

City of Murphy, Texas



CITY OF
MURPHY
LIFE LIVED AT YOUR PACE

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

Prepared by: City of Murphy, Texas Finance Department

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City of Murphy, Texas
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Table of Contents

	Table	Page
Introductory Section		
Letter of Transmittal		v
GFOA Certificate of Achievement for Excellence in Financial Reporting		ix
Organization Chart		x
List of Elected Officials and Administrative Officers		xi
Financial Section		
Independent Auditor's Report		3
Management's Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position		17
Statement of Activities		18
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet		20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		21
Statement of Revenues, Expenditures, and Changes in Fund Balance		22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities		23
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund		24
Statement of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual – CARES Act Fund		26
Proprietary Funds Financial Statements		
Statement of Net Position – Proprietary Funds		27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds		28
Statement of Cash Flows – Proprietary Funds		29
Discretely Presented Component Unit Financial Statements		
Combining Statement of Net Position		31
Combining Statement of Activities		32
Notes to the Basic Financial Statements		33
Required Supplementary Information		
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS		62
Schedule of Pension Contributions - TMRS		63
Schedule of Total OPEB Liability and Related Ratios - TMRS		64
Schedule of OPEB Contributions - TMRS		65
Notes to Required Supplementary Information - TMRS		66
Supplementary Information		
Major Governmental Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (GAAP Basis) and Actual – Debt Service Fund		68
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (GAAP Basis) and Actual – Capital Projects Fund		69
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (GAAP Basis) and Actual – ARP Act Fund		70
Discretely Presented Component Units:		
Balance Sheet - Murphy Community Development Corporation		71
Reconciliation of Balance Sheet to Statement of Net Position - Murphy Community Development Corporation		72

City of Murphy, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2021
 Table of Contents - Continued

	Table	Page
Statement of Revenues, Expenditures and Changes in Fund Balance - Murphy Community Development Corporation		73
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Murphy Community Development Corporation		74
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Community Development Corporation		75
Balance Sheet - Murphy Municipal Development District		76
Reconciliation of Balance Sheet Statement of Net Position - Murphy Municipal Development District		77
Statement of Revenues, Expenditures and Changes in Fund Balance - Murphy Municipal Development District		78
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Murphy Municipal Development District		79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Murphy Municipal Development District		80
Statistical Section		
Net Position By Component	1	84
Changes in Net Position	2	86
Governmental Activities Tax Revenue by Source	3	90
Fund Balances, Governmental Funds	4	92
Changes in Fund Balances, Governmental Funds	5	94
Assessed Value and Estimated Actual Value of Taxable Property	6	96
Direct and Overlapping Property Tax Rates	7	97
Principal Property Tax Payers	8	98
Property Tax Levies and Collections	9	99
Enterprise Fund Revenues	10	100
Ratio of Outstanding Debt by Type	11	101
Ratio of Net General Bonded Debt Outstanding	12	102
Direct and Overlapping Governmental Activities Debt	13	103
Legal Debt Margin Information	14	104
Pledged-Revenue Coverage	15	105
Demographic and Economic Statistics	16	106
Principal Area Employers	17	107
Full-Time Equivalent Government Employees by Function/Program	18	108
Operating Indicators by Function/Program	19	110
Capital Asset Statistics by Function/Program	20	112
Continuing Disclosure Section (Unaudited)		
Valuations, Exemptions and General Obligation Debt	1CD	113
Tax Rate Levy and Collection History	2CD	114
General Obligation Debt Service Requirements	3CD	115
Governmental Fund Revenues and Expenditure History	4CD	116
Municipal Sales Tax History	5CD	120
Cash and Investments for Primary Government	6CD	121
Proprietary Funds Debt Service Requirements	7CD	122

Introductory Section

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March 24, 2022

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

Dear Mayor Bradley and Council Members:

The City of Murphy's Annual Comprehensive Financial Report for the year ended September 30, 2021, 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, 2021. 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 2021, 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, 97% 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, more residents are working from home and therefore shopping and eating locally. 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 residential 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. Additionally, the City received funds from the American Recovery Plan (ARP) Act which will be used for a water line loop project.

MAJOR INITIATIVES

For the fiscal year ended September 30, 2021, the top priority projects of the City of Murphy included:

- Timbers subdivision drainage improvements
- North Maxwell Creek Road paving project and railroad trail crossing
- South Maxwell Creek Road/Kinney Drive paving project
- Renovations and expansions of North Hill Park and Travis Farm Park

- Installation of the City Marquee Sign at the Murphy City Hall Complex

Completion of the Betsy Lane Elevated Storage Tank – exterior painting
Completion of the Northstar Pump Station backup generator replacement
Completion of City Building Renovations Projects at Police/MAC/Concession Stand/Parks Storage
Completion of the Bunny Run and Lonesome Dove Drainage Improvement Projects
Installation of the S. Murphy Road: 8 Inch Water Line Project

City Hall HVAC upgrades
Painting of the 2nd floor at City Hall
Painting and repairs at the Murphy Community Center gymnasium
Completion of A/V equipment replacement in Murphy Community Center
Purchasing vehicles and equipment for Public Works and Parks departments

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. All governmental funds are legally adopted and appropriated on an annual basis. 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

OTHER INFORMATION

Awards and Acknowledgments

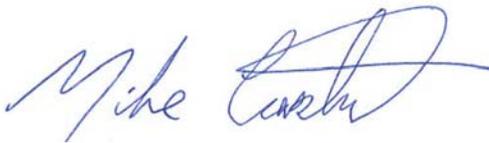
The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murphy, Texas for the FY20 Annual Financial Report (formerly referred to as a “Comprehensive Annual Financial Report” or “CAFR”). This was the seventeenth year 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 and City employees throughout the organization, and to the auditors, all of whom were instrumental in the successful completion of this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mike Castro". The signature is fluid and cursive, with the first name "Mike" written in a larger, more prominent script than the last name "Castro".

Mike Castro, PhD
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

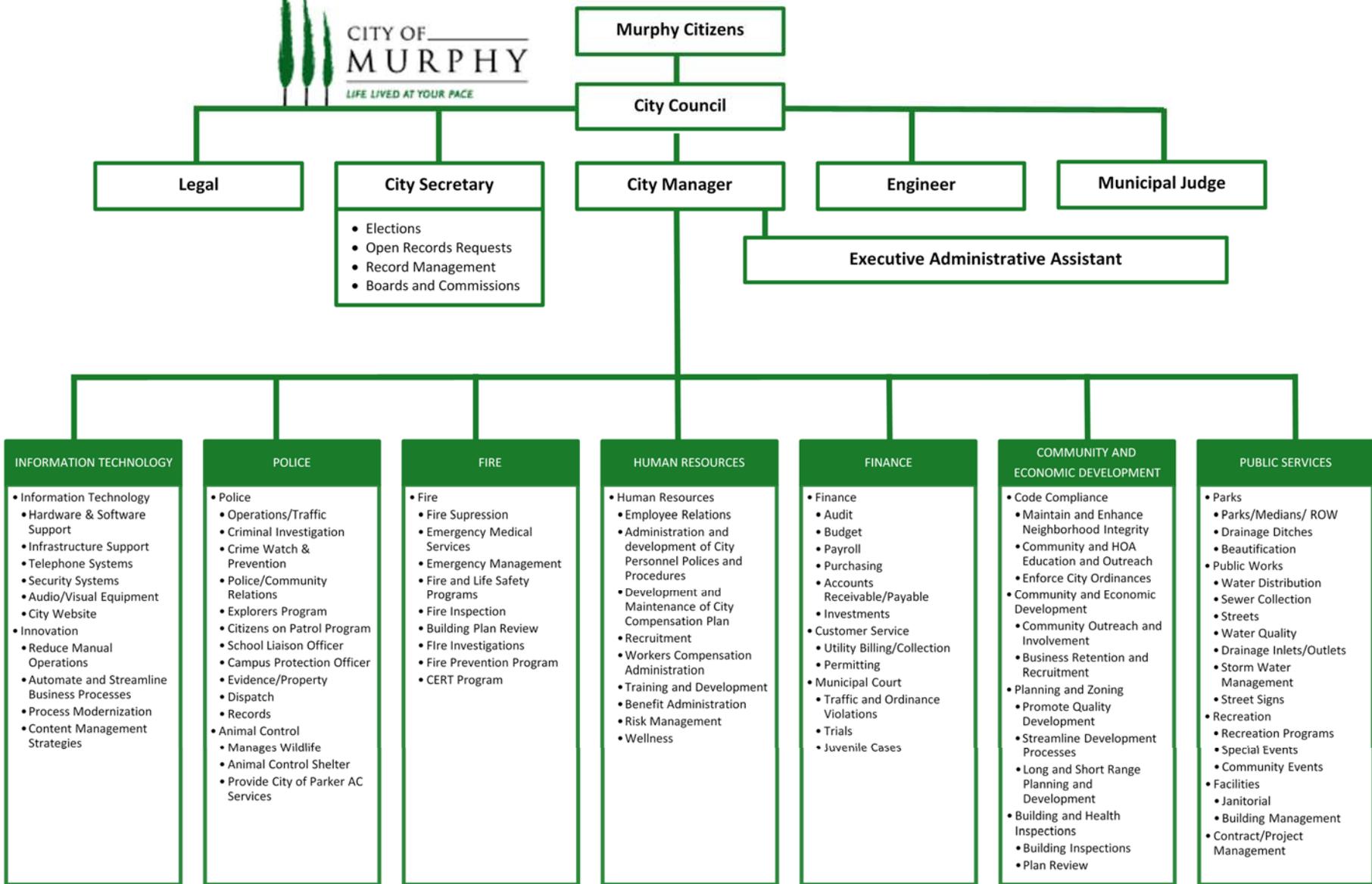
**City of Murphy
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO





City Council

Scott Bradley
Mayor

Ken Oltmann
Mayor Pro Tem

Jené Butler, DNP
Deputy Mayor
Pro Tem

Elizabeth Abraham
Council, Place 1

Jennifer Berthiaume
Council, Place 2

Andrew Chase
Council, Place 3

Sarah Fincanon
Council, Place 5

City Manager

Mike Castro, PhD

Leadership Team

Susie Quinn, TRMC
City Secretary

Chris Chandler
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

Whitney Casey, SHRM-SCP
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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and CARES Act 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 through 14), and the TMRS pension and OPEB liability schedules (pages 62-66) 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, the statistical section, and the continuing disclosure 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, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, on our consideration of the City of Murphy, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Murphy, Texas' internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 24, 2022

