,553	72,653	2,353,729	0.5000	2,353,729	100.00%
2019	2,251,389	326,713	73,867	2,504,235	0.4900	2,504,235	100.00%
2020	2,247,998	364,079	6,052	2,606,025	0.4950	2,606,025	100.00%

Source: Collin County Appraisal District

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

City of Murphy, Texas

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

Table 7

Fiscal Year Ended September 30,	City Direct Rates			Overlapping Rates*			
	General Fund	General Obligation Debt Service	Total Direct Rate	Plano Independent School District	Wylie Independent School District	Collin County	Collin County College District
2011	0.317400	0.247600	0.565000	1.353400	1.640000	0.240000	0.086300
2012	0.317400	0.247600	0.565000	1.373400	1.640000	0.240000	0.086300
2013	0.329495	0.240505	0.570000	1.373400	1.640000	0.240000	0.086230
2014	0.341500	0.228500	0.570000	1.453000	1.640000	0.237500	0.083600
2015	0.336270	0.213730	0.550000	1.448000	1.640000	0.235000	0.082000
2016	0.333221	0.196779	0.530000	1.439000	1.640000	0.208395	0.082111
2017	0.327749	0.182251	0.510000	1.439000	1.640000	0.192246	0.079810
2018	0.317750	0.182250	0.500000	1.439000	1.640000	0.192246	0.079810
2019	0.308383	0.181617	0.490000	1.337350	1.538400	0.174951	0.081222
2020	0.309856	0.185144	0.495000	1.323750	1.520500	0.172531	0.081222

Source: Collin County Appraisal District

https://www.collincad.org/ccad/reports/rates_exemptions.php?year=2019

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

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

Table 8

Taxpayer	2020			2010			
	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value	Assessed Taxpayer Value	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
MURPHY MARKETPLACE STATION LLC	\$ 60,782	1	2.33%	ALLEN & LOUCKS VENTURE LP	\$ 23,076	1	1.55%
WAL-MART REAL ESTATE BUSINESS TRUST	14,363	2	0.55%	LOWE'S HOME CENTERS INC	17,856	2	1.20%
MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	13,946	3	0.54%	ALLEN & LOUCKS VENTURES LP	10,576	3	0.71%
LOWE'S HOME CENTERS INC	10,557	4	0.41%	MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	8,454	4	0.57%
HTA-MURPHY MEDICAL CENTER LLC	8,747	5	0.34%	CHAMPION LANGFORD PARTNERS	6,348	5	0.43%
NSA PROPERTY HOLDINGS LLC	8,315	6	0.32%	FORESTAR (USA) REAL ESTATE GROUP INC	5,704	6	0.38%
WELLTOWER TCG RIDEA LANDLORD LLC	8,239	7	0.32%	MCBIRNEY #544 JV	5,106	7	0.34%
MURPHY SELF STORAGE LTD	7,101	8	0.27%	MURPHY STORAGE PARTNERS LLC	5,057	8	0.34%
GELO INVESTMENTS LLC	6,197	9	0.24%	WAL-MART TEXAS LP	5,013	9	0.34%
MCFARLAND INVESTMENT PROPERTIES LLC	6,110	10	0.23%	ABS TX INVESTOR LP	4,993	10	0.34%
Total	\$ 144,357		5.55%	Total	\$ 92,183		6.20%

Source: Collin Central Appraisal District

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

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

Table 9

Fiscal Year Ended	Original Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	8,297	8,274	99.72%	26	8,300	100.04% *
2012	8,455	8,432	99.73%	29	8,461	100.07% *
2013	8,782	8,766	99.82%	19	8,785	100.03% *
2014	9,325	9,298	99.71%	14	9,312	99.86%
2015	9,888	9,870	99.82%	3	9,873	99.85%
2016	10,448	10,424	99.77%	62	10,486	100.36% *
2017	10,751	11,125	103.48%	57	11,182	104.01% *
2018	11,373	11,763	103.73%	34	11,797	103.73% *
2019	11,833	12,247	103.50%	44	12,291	103.87% *
2020	12,465	12,861	103.18%	2	12,863	103.19% *

Source: Collin County Tax Assessor-Collector

¹ The subsequent year collections are updated at the end of the following year.