Management's Discussion and Analysis (Unaudited)

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, 2021. 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 \$103,922,985 (net position). Of this amount, \$87,443,138 or 84% is the net investment in capital assets. Net position restricted for specific purposes is \$1,793,995. The remaining, \$14,685,852 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The government's total net position increased by \$2,913,245, 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 \$16,411,270, a decrease of \$8,623,800 in comparison with the prior year. The decrease in combined ending fund balances is attributable to the \$9,799,192 decrease in capital projects fund balance, the result of capital outlay expenditures in the current year for new capital projects. Approximately 57% of this total amount, or \$9,420,346, 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 \$9,420,346 was 62% percent of total general fund expenditures for the fiscal year. The increase in fund balance of the General Fund, \$1,292,502, was due to increases in property and sales taxes; and a transfer from the water and sewer fund.
- The City's total outstanding long-term debt decreased by \$4,640,363 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 debt service fund, the capital projects fund, the ARP Act fund and 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	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 20,971,066	\$ 26,864,099	\$ 12,804,080	\$ 13,638,766	\$ 33,775,146	\$ 40,502,865
Capital Assets	90,351,678	83,064,363	37,367,058	37,206,369	127,718,736	120,270,732
Total Assets	111,322,744	109,928,462	50,171,138	50,845,135	161,493,882	160,773,597
Deferred Outflows	1,156,599	1,165,665	147,432	139,611	1,304,031	1,305,276
Current liabilities	4,606,156	1,910,057	1,227,719	1,673,174	5,833,875	3,583,231
Noncurrent liabilities	40,393,031	44,282,464	11,654,180	12,405,110	52,047,211	56,687,574
Total liabilities	44,999,187	46,192,521	12,881,899	14,078,284	57,881,086	60,270,805
Deferred Inflows	873,463	689,951	120,379	108,377	993,842	798,328
Net position:						
Net investment in capital assets	58,791,930	57,681,393	28,651,208	28,677,640	87,443,138	86,359,033
Restricted	950,753	1,034,524	843,242	897,907	1,793,995	1,932,431
Unrestricted	6,864,010	5,495,738	7,821,842	7,222,538	14,685,852	12,718,276
Total net position	\$ 66,606,693	\$ 64,211,655	\$ 37,316,292	\$ 36,798,085	\$ 103,922,985	\$ 101,009,740

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 \$103,922,985 as of September 30, 2021. Of this amount, \$66,606,693 is recorded in the governmental activities and \$37,316,292 in the business-type activities. The City's net position increased by \$2,913,245 for the fiscal year ended September 30, 2021.

Net investment in capital assets. The largest portion of the City's net position (84%) 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) \$646,142 for debt service and, (b) \$1,147,853 for state imposed and other restrictions.

Unrestricted net position. Unrestricted net position in the amount of \$14,685,852 is available to fund the City programs to citizens and creditors.

Table 2
Changes in Net Position

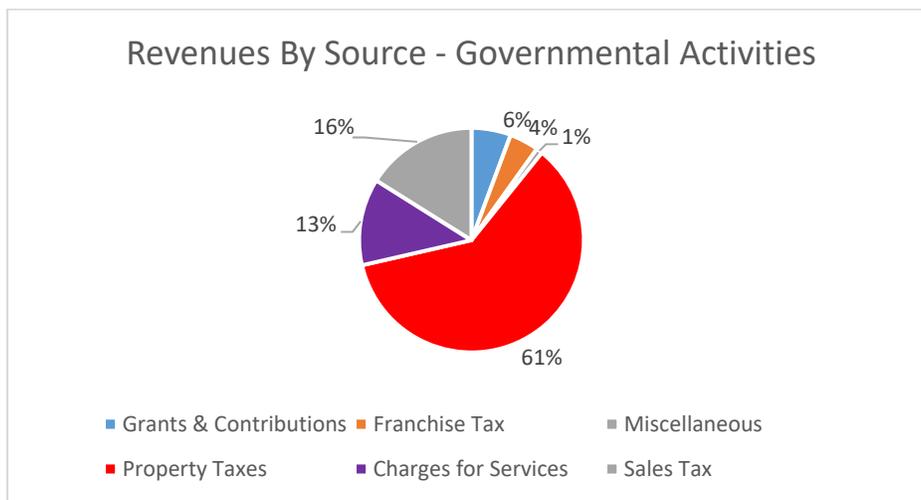
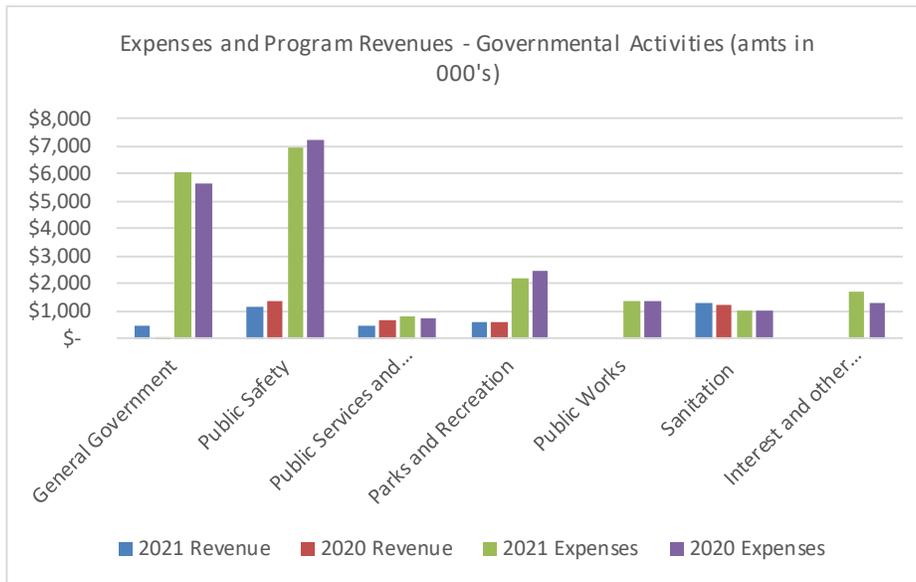
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for Services	\$ 2,706,500	\$ 2,571,608	\$ 12,009,154	\$ 12,362,891	\$ 14,715,654	\$ 14,934,499
Operating Grants and Contributions	783,502	1,232,106	-	-	783,502	1,232,106
Capital Grants and Contributions	442,897	-	195,932	131,790	638,829	131,790
General revenues:						
Property Taxes	13,104,392	12,833,377	-	-	13,104,392	12,833,377
Sales Taxes	3,474,325	2,926,966	-	-	3,474,325	2,926,966
Franchise Taxes	912,208	955,948	-	-	912,208	955,948
Investment Income	122,172	75,765	64,239	58,064	186,411	133,829
Other	75,145	710,263	3,945	40,949	79,090	751,212
Total Revenues	21,621,141	21,306,033	12,273,270	12,593,694	33,894,411	33,899,727
Expenses:						
General Government	6,029,080	5,618,260	-	-	6,029,080	5,618,260
Public Safety	6,927,506	7,242,049	-	-	6,927,506	7,242,049
Public services and operations	825,100	760,431	-	-	825,100	760,431
Parks and recreation	2,203,681	2,478,788	-	-	2,203,681	2,478,788
Public works	1,375,604	1,357,482	-	-	1,375,604	1,357,482
Sanitation services	1,033,989	1,007,439	-	-	1,033,989	1,007,439
Interest on long-term debt	1,702,943	1,255,703	-	-	1,702,943	1,255,703
Water and sewer	-	-	10,660,965	10,513,804	10,660,965	10,513,804
Storm water	-	-	222,298	181,279	222,298	181,279
Total expenses	20,097,903	19,720,152	10,883,263	10,695,083	30,981,166	30,415,235
Increase in Net Position						
before Transfers	1,523,238	1,585,881	1,390,007	1,898,611	2,913,245	3,484,492
Transfers	871,800	854,740	(871,800)	(854,740)	-	-
Change in Net Position	2,395,038	2,440,621	518,207	1,043,871	2,913,245	3,484,492
Net Position at beginning of year	64,211,655	61,771,034	36,798,085	35,754,214	101,009,740	97,525,248
Net Position at end of year	\$ 66,606,693	\$ 64,211,655	\$ 37,316,292	\$ 36,798,085	\$ 103,922,985	\$ 101,009,740

The Governmental Activities increased net position by \$2,395,038. 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 \$518,207. The net position increased due to charge for service revenue that exceeded expenses and transfers out.

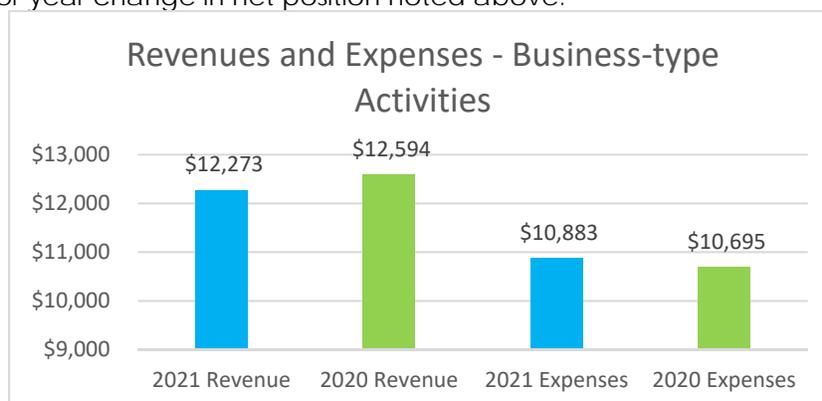
Governmental-type activities. Governmental-type activities increased the City's net position by \$2,395,038 which is about the same increase as in the prior year. While some elements report increases, others decreased. The key changes in revenue and expense items when compared to the prior year are:

Increases in property and sales tax were the main cause in the \$315,108 overall increase in revenues. However, expenses increased by \$377,751 which was mainly the result of increased interest expense.

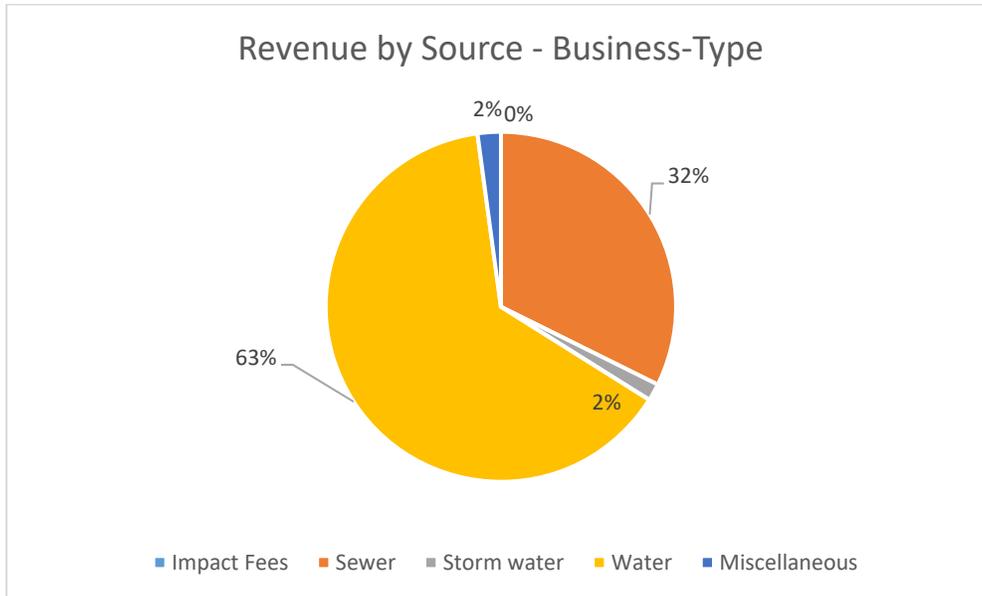


Business-type Activities – Business-type activities increased the City’s net position by \$518,207. However, that represents a decrease of \$525,664 from the prior year change in net position. Key elements for this decrease are as follows:

The City experienced a decrease in water and sewer charge for service revenue of about \$354,000, while also reporting an increase in expenses of about \$188,000. These two factors were the main cause for the decrease in the prior year change in net position noted above.



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 \$9,420,346. 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 62% of total General Fund expenditures. The increase in fund balance of the General Fund in the amount of \$1,292,502 was due to increases in property and sales taxes, as well as a \$900,000 transfer from the water and sewer fund.

At September 30, 2021, the governmental funds of the City of Murphy reported a combined fund balance of \$16,411,270, a \$8,623,800 decrease from last year primarily to capital outlay expenditures of \$10,267,527 in the capital projects fund. The City reported total restricted fund balance of \$6,955,953 as of September 30, 2021, of which \$6,110,927 is for capital improvements.

At September 30, 2021, the debt service fund, a major governmental fund, had a total fund balance of \$759,448 which is restricted for the payment of debt. A decrease of \$117,110 in fund balance during the current year current year was due to a bond refunding.

During fiscal year 2021, the capital projects fund, a major fund, had an decrease in fund balance of \$9,799,192. The decrease is due to capital outlay expenses of \$10.3 million.

On March 11, 2021, the President signed into law the American Recovery Plan (ARP) Act. The Plan established the Federal Coronavirus State and Local Fiscal Recovery Fund (FCSLFRF) for economic relief for state and local governments. Murphy's share of the fund was \$5,079,612.

Funds received from the grant may be used in one of four ways: 1) To respond to the public health emergency or the negative economic impact of the pandemic; 2) To respond to workers performing essential work during the pandemic; 3) For the provision of government services to the extent of revenue reduction during the pandemic; and 4) To make necessary investments in water, sewer, or broadband infrastructure. Council approved to use these funds for a water line loop project, which is an eligible project of the grant funds under item 3) listed above for the provision of government services to the extent of revenue reduction.

On August 24, 2021, the City received its first tranche of the American Rescue Plan Funds in the amount of \$2,539,806. The second tranche will be received 12 months after the first tranche. There was only \$1,354 of these funds expensed in fiscal year 2021. The remainder of the funds are reported as unearned revenue in a new capital project fund added to account for this grant.

General Fund Budgetary Highlights: During Fiscal Year 2021, the City's General Fund budget was revised, increasing appropriations from the original budget by \$551,999. 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 \$1,136,420 more than the budgeted amounts. Expenditures were \$919,899 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 \$7,821,842 and \$28,651,208 was invested in net capital assets less related debt. \$843,242 was restricted for use of impact fees. Overall, Water and Sewer Fund net position increased by \$225,421, primarily due to operating revenues exceeding operating expenses by \$1,477,497 and transfers out of \$1,068,142. Net position in the Storm Water Fund increased by \$292,786, exclusive of as operating revenues exceeded operating expenses by \$88,084 and a transfer in of \$168,142. 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, 2021, totaled \$127,718,736 (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:

- Installation of North Star pump station standby generator.
- Completion of Activity Center and concession stand remodel project.
- Purchase of 2001 fire pumper truck.
- Completion of Lonesome Dove Trail drainage improvements project.
- Completion of median landscape & irrigation at Betsy/N. Murphy Road/McCreary Road project.
- Completion of Police lobby and jail facility renovations project.
- Completion of parks and recreation storage addition project.
- Completion of sewer collection Maxwell Creek parallel trunk sewer project.

Table 3
Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 10,107,053	\$ 10,124,051	\$ -	\$ -	\$ 10,107,053	\$ 10,124,051
Construction in progress	7,457,677	3,971,672	1,113,667	4,278,160	8,571,344	8,249,832
Buildings and improvements	29,771,635	28,244,545	-	-	29,771,635	28,244,545
Infrastructure	76,774,477	71,595,191	52,334,037	48,007,025	129,108,514	119,602,216
Machinery and equipment	12,614,542	11,656,814	1,825,066	1,532,602	14,439,608	13,189,416
Accumulated depreciation	(46,373,706)	(42,527,910)	(17,905,712)	(16,611,418)	(64,279,418)	(59,139,328)
Total	\$ 90,351,678	\$ 83,064,363	\$ 37,367,058	\$ 37,206,369	\$ 127,718,736	\$ 120,270,732

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

Long-Term Liabilities

As of September 30, 2021, total long-term liabilities for the City was \$52,047,211.

Table 4
Outstanding Debt and Other Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Bonded debt:						
General obligation and certificates of obligation	\$ 32,170,000	\$ 36,055,000	\$ 10,705,000	\$ 11,795,000	\$ 42,875,000	\$ 47,850,000
Tax notes	2,575,000	3,180,000	-	-	2,575,000	3,180,000
Revenue bonds	-	-	-	-	-	-
Total bonded debt	34,745,000	39,235,000	10,705,000	11,795,000	45,450,000	51,030,000
Other long-term liabilities:						
Unamortized premiums	2,261,196	1,703,711	595,565	259,994	2,856,761	1,963,705
Net pension liability	2,280,600	2,383,561	281,008	289,313	2,561,608	2,672,874
Total OPEB liability	309,710	243,878	38,161	29,602	347,871	273,480
Compensated absences	458,134	473,947	34,446	31,201	492,580	505,148
Capital leases	338,391	242,367	-	-	338,391	242,367
Total other long-term liabilities	5,648,031	5,047,464	949,180	610,110	6,597,211	5,657,574
Total	\$ 40,393,031	\$ 44,282,464	\$ 11,654,180	\$ 12,405,110	\$ 52,047,211	\$ 56,687,574

The City of Murphy's long-term debt decreased by \$4,640,363, or 8.2% during the past fiscal year. The decrease was primarily due to the net effect of 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 up 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 \$265,076,000 which is significantly in excess of the outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY22 overall ad valorem tax rate of \$0.495 per \$100 of assessed valuation, which remained the same as the FY21 and FY20 tax rate, after five years of reductions (FY15-FY19). The FY22 adopted budget reflects an increase of 0.11% in the maintenance and operations (M&O) tax rate from \$0.0309856 to \$0.0310185 per \$100 of assessed valuation. The tax rate for the interest and sinking fund (I&S) portion decreased by \$0.000329 due to the issuance of refunding bonds in FY21, resulting in a savings of \$1.9 million. The FY22 budget will raise more total property taxes than last year's budget by \$366,894, or 2.79%.

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 became effective in 2019 that 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 FY22, which is 16% 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 FY22, which is comparable to the prior year's budget. Sewer revenue is budgeted at \$3.9 million for FY22, a 4.3% decrease over the prior year's budget. The water and sewer rates did not increase to reflect the City's costs to maintain, operate, and make capital improvements to the utility system, as the North Texas Municipal Water District (NTMWD) was able to avoid increasing its costs to the City. This was due to the NTMWD's effort to respond to fiscal pressures facing cities and their customers during the ongoing COVID-19 pandemic and was able to utilize approximately \$3 million in rate stabilization funds and decreasing transfers to their capital improvement fund. The new rates became effective on October 1, 2021.

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, 2021

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 20,002,344	\$ 6,381,262	\$ 26,383,606	\$ 5,261,656
Receivables (Net of allowance for uncollectibles)	898,204	2,147,852	3,046,056	366,391
Internal Balances	(650)	650	-	-
Restricted cash and cash equivalents	71,168	4,274,316	4,345,484	-
Capital assets not being depreciated				
Land	10,107,053	-	10,107,053	-
Construction in progress	7,457,677	1,113,667	8,571,344	-
Capital assets subject to depreciation				
Infrastructure	76,774,477	52,334,037	129,108,514	-
Buildings and improvements	29,771,635	-	29,771,635	-
Machinery and equipment	12,614,542	1,825,066	14,439,608	-
Accumulated depreciation	(46,373,706)	(17,905,712)	(64,279,418)	-
TOTAL ASSETS	111,322,744	50,171,138	161,493,882	5,628,047
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	935,476	132,972	1,068,448	-
Deferred outflows related to OPEB	108,815	14,460	123,275	-
Deferred charge on refunding	112,308	-	112,308	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,156,599	147,432	1,304,031	-
LIABILITIES				
Accounts payable	1,491,031	669,352	2,160,383	73,125
Accrued liabilities	348,500	29,941	378,441	27,019
Other liabilities	78,304	-	78,304	9
Unearned revenues	2,538,452	214	2,538,666	-
Customer deposits	7,515	483,602	491,117	-
Accrued interest payable	142,354	44,610	186,964	-
Noncurrent liabilities:				
Due within one year	4,176,840	758,670	4,935,510	-
Due in more than one year	36,216,191	10,895,510	47,111,701	-
TOTAL LIABILITIES	44,999,187	12,881,899	57,881,086	100,153
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	219,363	18,786	238,149	-
Deferred inflows - pension	622,527	96,349	718,876	-
Deferred inflows - OPEB	31,573	5,244	36,817	-
TOTAL DEFERRED INFLOWS OF RESOURCES	873,463	120,379	993,842	-
NET POSITION				
Net investment in capital assets	58,791,930	28,651,208	87,443,138	-
Restricted:				
Debt service	646,142	-	646,142	-
Use of impact fees	-	843,242	843,242	-
Court use	36,197	-	36,197	-
Capital improvements	219,033	-	219,033	-
Animal shelter	11,414	-	11,414	-
PEG fees	37,967	-	37,967	-
Unrestricted	6,864,010	7,821,842	14,685,852	5,527,894
TOTAL NET POSITION	\$ 66,606,693	\$ 37,316,292	\$ 103,922,985	\$ 5,527,894