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

City of Murphy, Texas
 Enterprise Fund Revenues
 Last Ten Fiscal Years (Unaudited)
 (Amounts Expressed in Thousands)

Table 10

<u>Fiscal Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Total</u>
2011	4,555	1,633	-	6,188
2012	4,357	1,329	-	5,686
2013	4,736	1,427	-	6,163
2014	4,297	2,271	-	6,568
2015	5,338	2,811	-	8,149
2016	6,177	3,103	-	9,280
2017	5,947	3,493	-	9,440
2018	7,313	3,798	-	11,111
2019	7,170	3,835	230	11,235
2020	8,032	4,010	321	12,363

City of Murphy, Texas

Ratio of Outstanding Debt By Type

Last Ten Fiscal Years (Unaudited)

(Amounts Expressed in Thousands)

Table 11

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income ^b	Per Capita
	General Obligation Bonds	Notes	Gen Oblig & Refunding Bonds	Capital Leases	Tax Note	Issuance Premiums	Revenue Bonds	Certificates of Obligation	Capital Leases	Issuance Premiums			
2011	17,615	-	20,845	-	1,685	-	175	7,495	-	-	47,815	8.19%	2,701
2012	3,535	839	32,015	28	2,915	-	120	7,190	-	-	46,642	7.07%	2,634
2013	2,655	340	32,292	14	2,305	1,647	60	6,924	-	44	46,281	7.19%	2,320
2014	5,690	-	25,265	-	2,705	1,511	-	6,560	-	41	41,772	5.02%	1,950
2015	4,725	-	23,730	-	2,100	1,524	-	9,000	-	188	41,267	4.83%	1,958
2016	3,720	-	22,120	-	3,280	1,381	-	8,550	-	177	39,228	4.58%	1,747
2017	3,510	-	19,795	-	2,405	1,237	-	8,085	-	166	35,198	3.55%	1,528
2018	3,295	-	30,160	-	2,885	1,637	-	13,130	-	295	51,402	5.18%	2,189
2019	3,070	-	27,760	-	2,140	1,467	-	12,505	-	278	47,220	4.37%	1,990
2020	2,840	-	33,215	242	3,180	1,704	-	11,795	-	260	53,236	5.38%	2,583

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

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

(2) See Long Term Debt rollforward schedule

City of Murphy, Texas**Table 12**

Ratio of Net General Bonded Debt Outstanding

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

Fiscal Year	General Obligation Bonds	Less: Available Debt Service Funds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2011	20,845	902	19,943	2.73%	1,127
2012	32,015	756	31,259	2.08%	1,765
2013	37,252	844	36,408	2.36%	1,576
2014	35,171	836	34,335	1.75%	1,392
2015	32,079	836	31,243	1.74%	1,482
2016	35,948	747	35,201	1.78%	1,571
2017	32,794	804	31,990	1.46%	1,389
2018	33,455	1,134	32,321	1.37%	1,377
2019	32,297	965	31,332	1.25%	1,321
2020	37,759	973	36,786	1.41%	1,785

City of Murphy, Texas

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

Table 13

Government Unit	Debt Outstanding	Estimated Percentage Applicable ^d	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Collin County	\$ 487,405,000	1.89%	\$ 9,211,955
Collin County Community College District	524,590,000	1.89%	9,914,751
Plano Independent School District	753,090,000	3.17%	23,872,953
Wylie Independent School District	446,291,921	11.64%	51,948,380
	\$ 2,211,376,921		94,948,039
City of Murphy		100.00%	51,030,000
Total direct and overlapping debt			\$ 145,978,039

Source: Municipal Advisory Council of Texas <https://www.mactexas.com/IssuerAccess/Report/101314>

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

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

City of Murphy, Texas
 Legal Debt Margin Information
 Last Ten Years (Unaudited)
 (Amounts Expressed in Thousands)

Table 14

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 151,469	\$ 156,500	\$ 161,055	\$ 168,806	\$ 185,425	\$ 204,867	\$ 230,124	\$ 242,630	\$ 257,810	\$ 261,208
Total net debt applicable to limit	39,243	37,709	34,761	29,976	32,080	39,228	35,199	48,634	33,472	39,966
	<u>\$ 112,226</u>	<u>\$ 118,791</u>	<u>\$ 126,294</u>	<u>\$ 138,830</u>	<u>\$ 153,345</u>	<u>\$ 165,639</u>	<u>\$ 194,925</u>	<u>\$ 193,996</u>	<u>\$ 224,338</u>	<u>\$ 221,242</u>
Total net debt applicable to the limit as a percentage of debt limit	25.91%	24.10%	21.58%	17.76%	17.30%	19.15%	15.30%	20.04%	12.98%	15.30%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 2,606,025
Add back: exempt real property	<u>6,052</u>
Total assessed value	<u><u>\$ 2,612,077</u></u>
Debt limit (10% of total assessed value)	\$ 261,208
Debt applicable to limit:	
Long term bonds	40,939
Less: amounts set aside for repayment of long term bonds	<u>(973)</u>
Total net debt applicable to limit	<u><u>\$ 39,966</u></u>
Legal debt margin	<u><u>\$ 221,242</u></u>

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

Table 15

Water and Sewer System Revenue Bonds						
Fiscal Year	Utility Services Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements		Times Coverage
				Principal	Interest	
2011	6,206	4,295	1,911	360	301	3
2012	6,315	4,689	1,626	370	288	2
2013	7,075	5,656	1,419	380	275	2
2014	7,218	5,215	2,003	330	262	3
2015	8,652	5,706	2,946	450	342	4
2016	9,034	6,505	2,529	450	342	3
2017	9,484	6,959	2,525	480	315	3
2018	11,231	7,812	3,419	625	558	3
2019	11,229	8,536	2,693	710	470	2
2020	12,083	8,836	3,247	740	443	3

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

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

Table 16

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	17,700	584,100,000	33,000	37.0	14.0	68,489	6.0%
2012	17,708	659,268,840	37,230	34.9	14.0	68,109	5.4%
2013	19,950	643,946,100	32,278	35.4	14.0	67,839	5.8%
2014	20,625	801,466,875	38,859 ****	35.6	72.98% ***	6,466 **	4.7% *
2015	21,078	819,069,742	39,785 ****	36.0	80.85% ***	5,646 **	3.6% *
2016	22,447 ****	853,187,650 ****	35,057 ****	35.9 ****	79.84% ***	5,022 **	3.5% *
2017	23,032 ****	991,690,908 ****	41,738 ****	36.3 ****	78.16% ***	5,062 **	3.5% *
2018	23,477	991,690,908	42,241	36.0	76.50%	5,062	3.2% *
2019	23,725	1,080,616,383	45,548	36.0	76.40%	5,100	3.0%
2020	20,612	990,138,644	48,037	37.9	81.20%	5,144	5.5%

Sources: * Average rate for Collin County for 2018 according to Texas Workforce Commission (www.tracer2.com)

**This is an actual total of students from Murphy enrolled in PISD and WISD (per PISD and WISD)

***Percentage of residents that have completed college or higher level of education

(Data was provided by The Retail Coach)

****Data was provided by The Retail Coach

FY 2014 - 2020 source of data is the Retail Coach

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

Table 17

Employer	2020			Employer	2011		
	No. of Employees	Rank	Percentage of Total City Employment		No. of Employees	Rank	Percentage of Total City Employment
Walmart	300	1	7.50%	Albertson's Food Center	130	1	01.85%
Lowe's Home Improvement	150	2	3.70%	Lowe's	109	2	01.56%
City of Murphy	125	3	3.27%	McMillen High School	108	3	01.54%
McMillen High School	110	4	2.87%	Walmart Neighborhood Market Store	95	4	01.36%
Murphy Middle School	109	5	2.85%	City of Murphy	93	5	01.33%
Sprouts	90	6	2.22%	Murphy Middle School	83	6	01.18%
Bogges Elementary School	78	7	2.04%	Bogges Elementary School	74	7	01.06%
Hunt Elementary	74	8	1.96%	Tibbels Elementary School	60	8	00.86%
Chick-Fil-A	60	9	1.93%	Chick-Fil-A	55	9	00.78%
Tibbals Elementary	59	10	1.70%	Whataburger	55	10	00.78%