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, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 6,029,080	\$ 18,215	\$ 1,454	\$ 442,897
Public safety	6,927,506	865,002	260,724	-
Public services and operations	825,100	433,409	35	-
Parks and recreation	2,203,681	85,049	521,289	-
Public works	1,375,604	-	-	-
Sanitation services	1,033,989	1,304,825	-	-
Interest on long-term debt	1,702,943	-	-	-
Total governmental activities	<u>20,097,903</u>	<u>2,706,500</u>	<u>783,502</u>	<u>442,897</u>
Business-type activities:				
Water and sewer	10,660,965	11,698,772	-	159,372
Storm water	222,298	310,382	-	36,560
Total business-type activities	<u>10,883,263</u>	<u>12,009,154</u>	<u>-</u>	<u>195,932</u>
Total primary government	<u>\$ 30,981,166</u>	<u>\$ 14,715,654</u>	<u>\$ 783,502</u>	<u>\$ 638,829</u>
Component units:				
Governmental Activities:				
Community Development Corporation	\$ 1,026,369	\$ 23,639	\$ -	\$ -
Municipal Development District	303,673	-	-	-
Total component units	<u>\$ 1,330,042</u>	<u>\$ 23,639</u>	<u>\$ -</u>	<u>\$ -</u>

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
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
\$ (5,566,514)	\$ -	\$ (5,566,514)	\$ -
(5,801,780)	-	(5,801,780)	-
(391,656)	-	(391,656)	-
(1,597,343)	-	(1,597,343)	-
(1,375,604)	-	(1,375,604)	-
270,836	-	270,836	-
(1,702,943)	-	(1,702,943)	-
<u>(16,165,004)</u>	<u>-</u>	<u>(16,165,004)</u>	<u>-</u>
-	1,197,179	1,197,179	-
-	124,644	124,644	-
<u>-</u>	<u>1,321,823</u>	<u>1,321,823</u>	<u>-</u>
<u>\$ (16,165,004)</u>	<u>\$ 1,321,823</u>	<u>\$ (14,843,181)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (1,002,730)
-	-	-	(303,673)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,306,403)</u>
13,104,392	-	13,104,392	-
3,474,325	-	3,474,325	2,050,880
912,208	-	912,208	-
122,172	64,239	186,411	10,884
-	-	-	5,200
75,145	3,945	79,090	-
871,800	(871,800)	-	-
<u>18,560,042</u>	<u>(803,616)</u>	<u>17,756,426</u>	<u>2,066,964</u>
2,395,038	518,207	2,913,245	760,561
64,211,655	36,798,085	101,009,740	4,767,333
<u>\$ 66,606,693</u>	<u>\$ 37,316,292</u>	<u>\$ 103,922,985</u>	<u>\$ 5,527,894</u>

City of Murphy, Texas
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Debt Service	Capital Projects	CARES Act Fund	ARP Act Fund	Total
ASSETS						
Cash and cash equivalents	\$ 9,961,769	\$ 759,332	\$ 6,742,157	\$ -	\$ 2,539,086	\$ 20,002,344
Receivables, net of allowance	746,725	29,164	122,315	-	-	898,204
Due from other funds	-	-	-	-	720	720
Restricted cash and cash equivalents	71,168	-	-	-	-	71,168
Total assets	\$ 10,779,662	\$ 788,496	\$ 6,864,472	\$ -	\$ 2,539,806	\$ 20,972,436
LIABILITIES						
Accounts payable	\$ 744,428	\$ -	\$ 745,249	\$ -	\$ 1,354	\$ 1,491,031
Accrued liabilities	342,725	-	5,775	-	-	348,500
Due to other funds	1,370	-	-	-	-	1,370
Customer deposits	7,515	-	-	-	-	7,515
Unearned revenue	-	-	-	-	2,538,452	2,538,452
Other liabilities	75,783	-	2,521	-	-	78,304
Total liabilities	1,171,821	-	753,545	-	2,539,806	4,465,172
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	50,413	29,048	-	-	-	79,461
Unavailable revenue - ambulance fees	8,989	-	-	-	-	8,989
Unavailable revenue - municipal fines	7,544	-	-	-	-	7,544
Total deferred inflows of resources	66,946	29,048	-	-	-	95,994
FUND BALANCES						
Restricted:						
Debt service	-	759,448	-	-	-	759,448
Animal shelter	11,414	-	-	-	-	11,414
Municipal court	36,197	-	-	-	-	36,197
PEG fees	37,967	-	-	-	-	37,967
Capital improvements	-	-	6,110,927	-	-	6,110,927
Assigned:						
Police	34,971	-	-	-	-	34,971
Unassigned	9,420,346	-	-	-	-	9,420,346
Total fund balances	9,540,895	759,448	6,110,927	-	-	16,411,270
Total liabilities, deferred inflows of resources and fund balances	\$ 10,779,662	\$ 788,496	\$ 6,864,472	\$ -	\$ 2,539,806	\$ 20,972,436

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, 2021

Total governmental fund balances	\$ 16,411,270
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.	90,351,678
Bonds payable and tax notes are not due and payable in the current period and therefore are not reported in the fund financial statements.	(34,745,000)
Premiums on issuance of debt are not recognized on the balance sheet for governmental funds.	(2,261,196)
Capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements.	(338,391)
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. This is the net effect of deferred gains (\$219,363) and charges, \$112,308, on refunding.	(107,055)
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.	(142,354)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(458,134)
The net effect of deferred outflows, \$1,044,291, and deferred inflows (\$654,100) 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.	390,191
The City's net pension liability, \$2,280,600, and total OPEB liability, \$309,710, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(2,590,310)
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>95,994</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 66,606,693</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, 2021

	General Fund	Debt Service	Capital Projects	CARES Act Fund	ARP Act Fund	Total
Revenues:						
Property tax	\$ 8,196,991	\$ 4,889,529	\$ -	\$ -	\$ -	\$ 13,086,520
Franchise taxes	912,208	-	-	-	-	912,208
Fines and forfeitures	394,245	-	-	-	-	394,245
Sales tax	2,791,147	-	683,178	-	-	3,474,325
Charges for services	2,002,170	-	-	-	-	2,002,170
Licenses and permits	339,147	-	-	-	-	339,147
Intergovernmental	523,065	-	-	234,664	1,354	759,083
Donations	720	-	-	-	-	720
Investment income	57,911	8,671	55,590	-	-	122,172
Miscellaneous	84,482	13,973	2,365	-	-	100,820
Total revenues	15,302,086	4,912,173	741,133	234,664	1,354	21,191,410
Expenditures:						
Current operating:						
General government	4,998,776	-	272,798	139,183	1,354	5,412,111
Public safety	6,487,117	-	-	14,310	-	6,501,427
Public works	261,345	-	-	1,445	-	262,790
Public services and operations	755,100	-	-	11,137	-	766,237
Parks and recreation	1,526,900	-	-	1,339	-	1,528,239
Sanitation services	1,033,989	-	-	-	-	1,033,989
Debt service:						
Principal retirement	105,062	3,575,000	-	67,250	-	3,747,312
Interest and fiscal agent fees	9,631	1,285,291	-	-	-	1,294,922
Bond issuance costs	-	120,630	-	-	-	120,630
Capital outlay	-	-	10,267,527	-	-	10,267,527
Total expenditures	15,177,920	4,980,921	10,540,325	234,664	1,354	30,935,184
Excess (deficiency) of revenues over (under) expenditures	124,166	(68,748)	(9,799,192)	-	-	(9,743,774)
Other financing sources (uses):						
Transfers in	900,000	-	-	-	-	900,000
Capital lease proceeds	268,336	-	-	-	-	268,336
Refunding bonds issued	-	8,850,000	-	-	-	8,850,000
Payment to refunding bond escrow agent	-	(9,907,894)	-	-	-	(9,907,894)
Premium on bonds issued	-	1,009,532	-	-	-	1,009,532
Total other financing sources (uses)	1,168,336	(48,362)	-	-	-	1,119,974
Net change in fund balances	1,292,502	(117,110)	(9,799,192)	-	-	(8,623,800)
Fund balance, beginning of year	8,248,393	876,558	15,910,119	-	-	25,035,070
Fund balance, end of year	\$ 9,540,895	\$ 759,448	\$ 6,110,927	\$ -	\$ -	\$ 16,411,270

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, 2021

Net change in fund balances - total governmental funds	\$ (8,623,800)
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 net effect of removing the capital outlay of \$11,408,903 and transfers between governmental type activities and business type activities of (\$28,200) is to increase net position.	11,380,703
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.	(4,093,388)
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.	3,747,312
The refunding of long-term debt principal is recognized as other sources or uses, but these amounts reduce long-term debt in the government-wide financial statements.	9,765,000
The issuance of long-term debt provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(8,850,000)
The issuance of capital leases provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(268,336)
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 \$1,009,532 and amortization of premiums of \$217,464 and capitalization of unamortized premiums of \$234,583 as deferred gain on refunding	(557,485)
Current year additions to deferred gain on refunding of (\$226,710) and amortization of \$7,347 decreases net position in the government-wide financial statements.	(219,363)
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.	65,227
Changes to compensated absences liabilities are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.	15,813
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.	133,418
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.	(32,068)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(30,559)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 2,395,038