Source: Texas Workforce Commission

City OF Murphy, Texas

Table 18

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	15	15	16	19	21	24	29	21	22	23
Public safety										
Police										
Officers	22	22	22	24	24	24	24	25	21	20
Civilians	9	11	11	11	11	11	11	6	11	10
Fire										
Firefighters and officers	20	21	22	24	24	24	24	23	24	23
Civilians	1	1	1	1	1	1	1	1	1	1
Animal Control	1	1	2	2	2	2	2	2	2	2
Public Service										
Municipal Court	2	3	3	4	4	3	4	4	4	3
Cultural and Recreation	10	12	12	13	13	15	15	15	16	14
Water										
Administration	4	6	6	6	6	6	1	5	5	5
Water	7	10	10	10	10	9	9	11	12	9
Wastewater	1	1	1	1	1	1	1	1	1	1
Bond Projects	-	-	-	-	-	-	-	2	2	1
Total	92	103	106	115	117	120	121	116	121	112

Source: Government Human Resource Department

Note: FTE numbers are actual. In prior years, some department information not available.

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City of Murphy, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Physical arrests	490	489	374	346
Traffic violations	7,796	3,589	3,217	3,140
Fire				
Number of calls answered	1,124	1,079	1,202	1,204
Inspections	192	129	314	224
Water				
New connections	146	217	130	98
Average daily consumption (gallons) (thousands of gallons)	3,496	2,794	2,719	2,156
Wastewater				
Average daily sewage treatment (thousands of gallons)	1,633	1,670	1,704	1,566

Source: Various government departments and North Texas Municipal Water District

Notes: Indicators are not available for the general government function
Sanitation services are provided by contractor

Table 19

Fiscal Year					
2015	2016	2017	2018	2019	2020
198	217	184	180	258	145
2,903	3,247	3,483	2,694	2,669	2,219
1,301	1,449	1,332	1,424	1,379	1,167
137	183	334	191	274	201
97	79	22	22	75	63
2,685	2,647	3,600	4,219	2,359	2,818
2,518	2,473	1,913	2,012	1,959	2,070

City of Murphy, Texas

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

Table 20

FUNCTION	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/CID vehicles	12	15	21	19	19	20	21	19	20	20
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Engines	2	2	2	2	2	2	2	2	2	2
Ambulances	2	2	2	2	3	3	3	3	3	3
Vehicles	4	4	3	5	5	5	5	5	5	5
Public works										
Streets (miles)	82.5	82.5	82.5	82.5	82.5	82.5	82.5	102.1	103.75	103.89
Culture & Recreation										
Parks acreage	284	297	285	322	322	322	322	322	322	322
Parks	14	14	9	10	10	10	10	10	10	10
Community center	-	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	90.6	92.6	93.8	94.3	94.6	94.9	95.0	95.0	95.2	99.3
Fire hydrants	950	911	934	942	949	1,067	1,067	1,068	1,091	1,103
Wastewater										
Sanitary sewers (miles)	81.0	82.8	84.6	84.6	85.0	85.3	85.0	85.2	89.3	99.4

Sources: City departments, North Texas Water Municipal District

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

City of Murphy, Texas**Table 1CD**Valuations, Exemptions and General Obligation Debt
For the Fiscal Year Ended September 30, 2020

2019-2020 Market Valuation Established by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		\$ 2,672,753,180
Less Exemptions/reductions at 100% market value:		
Agricultural/open space land use	\$ 5,717,925	
Homestead cap	5,539,609	
Over 65 and disabled	41,626,096	
Disabled veterans	10,169,677	
Disabled persons	3,675,000	66,728,307
		<u>66,728,307</u>
2019-2020 Taxable assessed valuation		<u>\$ 2,606,024,873</u>
General debt payable from ad valorem taxes		\$ 51,030,000
General interest and sinking fund as of September		<u>972,788</u>
Ratio general tax debt to taxable assessed valuation		1.96%
2020 estimated population	20,612	
Per capita taxable assessed valuation	\$ 126,432	
Per capita net funded debt payable from ad valorem taxes	\$ 2,476	

Note: Collin Central Appraisal District - 2019 Certified Roll

City of Murphy, Texas
 Tax Rate Levy and Collection History
 Last Ten Fiscal Years
 (Unaudited)

Table 2CD

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>General Fund</u>	<u>Interest and Sinking Fund</u>	<u>Original Tax Levy¹</u>	<u>Tax Collected Within the Fiscal Year¹</u>	<u>% of Levy Collected</u>
2011	0.5650	0.3174	0.2476	8,293,389	8,273,737	99.76
2012	0.5650	0.3174	0.2476	8,455,059	8,432,643	99.73
2013	0.5700	0.3295	0.2405	8,782,666	8,766,872	99.82
2014	0.5700	0.3415	0.2285	9,325,685	9,298,490	99.71
2015	0.5500	0.3363	0.2137	9,887,932	9,869,763	99.82
2016	0.5300	0.3332	0.0197	10,451,946	10,424,029	99.73
2017	0.5100	0.3228	0.1823	11,117,000	11,089,213	99.75
2018	0.5000	0.3178	0.1823	11,372,797	11,797,340	103.73
2019	0.4900	0.3084	0.1816	11,832,657	12,291,120	103.87
2020	0.4950	0.3151	0.1799	12,464,567	12,862,615	103.19

Source:¹ Collin Central Appraisal District

City of Murphy, Texas

Table 3CD

General Obligation Debt Service Requirements
 For the Fiscal Year Ended September 30, 2020
 (Unaudited)

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2021	\$ 3,575,000	\$ 1,443,328	\$ 5,018,328	9.11%
2022	4,060,000	1,157,694	5,217,694	10.35%
2023	4,015,000	1,009,167	5,024,167	10.23%
2024	3,125,000	876,616	4,001,616	7.96%
2025	2,300,000	778,356	3,078,356	5.86%
2026	2,215,000	695,744	2,910,744	5.65%
2027	2,310,000	611,626	2,921,626	5.89%
2028	2,135,000	526,110	2,661,110	5.44%
2029	2,225,000	438,828	2,663,828	5.67%
2030	1,810,000	361,276	2,171,276	4.61%
2031	1,525,000	303,624	1,828,624	3.89%
2032	1,170,000	261,249	1,431,249	2.98%
2033	1,210,000	248,574	1,458,574	3.08%
2034	1,240,000	214,369	1,454,369	3.16%
2035	1,275,000	180,989	1,455,989	3.25%
2036	1,310,000	146,489	1,456,489	3.34%
2037	1,350,000	110,252	1,460,252	3.44%
2038	1,385,000	72,176	1,457,176	3.53%
2039	495,000	32,706	527,706	1.26%
2040	505,000	6,312	511,312	1.29%
	<u>\$ 39,235,000</u>	<u>\$ 9,475,485</u>	<u>\$ 48,710,485</u>	

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Taxes	\$ 10,097	\$ 10,439	\$ 11,105	\$ 11,960
Permits and licenses	548	721	891	688
Charge for services	1,405	1,451	1,595	1,633
Fines and forfeitures	570	536	442	367
Investment income	76	23	17	12
Grants	33	752	1,133	640
Intergovernmental revenue	-	188	1,211	1,095
Donations	23	27	23	84
Miscellaneous	82	48	295	400
Total revenues	\$ 12,834	\$ 14,185	\$ 16,712	\$ 16,879
EXPENDITURES				
General government	\$ 2,292	\$ 2,615	\$ 2,669	\$ 2,552
Public safety	4,523	4,754	4,974	5,267
Public works	233	256	241	307
Sanitation	648	676	697	721
Public service and operations	595	698	783	624
Parks and recreation	845	1,089	1,096	1,127
Development	-	77	131	113
Capital outlay	5,776	3,319	6,232	3,330
Debt service	3,940	4,631	4,230	4,119
Total expenditures	\$ 18,852	\$ 18,115	\$ 21,053	\$ 18,160

Table 4CD

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 12,734	\$ 13,518	\$ 14,172	\$ 14,767	\$ 15,443	\$ 16,740
521	941	560	485	531	571
1,647	1,739	1,766	1,866	1,829	1,780
370	304	360	298	261	215
11	26	49	81	94	76
2,816	620	999	15	-	-
717	765	821	694	882	1,261
11	4	2	8	1	4
67	779	1,253	87	181	736
<u>\$ 18,894</u>	<u>\$ 18,696</u>	<u>\$ 19,982</u>	<u>\$ 18,301</u>	<u>\$ 19,222</u>	<u>\$ 21,383</u>
\$ 3,060	\$ 4,250	\$ 4,831	\$ 3,999	\$ 4,285	\$ 4,313
5,683	5,876	6,219	6,346	6,681	6,684
285	231	271	235	300	271
756	761	770	880	979	1,007
668	646	675	537	738	705
1,137	1,118	1,493	1,482	1,660	1,738
152	119	153	143	-	-
4,862	2,978	2,455	1,421	5,180	4,302
4,293	4,334	4,463	4,434	4,893	5,034
<u>\$ 20,896</u>	<u>\$ 20,313</u>	<u>\$ 21,330</u>	<u>\$ 19,477</u>	<u>\$ 24,716</u>	<u>\$ 24,054</u>