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property tax	\$ 8,205,198	\$ 8,205,198	\$ 8,196,991	\$ (8,207)
Franchise taxes	874,433	874,433	912,208	37,775
Fines and forfeitures	225,634	227,410	394,245	166,835
Sales tax	1,902,333	1,902,333	2,791,147	888,814
Charges for services	1,868,461	1,868,461	2,002,170	133,709
Licenses and permits	471,897	471,897	339,147	(132,750)
Intergovernmental	532,358	532,358	523,065	(9,293)
Donations	-	-	720	720
Investment income	31,074	31,074	57,911	26,837
Miscellaneous	52,502	52,502	84,482	31,980
Total revenues	<u>14,163,890</u>	<u>14,165,666</u>	<u>15,302,086</u>	<u>1,136,420</u>
EXPENDITURES				
General government				
City Administration	486,251	459,833	803,070	(343,237)
Human Resources	389,273	389,273	374,852	14,421
Information Technology	1,287,719	1,354,928	1,442,199	(87,271)
City Council	318,517	319,517	156,114	163,403
City Secretary	167,469	167,469	132,578	34,891
Finance	688,948	689,348	682,080	7,268
Facilities	719,004	1,119,391	1,034,970	84,421
Municipal Court	377,897	377,897	372,913	4,984
TOTAL GENERAL GOVERNMENT	<u>4,435,078</u>	<u>4,877,656</u>	<u>4,998,776</u>	<u>(121,120)</u>
Public Safety				
Fire Department	3,163,319	3,244,319	2,878,238	366,081
Police Department	4,070,339	4,075,070	3,608,879	466,191
TOTAL PUBLIC SAFETY	<u>7,233,658</u>	<u>7,319,389</u>	<u>6,487,117</u>	<u>832,272</u>
Public Works				
Public works department	284,263	294,988	261,345	33,643
TOTAL PUBLIC WORKS	<u>284,263</u>	<u>294,988</u>	<u>261,345</u>	<u>33,643</u>
Public Services and Operations				
Community Services	632,182	632,182	583,244	48,938
Animal Control	191,992	202,957	171,856	31,101
TOTAL PUBLIC SERVICES AND OPERATIONS	<u>824,174</u>	<u>835,139</u>	<u>755,100</u>	<u>80,039</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Parks and Recreation:				
Parks	\$ 1,218,115	\$ 1,218,115	\$ 1,087,994	\$ 130,121
Recreation	521,498	523,498	438,906	84,592
TOTAL PARKS AND RECREATION	1,739,613	1,741,613	1,526,900	214,713
Sanitation Services				
Other services	1,029,034	1,029,034	1,033,989	(4,955)
TOTAL SANITATION SERVICES	1,029,034	1,029,034	1,033,989	(4,955)
Debt Service				
Principal retirement	-	-	105,062	(105,062)
Interest and fiscal agent fees	-	-	9,631	(9,631)
TOTAL DEBT SERVICE	-	-	114,693	(114,693)
Total expenditures	15,545,820	16,097,819	15,177,920	919,899
Excess (deficiency) of revenues over (under) expenditures	(1,381,930)	(1,932,153)	124,166	2,056,319
Other financing sources:				
Transfers in	900,000	900,000	900,000	-
Capital lease proceeds	-	-	268,336	268,336
Total other financing sources	900,000	900,000	1,168,336	268,336
NET CHANGE IN FUND BALANCES	(481,930)	(1,032,153)	1,292,502	2,324,655
FUND BALANCES, beginning of year	8,248,393	8,248,393	8,248,393	-
FUND BALANCES, end of year	\$ 7,766,463	\$ 7,216,240	\$ 9,540,895	\$ 2,324,655

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

City of Murphy, Texas

CARES Act Fund

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

For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 234,664	\$ 234,664
Total revenues	-	-	234,664	234,664
EXPENDITURES				
Current operating:				
General government	-	139,183	139,183	-
Public safety	-	14,310	14,310	-
Public works	-	1,445	1,445	-
Public services and operations	-	11,137	11,137	-
Parks and recreation	-	1,339	1,339	-
Debt service:				
Principal retirement	-	67,250	67,250	-
Total expenditures	-	234,664	234,664	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(234,664)	-	234,664
NET CHANGE IN FUND BALANCE	-	(234,664)	-	234,664
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ (234,664)	\$ -	\$ 234,664

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, 2021

	Water and Sewer	Storm Water	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,069,045	\$ 312,217	\$ 6,381,262
Receivables, net	2,115,536	32,316	2,147,852
Due from other funds	650	-	650
Restricted cash and investments	4,274,316	-	4,274,316
Total current assets	12,459,547	344,533	12,804,080
Noncurrent assets:			
Capital assets:			
Infrastructure	51,132,106	1,201,931	52,334,037
Vehicles, machinery and equipment	1,560,801	264,265	1,825,066
Construction in progress	1,102,142	11,525	1,113,667
Less: accumulated depreciation	(17,839,804)	(65,908)	(17,905,712)
Total noncurrent assets	35,955,245	1,411,813	37,367,058
Total assets	48,414,792	1,756,346	50,171,138
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	118,010	14,962	132,972
Deferred outflows related to OPEB	12,963	1,497	14,460
Total deferred outflows of resources	130,973	16,459	147,432
Total assets and deferred outflows of resources	48,545,765	1,772,805	50,318,570
LIABILITIES			
Current liabilities:			
Accounts payable	632,597	36,755	669,352
Accrued liabilities	21,922	8,019	29,941
Unearned revenues	214	-	214
Payables from restricted assets:			
Customer deposits	483,602	-	483,602
Accrued interest payable	44,610	-	44,610
Compensated absences - current	3,670	-	3,670
Bonds payable - current	755,000	-	755,000
Total current liabilities	1,941,615	44,774	1,986,389
Non-current liabilities:			
Compensated absences	30,776	-	30,776
Net pension liability	261,736	19,272	281,008
Total OPEB liability	35,544	2,617	38,161
Bonds payable	10,545,565	-	10,545,565
Total noncurrent liabilities	10,873,621	21,889	10,895,510
Total liabilities	12,815,236	66,663	12,881,899
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	18,786	-	18,786
Deferred inflows related to pensions	86,704	9,645	96,349
Deferred inflows related to OPEB	4,742	502	5,244
Total deferred inflows of resources	110,232	10,147	120,379
NET POSITION			
Net investment in capital assets	27,239,395	1,411,813	28,651,208
Restricted for:			
Impact fees	843,242	-	843,242
Unrestricted	7,537,660	284,182	7,821,842
Total net position	35,620,297	1,695,995	37,316,292
Total liabilities, deferred inflows of resources and net position	\$ 48,545,765	\$ 1,772,805	\$ 50,318,570

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, 2021

	Water and Sewer	Storm Water	Total
Operating revenues:			
Charges for sales and services			
Service charges	\$ 11,698,772	\$ 310,382	12,009,154
Miscellaneous	3,945	-	3,945
Total operating revenues	<u>11,702,717</u>	<u>310,382</u>	<u>12,013,099</u>
Operating expenses:			
Personnel services	1,076,484	77,593	1,154,077
Supplies and material	543,539	4,496	548,035
Maintenance and repair	105,810	72,191	178,001
Contractual services	7,235,192	37,919	7,273,111
Depreciation	1,264,195	30,099	1,294,294
Total operating expenses	<u>10,225,220</u>	<u>222,298</u>	<u>10,447,518</u>
Operating income	<u>1,477,497</u>	<u>88,084</u>	<u>1,565,581</u>
Non-operating revenues (expenses):			
Investment earnings	64,239	-	64,239
Interest expense	(435,745)	-	(435,745)
Total non-operating revenue (expenses)	<u>(371,506)</u>	<u>-</u>	<u>(371,506)</u>
Income before contributions and transfers	<u>1,105,991</u>	<u>88,084</u>	<u>1,194,075</u>
Contributions and Transfers			
Capital contributions	187,572	36,560	224,132
Transfers in	-	168,142	168,142
Transfers out	(1,068,142)	-	(1,068,142)
Total contributions and transfers (net)	<u>(880,570)</u>	<u>204,702</u>	<u>(675,868)</u>
Change in net position	225,421	292,786	518,207
TOTAL NET POSITION, beginning of year	<u>35,394,876</u>	<u>1,403,209</u>	<u>36,798,085</u>
TOTAL NET POSITION, end of year	<u>\$ 35,620,297</u>	<u>\$ 1,695,995</u>	<u>\$ 37,316,292</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, 2021

	Water and Sewer	Storm Water	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 11,406,834	\$ 310,692	\$ 11,717,526
Cash paid to employees	(1,069,330)	(77,067)	(1,146,397)
Cash paid for goods and services	(8,373,775)	(80,520)	(8,454,295)
Net cash provided by operating activities	<u>1,963,729</u>	<u>153,105</u>	<u>2,116,834</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	-	168,142	168,142
Transfers to other funds	(1,068,142)	-	(1,068,142)
Net cash provided by (used in) noncapital financing activities	<u>(1,068,142)</u>	<u>168,142</u>	<u>(900,000)</u>
Cash flows from capital and related financing activities:			
Proceeds from long-term debt	3,640,000	-	3,640,000
Interest and fiscal charges	(424,986)	-	(424,986)
Premium on issuance of bonds	386,571	-	386,571
Principal payments on bonds payables	(740,000)	-	(740,000)
Payment to bond paying agent for refunded bonds	(4,051,759)	-	(4,051,759)
Acquisition or construction of capital assets	(1,056,135)	(174,716)	(1,230,851)
Net cash used in capital and related financing activities	<u>(2,246,309)</u>	<u>(174,716)</u>	<u>(2,421,025)</u>
Cash flows from investing activities:			
Interest income	64,239	-	64,239
Net cash provided by investing activities	<u>64,239</u>	<u>-</u>	<u>64,239</u>
Net increase (decrease) in cash and cash equivalents	(1,286,483)	146,531	(1,139,952)
Cash and cash equivalents, beginning of year	11,629,844	165,686	11,795,530
Cash and cash equivalents, end of the year	<u>\$ 10,343,361</u>	<u>\$ 312,217</u>	<u>\$ 10,655,578</u>

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, 2021

Reconciliation of operating income to net cash

provided by operating activities:			
Operating income	\$ 1,477,497	\$ 88,084	\$ 1,565,581
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,264,195	30,099	1,294,294
Change in assets and liabilities			
Receivables	(304,927)	311	(304,616)
Accounts payable and accrued liabilities	(489,234)	34,085	(455,149)
Interfund payables	(650)	-	(650)
Customer deposits	9,694	-	9,694
Compensated absences	3,245	-	3,245
Deferred inflows and outflows - net pension liability and total OPEB liability	3,909	526	4,435
Net cash provided by operating activities	<u>\$ 1,963,729</u>	<u>\$ 153,105</u>	<u>\$ 2,116,834</u>
Non-cash investing activities:			
Contributions of capital assets	<u>\$ 187,572</u>	<u>\$ 36,560</u>	<u>\$ 224,132</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 Net Position
 September 30, 2021