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2011	2012	2013	2014
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (6,018)	\$ (3,930)	\$ (4,341)	\$ (1,280)
OTHER FINANCING SOURCES (USES)				
Bonds proceeds	\$ 9,655	\$ 11,695	\$ -	\$ 150
Premium on bonds issued	-	-	-	-
Note proceeds	-	1,500	-	-
Capital leases	-	-	-	-
Payments to escrow agent	(4,253)	(12,335)	-	-
Debt issuance cost	278	789	-	-
Net transfers	850	850	850	850
Total other financing sources (uses)	\$ 6,530	\$ 2,499	\$ 850	\$ 1,000
BEGINNING FUND BALANCE	12,696	13,208	11,777	8,317
PRIOR YEAR ADJUSTMENT	-	-	31	-
ENDING FUND BALANCE	\$ 13,208	\$ 11,777	\$ 8,317	\$ 8,037

Table 4CD – Concluded

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (4,016)	\$ (1,617)	\$ (1,348)	\$ (1,176)	\$ (5,494)	\$ (2,671)
\$ -	\$ 1,800	\$ -	\$ 13,845	\$ -	\$ 9,915
-	-	-	558	-	400
-	-	-	-	-	-
-	-	-	-	-	269
-	-	-	-	-	-
-	-	-	-	-	-
850	850	850	385	875	855
\$ 850	\$ 2,650	\$ 850	\$ 14,788	\$ 875	\$ 11,439
8,037	6,885	7,918	7,420	20,885	16,266
-	-	-	(147)		
\$ 4,871	\$ 7,918	\$ 7,420	\$ 20,885	\$ 16,266	\$ 25,034

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

Table 5CD

Fiscal Year	City of Murphy	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2011	1,893,680	22.83%	0.1290	107
2012	2,064,464	24.42%	0.1380	117
2013	2,582,592	29.69%	0.1692	129
2014	3,212,366	34.45%	0.1964	156
2015	3,557,001	35.97%	0.1978	169
2016	3,920,231	37.40%	0.1982	201
2017	3,966,071	35.68%	0.1890	172
2018	3,942,840	34.67%	0.1675	168
2019	4,234,066	35.78%	0.1692	178
2020	4,664,653	37.42%	0.1790	226

City of Murphy, Texas

Cash and Investments for Primary Government
For the Fiscal Year Ended September 30, 2020
(Unaudited)

Table 6CD

<u>Type of Investment</u>		
Cash on hand	0.01%	\$ 1,150
Money markets	0.00%	-
Analyzed checking	99.9%	42,352,841
	<u>100.00%</u>	<u>\$ 42,353,991</u>

City of Murphy, Texas

Proprietary Funds Debt Service Requirements
 For the Fiscal Year Ended September 30, 2020
 (Unaudited)
 (Amounts Expressed in Thousands)

Table 7CD

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2021	\$ 740,000	443,398	\$ 1,183,398	6.27%
2022	765,000	414,960	1,179,960	6.49%
2023	800,000	384,444	1,184,444	6.78%
2024	835,000	352,210	1,187,210	7.08%
2025	870,000	317,705	1,187,705	7.38%
2026	905,000	281,059	1,186,059	7.67%
2027	940,000	242,186	1,182,186	7.97%
2028	980,000	200,796	1,180,796	8.31%
2029	1,030,000	157,119	1,187,119	8.73%
2030	460,000	126,956	586,956	3.90%
2031	475,000	111,206	586,206	4.03%
2032	500,000	94,781	594,781	4.24%
2033	515,000	77,478	592,478	4.37%
2034	535,000	59,156	594,156	4.54%
2035	345,000	44,106	389,106	2.92%
2036	355,000	32,288	387,288	3.01%
2037	365,000	19,688	384,688	3.09%
2038	380,000	6,650	386,650	3.22%
	<u>\$ 11,795,000</u>	<u>\$ 3,366,186</u>	<u>\$ 15,161,186</u>	