	<u>Community Development Corporation</u>	<u>Municipal Development District</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,769,080	\$ 3,492,576	\$ 5,261,656
Receivables (net of allowance for uncollectibles)	244,629	121,762	366,391
Total assets	<u>2,013,709</u>	<u>3,614,338</u>	<u>5,628,047</u>
LIABILITIES			
Current liabilities:			
Accounts payable	73,113	12	73,125
Accrued liabilities	27,019	-	27,019
Other liabilities	9	-	9
Total liabilities	<u>100,141</u>	<u>12</u>	<u>100,153</u>
NET POSITION			
Unrestricted	<u>1,913,568</u>	<u>3,614,326</u>	<u>5,527,894</u>
Total Net Position	<u><u>\$ 1,913,568</u></u>	<u><u>\$ 3,614,326</u></u>	<u><u>\$ 5,527,894</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, 2021

	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	\$ 1,026,369	\$ 23,639	\$ -	\$ -	\$ (1,002,730)	\$ -	\$ (1,002,730)
Municipal Development District	303,673	-	-	-	-	(303,673)	(303,673)
Total component units	\$ 1,330,042	\$ 23,639	\$ -	\$ -	\$ (1,002,730)	\$ (303,673)	\$ (1,306,403)
General Revenues							
Sales taxes					\$ 1,366,356	\$ 684,524	\$ 2,050,880
Investment income					2,680	8,204	10,884
Contributions					5,200	-	5,200
Total general revenues					1,374,236	692,728	2,066,964
Change in net position					371,506	389,055	760,561
Net position - beginning of year					1,542,062	3,225,271	4,767,333
Net position - end of year					\$ 1,913,568	\$ 3,614,326	\$ 5,527,894

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 fund, capital projects fund, CARES Act fund and ARP 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 that 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, grant revenue 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 individual major 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 measureable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

The City reports the following major governmental funds:

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

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

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 Act Fund* is a special revenue fund that accounts for the grant activity related to CARES Act funding related to Covid-19 response.

The *ARP Act Fund* is a capital project fund that accounts for the grant activity related to ARP 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 and deferred inflows and outflows of resources 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 uncollectibles.

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, 2021, 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 Lives</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 Net 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, changes in proportion and contributions during the measurement period — These contributions are deferred and recognized as a reduction of the respective liability in the following fiscal year.

City of Murphy, Texas

Notes to the Basic Financial Statements

- Difference in expected and actual pension/OPEB experience and changes in actuarial assumptions — These differences are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following 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.
- Deferred gain on refunding— A deferred gain 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.

The City also has three items in the fund statements: deferred inflows from property taxes, municipal 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 for 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.

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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

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

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

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

n. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal and state agencies which are accounted for in the General Fund, CARES Act Fund and ARP Act 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 and CARES Act budgets appear on pages 24-26 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. Budgets for the General Fund, Capital Projects Fund, Debt Service Fund, CARES Act Fund and ARP Act Fund are legally adopted on a basis consistent with GAAP.
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

City of Murphy, Texas

Notes to the Basic Financial Statements

budgeted amounts within departments; however, any revisions that alter any department must be approved by the City Council.

General Fund actual expenditures exceeded budget for general government by \$121,120 and debt service by \$114,693, and sanitation services by \$4,955 during the year ended September 30, 2021.

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, 2021, the carrying amount of the City's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$35,989,596 and the bank balance was \$37,060,969. The City's cash deposits at September 30, 2021 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, 2021 consist of and are classified in the accompanying financial statements as follows:

Primary government:		
Cash and cash equivalents	\$	26,383,606
Restricted cash and cash equivalents		4,345,484
		<u>30,729,090</u>
<i>Discretely presented component units:</i>		
Cash and cash equivalents		<u>5,261,656</u>
Total cash and cash equivalents	\$	<u><u>35,990,746</u></u>
Cash and cash equivalents consists of the following:		
Petty cash	\$	1,150
Carrying amount of deposits		35,989,596
Total	\$	<u><u>35,990,746</u></u>

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.

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.

C. 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 investments inherent to interest rate risk.

D. 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, 2021, 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	\$ 552,790	32,275	\$ 122,315	\$ 707,380	\$ -	\$ -	\$ 707,380
Ambulance fees	171,055	-	-	171,055	-	-	171,055
Municipal court	150,881	-	-	150,881	-	-	150,881
Fees and charges	136,481	-	-	136,481	1,852,531	32,316	2,021,328
Muddy Creek	-	-	-	-	285,850	-	285,850
Miscellaneous	13,747	117	-	13,864	-	-	13,864
Gross receivables	1,024,954	32,392	122,315	1,179,661	2,138,381	32,316	3,350,358
Less: allowance for uncollectibles	(278,229)	(3,228)	-	(281,457)	(22,845)	-	(304,302)
Net total	\$ 746,725	\$ 29,164	\$ 122,315	\$ 898,204	\$ 2,115,536	\$ 32,316	\$ 3,046,056

City of Murphy, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the period ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,124,051	\$ -	\$ -	\$ (16,998)	\$ 10,107,053
Construction in progress	3,971,672	8,675,672	-	(5,189,667)	7,457,677
Total capital assets, not being depreciated	14,095,723	8,675,672	-	(5,206,665)	17,564,730
Capital assets being depreciated:					
Buildings and improvements	28,244,545	-	-	1,527,090	29,771,635
Infrastructure	71,595,191	539,527	-	4,639,759	76,774,477
Machinery and equipment	11,656,814	2,193,704	(247,592)	(988,384)	12,614,542
Total capital assets being depreciated	111,496,550	2,733,231	(247,592)	5,178,465	119,160,654
Less accumulated depreciation for:					
Buildings and improvements	(12,410,539)	(1,909,131)	-	-	(14,319,670)
Infrastructure	(21,761,416)	(1,667,887)	-	-	(23,429,303)
Machinery and equipment	(8,355,955)	(516,370)	247,592	-	(8,624,733)
Total accumulated depreciation	(42,527,910)	(4,093,388)	247,592	-	(46,373,706)
Total capital assets being depreciated, net	68,968,640	(1,360,157)	-	5,178,465	72,786,948
Governmental activities capital assets, net	\$ 83,064,363	\$ 7,315,515	\$ -	\$ (28,200)	\$ 90,351,678

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 4,278,160	\$ 1,334,793	\$ (119,667)	\$ (4,379,619)	\$ 1,113,667
Total capital assets, not being depreciated	4,278,160	1,334,793	(119,667)	(4,379,619)	1,113,667
Capital assets being depreciated:					
Buildings and improvements	48,007,025	195,943	(24,361)	4,155,430	52,334,037
Machinery and equipment	1,532,602	40,075	-	252,389	1,825,066
Total capital assets being depreciated	49,539,627	236,018	(24,361)	4,407,819	54,159,103
Less accumulated depreciation for:					
Buildings and improvements	(15,547,930)	(1,101,867)	-	-	(16,649,797)
Machinery and equipment	(1,063,488)	(192,427)	-	-	(1,255,915)
Total accumulated depreciation	(16,611,418)	(1,294,294)	-	-	(17,905,712)
Total capital assets being depreciated, net	32,928,209	(1,058,276)	(24,361)	4,407,819	36,253,391
Business-type activities capital assets, net	\$ 37,206,369	\$ 276,517	\$ (144,028)	\$ 28,200	\$ 37,367,058

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		\$ 1,406,637
Public safety		477,648
Public works		1,350,997
Public services and operations		56,473
Parks and recreation		801,633
		<u>4,093,388</u>
		\$ 4,093,388
Business-type activities:		
Water and Sewer		\$ 1,264,195
Stormwater		30,099
		<u>1,294,294</u>
		\$ 1,294,294

Note 6. Interfund Balances and Transfers

A. Due to and from Other Funds

Balances due to and from other funds at September 30, 2021 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 650
ARP Act Fund	General Fund	720
		<u>1,370</u>
		\$ 1,370

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

B. Interfund Transfers

Transfers between funds during the fiscal year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose</u>
Water and Sewer Fund	General Fund	\$ 900,000	Administrative costs
Water and Sewer Fund	Stormwater Fund	168,142	Stormwater improvements
		<u>1,068,142</u>	
		\$ 1,068,142	

In addition to the fund level transfers, the governmental activities transferred \$28,200 of capital assets to the business-type activities. This transfer is included in the statement of activities.

City of Murphy, Texas
Notes to the Basic Financial Statements

Note 7. Long-Term Obligations

A summary of long-term liabilities transactions, including the current portion, for the year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 36,055,000	\$ 8,850,000	\$ (12,735,000)	\$ 32,170,000	\$ 3,400,000
Tax notes	3,180,000	-	(605,000)	2,575,000	630,000
Unamortized bond premium	1,703,711	1,009,532	(452,047)	2,261,196	-
Capital leases	242,367	268,336	(172,312)	338,391	101,027
Net pension liability	2,383,561	-	(102,961)	2,280,600	-
Total OPEB liability	243,878	65,832	-	309,710	-
Compensated absences	473,947	385,328	(401,141)	458,134	45,813
	<u>44,282,464</u>	<u>10,579,028</u>	<u>(14,468,461)</u>	<u>40,393,031</u>	<u>4,176,840</u>
Business-type activities:					
General obligation bonds	-	3,640,000	-	3,640,000	415,000
Certificates of obligation	11,795,000	-	(4,730,000)	7,065,000	340,000
Unamortized bond premium	259,994	386,571	(51,000)	595,565	-
Net pension liability	289,313	-	(8,305)	281,008	-
Total OPEB liability	29,602	8,559	-	38,161	-
Compensated absences	31,201	25,727	(22,482)	34,446	3,670
	<u>12,405,110</u>	<u>4,060,857</u>	<u>(4,811,787)</u>	<u>11,654,180</u>	<u>758,670</u>
Total Primary Government	<u>\$ 56,687,574</u>	<u>\$ 14,639,885</u>	<u>\$ (19,280,248)</u>	<u>\$ 52,047,211</u>	<u>\$ 4,935,510</u>

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, 2021, includes the following individual issues:

Description	Original Amount	Year of Issue (Fiscal)	Final Maturity	Interest Rates	Balance 09/30/21
General Obligation Bonds:					
Refunding	\$ 11,695,000	2012	2024	2.0% - 5.0%	\$ 3,005,000
Improvements	12,770,000	2018	2038	3.0% - 4.0%	12,000,000
Improvements	8,315,000	2020	2040	2.15% - 3.0%	8,315,000
Refunding	8,850,000	2021	2031	2.0% - 4.0%	8,850,000
Total General Obligation Bonds	<u>41,630,000</u>				<u>32,170,000</u>
Tax Notes:					
Improvements	1,800,000	2016	2023	1.57%	535,000
Improvements	1,075,000	2018	2025	2.99%	650,000
Improvements	1,600,000	2020	2027	1.76%	1,390,000
Total Tax Notes	<u>4,475,000</u>				<u>2,575,000</u>
Total Governmental Activities Debt	<u>\$ 46,105,000</u>				<u>\$ 34,745,000</u>

City of Murphy, Texas

Notes to the Basic Financial Statements

Governmental activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 4,030,000	\$ 1,021,952	\$ 5,051,952
2023	3,965,000	897,565	4,862,565
2024	3,060,000	784,808	3,844,808
2025	2,210,000	708,107	2,918,107
2026	2,100,000	649,436	2,749,436
2027-2031	9,440,000	2,173,081	11,613,081
2032-2036	6,205,000	1,051,669	7,256,669
2037-2040	3,735,000	221,447	3,956,447
Total	\$ 34,745,000	\$ 7,508,065	\$ 42,253,065

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

\$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.

\$1,800,000, 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, Series 2018 Tax Notes, 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.

\$8,850,000, Series 2021, General Obligation Refunding Bonds, issued for the purpose of refunding a portion of the City's general obligation debt, series 2009, 2010, 2011.

City of Murphy, Texas
Notes to the Basic Financial Statements

Business-type activities bonds payable at September 30, 2021, includes the following individual issues:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 09/30/21
General Obligation Bonds:					
Refunding	\$ 3,640,000	2021	2031	2.0% - 4.0%	\$ 3,640,000
Total General Obligation Bonds	3,640,000				3,640,000
Certificates of Obligation:					
Improvements	2,910,000	2014	2034	2.0% - 4.0%	2,065,000
Improvements	5,525,000	2018	2038	3.0% - 4.0%	5,000,000
Total Certificates of Obligation	8,435,000				7,065,000
Total Business-Type Activities Debt	\$ 12,075,000				\$ 10,705,000

Business-type activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Business Activities		
	Principal	Interest	Total
2022	\$ 755,000	\$ 346,556	\$ 1,101,556
2023	780,000	325,531	1,105,531
2024	805,000	303,756	1,108,756
2025	830,000	280,881	1,110,881
2026	855,000	256,894	1,111,894
2027-2031	3,685,000	810,281	4,495,281
2032-2036	2,250,000	307,809	2,557,809
2037-2038	745,000	26,338	771,338
Total	\$ 10,705,000	\$ 2,658,046	\$ 13,363,046

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

\$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.

\$3,640,000, Series 2021, General Obligation Refunding Bonds, issued for the purpose of refunding of the City's certificates of obligation Series 2009.

City of Murphy, Texas

Notes to the Basic Financial Statements

Refunded Bonds

During fiscal year 2021, the City issued \$12,490,000 of Series 2021 General Obligation Refunding Bonds to currently refund \$3,275,000 Series 2009 General Obligation Refunding and Improvement Bonds, \$3,990,000 Series 2009 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, \$2,600,000 2010 General Obligation Bonds and \$3,890,000 Series 2011 General Obligation Refunding & Improvement Bonds. Funds were placed with the refunded obligations paying agent that resulted in the defeasance of the outstanding balances of the refunded obligations as of June 17, 2021, with the final payments being made on June 22, 2021. The difference between the debt service on the refunding and refunded bonds is \$2,053,034, resulting in a net present value savings of \$1,909,468.

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
2022	\$ 101,027	\$ 14,140	\$ 115,167
2023	105,592	9,575	115,167
2024	89,554	4,915	94,469
2025	42,218	2,020	44,238
Total	\$ 338,391	\$ 30,650	\$ 369,041

Note 8. Pension Plan

A. Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual 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.

City of Murphy, Texas

Notes to the Basic Financial Statements

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Member's 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	118
Active employees	119
	<hr/>
Total	292
	<hr/> <hr/>

Contributions. Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

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 14.24% and 13.98% in calendar years 2021 and 2020, respectively. The City's pension contributions to TMRS for the year ended September 30, 2021, were \$1,174,871, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

City of Murphy, Texas

Notes to the Basic Financial Statements

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 are 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, 2109 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 long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	7.80%
Core Fixed Income	10.0%	3.80%
Non-Core Fixed Income	20.0%	6.60%
Real Return	10.0%	6.40%
Real Estate	10.0%	6.50%
Absolute Return	10.0%	6.00%
Private Equity	10.0%	10.30%
Total	<u>100.0%</u>	

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.

City of Murphy, Texas
Notes to the Basic Financial Statements

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 12/31/19	\$ 25,280,489	\$ 22,607,615	\$ 2,672,874
Changes for the year:			
Service cost	1,558,889	-	1,558,889
Interest	1,727,287	-	1,727,287
Changes of benefit terms	-	-	-
Difference between expected and actual experience	59,754	-	59,754
Changes of assumptions	-	-	-
Contributions - employer	-	1,164,793	(1,164,793)
Contributions - employee	-	583,230	(583,230)
Net investment income	-	1,720,712	(1,720,712)
Benefit payments, including refunds of employee contributions	(940,989)	(940,989)	-
Administrative expense	-	(11,104)	11,104
Other changes	-	(435)	435
Net Changes	2,404,941	2,516,207	(111,266)
Balance at 12/31/20	\$ 27,685,430	\$ 25,123,822	\$ 2,561,608

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 (Asset)	\$ 7,452,587	\$ 2,561,608	\$ (1,325,798)

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, 2021, the City recognized pension expense of \$1,035,488.

City of Murphy, Texas

Notes to the Basic Financial Statements

At September 30, 2021, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 102,626	\$ (51,734)
Changes in actuarial assumptions	72,767	-
Difference between projected and actual investment earnings	-	(640,726)
Change in proportion	19,027	(19,023)
Contributions during measurement date	7,451	(7,393)
Contributions subsequent to the measurement date	866,577	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,068,448</u>	<u>\$ (718,876)</u>

\$866,577 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, 2022. 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)
<u> </u>	<u> </u>
2022	\$ (189,147)
2023	41,945
2024	(333,041)
2025	(36,762)
	<u> </u>
	<u>\$ (517,005)</u>

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

A. Plan Description

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

B. Benefits Provided

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

City of Murphy, Texas

Notes to the Basic Financial Statements

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	25
Active employees	119
	<hr/>
	182
	<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 0.14% for calendar years 2021 and 0.16% for calendar year 2020. The City's contributions to the SDBF for the years ended September 30, 2021 and 2020 were \$11,724 and \$12,639, respectively, and were equal to the required contributions.

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2020 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	2.00%

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.

City of Murphy, Texas

Notes to the Basic Financial Statements

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 2.00% as of December 31, 2020.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	\$ 273,480
Changes for the year:	
Service Cost	23,329
Interest on Total OPEB Liability	7,819
Change of benefit terms	-
Difference between expected and actual experience	(9,195)
Changes of assumptions or other inputs	54,104
Benefit payments	(1,666)
Administrative expense	-
Other changes	-
Net changes	<u>74,391</u>
Balance at 12/31/20	<u>\$ 347,871</u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, 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 (1.00%) or 1 percentage-point higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	\$ 441,473	\$ 347,871	\$ 278,335

City of Murphy, Texas

Notes to the Basic Financial Statements

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$44,259. At September 30, 2021, 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
	<u> </u>	<u> </u>
Changes in assumptions and other inputs	\$ 88,658	\$ (10,273)
Differences in expected and actual experience	7,691	(24,852)
Changes in proportion	1,689	(1,692)
Contributions during measurement period	16,843	-
Contributions subsequent to the measurement date	8,394	-
	<u> </u>	<u> </u>
Total	\$ 123,275	\$ (36,817)
	<u><u> </u></u>	<u><u> </u></u>

The \$8,394 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, 2022. 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)
<u> </u>	<u> </u>
2022	\$ 16,464
2023	16,464
2024	15,823
2025	13,713
2026	12,173
Thereafter	3,427
	<u> </u>
Total	\$ 78,064
	<u><u> </u></u>

Note 10. Health Care Coverage

During the year ended September 30, 2021, 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. Contributions from September 2020 through August 2021 were paid to United Healthcare. Starting in September of 2021, contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 11. Insurance Coverage

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

Note 12. Risk Management

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

Note 13. Litigation

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

Note 14. Additional Water and Sewer Information

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

Gallons Pumped	1,329,497,000
Gallons Billed	1,008,831,926

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

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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.

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 \$87,511 for 2021, leaving an unamortized balance of \$285,850 as of September 30, 2021 which is recorded as accounts receivable.

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 15. Construction Commitments

The City has active construction projects as of September 30, 2021. The projects include park infrastructure and improvements, street infrastructure, and water/wastewater infrastructure improvements. At September 30, 2021, the City's commitments with contractors are as follows:

Project	Remaining Commitment
Infrastructure	\$ 2,442,457
Facilities	1,173
Parks and recreation	231,603
Utilities	556,500
Totals	\$ 3,231,733

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, 2021 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 1,769,080
----------------------------------	---------------------

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, 2021, 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	\$ 244,629
	<hr/>
Total	\$ 244,629
	<hr/> <hr/>

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, 2021 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 3,492,576
	<hr/> <hr/>

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, 2021, 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	\$ 121,762
	<hr/>
Total	\$ 121,762
	<hr/> <hr/>

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 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:							
Service cost	\$ 1,558,889	\$ 1,522,290	\$ 1,441,416	\$ 1,306,442	\$ 1,296,399	\$ 1,245,327	\$ 1,050,852
Interest (on the Total Pension Liability)	1,727,287	1,551,971	1,399,243	1,258,826	1,111,877	1,026,901	918,661
Difference between expected and actual experience	59,754	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	(940,989)	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)	(333,601)
Net change in total pension liability	2,404,941	2,786,745	2,246,377	2,008,431	2,202,005	1,760,356	1,511,476
Total pension liability - beginning	25,280,489	22,493,744	20,247,367	18,238,936	16,036,931	14,276,575	12,765,099
Total pension liability - ending (a)	27,685,430	25,280,489	22,493,744	20,247,367	18,238,936	16,036,931	14,276,575
Plan fiduciary net position:							
Contributions - employer	1,164,793	1,151,002	1,076,118	1,022,730	931,923	943,727	638,669
Contributions - employee	583,230	571,063	540,145	496,746	474,375	473,766	423,071
Net investment income	1,720,712	2,875,597	(539,110)	2,062,350	879,201	17,806	613,963
Benefit payments, including refunds of employee contributions	(940,989)	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)	(333,601)
Administrative expense	(11,104)	(16,206)	(10,399)	(10,686)	(9,944)	(10,842)	(6,408)
Other	(435)	(486)	(546)	(542)	(537)	(536)	(527)
Net change in plan fiduciary net position	2,516,209	4,055,519	589,114	3,084,843	1,849,274	965,478	1,335,167
Plan fiduciary net position - beginning	22,607,615	18,552,098	17,962,984	14,878,141	13,028,867	12,063,389	10,728,222
Plan fiduciary net position - ending (b)	25,123,822	22,607,615	18,552,098	17,962,984	14,878,141	13,028,867	12,063,389
Net pension liability - ending (a) - (b)	\$ 2,561,608	\$ 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	90.75%	89.43%	82.48%	88.72%	81.57%	81.24%	84.50%
Covered payroll	\$ 8,331,850	\$ 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	30.74%	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 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 Pension Contributions
 Texas Municipal Retirement System
 Last Ten Fiscal Years

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially determined contribution	\$ 1,174,871	\$ 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	<u>1,174,871</u>	<u>1,167,249</u>	<u>1,133,549</u>	<u>1,062,070</u>	<u>995,834</u>	<u>906,822</u>	<u>841,012</u>	<u>622,027</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 8,374,629	\$ 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	14.03%	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 eight 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 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Total OPEB Liability:				
Service cost	\$ 23,329	\$ 16,316	\$ 18,519	\$ 14,902
Interest	7,819	8,590	7,034	6,443
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(9,195)	(24,498)	13,796	-
Change in assumptions	54,104	50,095	(18,427)	19,660
Benefit payments	(1,666)	(816)	(772)	(710)
Net change in total OPEB liability	74,391	49,687	20,150	40,295
Total OPEB Liability-beginning	273,480	223,793	203,643	163,348
Total OPEB Liability-ending	\$ 347,871	\$ 273,480	\$ 223,793	\$ 203,643
Covered - employee payroll	\$ 8,331,850	\$ 8,158,040	\$ 7,716,358	\$ 7,096,372
City's total OPEB liability as a % of covered - employee payroll	4.18%	3.35%	2.90%	2.87%

Only four 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 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 11,724	\$ 12,639	\$ 10,037	\$ 8,302
Contribution in relation of the actuarially determined contribution	11,724	12,639	10,037	8,302
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered - employee payroll	\$ 8,374,629	\$ 8,328,170	\$ 8,056,878	\$ 7,546,881
Contributions as a percentage of covered - employee payroll	0.14%	0.15%	0.12%	0.11%

Only four 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, 2021

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	24 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 Town'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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,039,329	\$ 5,039,329	\$ 4,889,529	\$ (149,800)
Investment income	7,000	7,000	8,671	1,671
Miscellaneous	-	-	13,973	13,973
Total revenues	5,046,329	5,046,329	4,912,173	(134,156)
EXPENDITURES				
Debt service				
Principal retirement	3,575,000	3,575,000	3,575,000	-
Interest and fiscal charges	1,446,929	1,446,929	1,285,291	161,638
Bond issuance costs	-	-	120,630	(120,630)
Total expenditures	5,021,929	5,021,929	4,980,921	41,008
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	24,400	24,400	(68,748)	(93,148)
Other financing sources (uses):				
Refunding bonds issued	-	-	8,850,000	8,850,000
Payment to refunding bond escrow agent	-	-	(9,907,894)	(9,907,894)
Premium on bonds issued	-	-	1,009,532	1,009,532
Total other financing sources (uses)	-	-	(48,362)	(48,362)
NET CHANGE IN FUND BALANCE	24,400	24,400	(117,110)	(141,510)
FUND BALANCE, beginning of year	876,558	876,558	876,558	-
FUND BALANCE, end of year	\$ 900,958	\$ 900,958	\$ 759,448	\$ (141,510)

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual – Capital Projects Fund
 For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Sales taxes	\$ -	\$ 475,585	\$ 683,178	\$ 207,593
Investment income	3,880	3,880	55,590	51,710
Miscellaneous	-	-	2,365	2,365
	<u>3,880</u>	<u>479,465</u>	<u>741,133</u>	<u>261,668</u>
Total revenues				
EXPENDITURES				
Current operating:				
General government	15,438	276,768	272,798	3,970
Capital outlay	11,484,571	11,782,499	10,267,527	1,514,972
	<u>11,500,009</u>	<u>12,059,267</u>	<u>10,540,325</u>	<u>1,518,942</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(11,496,129)</u>	<u>(11,579,802)</u>	<u>(9,799,192)</u>	<u>1,780,610</u>
NET CHANGE IN FUND BALANCE	(11,496,129)	(11,579,802)	(9,799,192)	1,780,610
FUND BALANCE, beginning of year	<u>15,910,119</u>	<u>15,910,119</u>	<u>15,910,119</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 4,413,990</u>	<u>\$ 4,330,317</u>	<u>\$ 6,110,927</u>	<u>\$ 1,780,610</u>

City of Murphy, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual – ARP Act Fund

For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,354	\$ 1,354
Total revenues	-	-	1,354	1,354
EXPENDITURES				
Current operating:				
General government	-	-	1,354	(1,354)
Total expenditures	-	-	1,354	(1,354)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

City of Murphy, Texas

Murphy Community Development Corporation

Balance Sheet

September 30, 2021

	Community Development Corporation
ASSETS	
Cash and cash equivalents	\$ 1,769,080
Receivables:	
Sales taxes	244,629
	<hr/>
Total assets	\$ 2,013,709
	<hr/>
LIABILITIES	
Accounts payable and other current liabilities	\$ 73,113
Accrued liabilities	27,019
Other liabilities	9
	<hr/>
Total liabilities	100,141
	<hr/>
FUND BALANCES	
Unassigned	1,913,568
	<hr/>
Total fund balances	1,913,568
	<hr/>
Total liabilities and fund balance	\$ 2,013,709
	<hr/>

City of Murphy, Texas

Murphy Community Development Corporation
Reconciliation of Balance Sheet to Statement of Net Position
September 30, 2021

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

Total fund balance - governmental funds \$ 1,913,568
Amounts reported in the Statement of Net Position
are different because:

There are no differences -

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,913,568

City of Murphy, Texas

Murphy Community Development Corporation Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended September 30, 2021

	<u>Community Development</u>
Revenues:	
Taxes	
General sales and use taxes	\$ 1,366,356
Charges for service	23,639
Contributions	5,200
Interest	<u>2,680</u>
 Total revenues	 <u>1,397,875</u>
 Expenditures:	
Personnel services	67,134
Administration	277,049
Contractual services and supplies	217,768
Community events	230,526
Capital outlay	<u>233,892</u>
 Total expenditures	 <u>1,026,369</u>
 Excess of revenues over expenditures	 371,506
 Fund balance, beginning of year	 <u>1,542,062</u>
 Fund balance, end of year	 <u><u>\$ 1,913,568</u></u>

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 Fiscal Year Ended September 30, 2021

**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	\$ 371,506
Amounts reported for component unit funds in the statement of activities are different because:	
There are no differences	<u>-</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 371,506</u></u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 951,169	\$ 951,169	\$ 1,366,356	\$ 415,187
Charges for service	5,000	5,000	23,639	18,639
Donations	2,000	2,000	5,200	3,200
Investment income	3,910	3,910	2,680	(1,230)
	<u>962,079</u>	<u>962,079</u>	<u>1,397,875</u>	<u>435,796</u>
Total revenues				
EXPENDITURES				
Current				
Personnel services	85,982	85,982	67,134	18,848
Administration	302,246	312,246	277,049	35,197
Contractual services and supplies	219,975	219,975	217,768	2,207
Community events	83,953	301,028	230,526	70,502
Capital outlay	-	238,101	233,892	4,209
	<u>692,156</u>	<u>1,157,332</u>	<u>1,026,369</u>	<u>130,963</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	269,923	(195,253)	371,506	566,759
FUND BALANCE, October 1	<u>1,542,062</u>	<u>1,542,062</u>	<u>1,542,062</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 1,811,985</u>	<u>\$ 1,346,809</u>	<u>\$ 1,913,568</u>	<u>\$ 566,759</u>

City of Murphy, Texas
 Murphy Municipal Development District
 Balance Sheet
 September 30, 2021

	Municipal Development District
ASSETS	
Cash and cash equivalents	\$ 3,492,576
Receivables:	
Sales taxes	121,762
TOTAL ASSETS	<u>\$ 3,614,338</u>
LIABILITIES	
Accounts payable and other current liabilities	12
Total liabilities	<u>12</u>
FUND BALANCES	
Unassigned	\$ 3,614,326
Total fund balances	<u>3,614,326</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,614,338</u>

City of Murphy, Texas

Murphy Municipal Development District

Reconciliation of Balance Sheet to Statement of Net Position

September 30, 2021

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

Total fund balance - governmental funds \$ 3,614,326

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

There are no differences

-

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,614,326

City of Murphy, Texas

Murphy Municipal Development District

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended September 30, 2021

	Municipal Development District
Revenues:	
Taxes	
General sales and use taxes	\$ 684,524
Interest	8,204
	<hr/>
Total revenues	692,728
	<hr/>
Expenditures:	
Administration	289,961
Contractual services	13,712
	<hr/>
Total expenditures	303,673
	<hr/>
Excess of revenues over expenditures	389,055
Fund balance, beginning of year	3,225,271
	<hr/>
Fund balance, end of year	\$ 3,614,326
	<hr/> <hr/>

City of Murphy, Texas

Murphy Municipal Development District

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

For the Fiscal Year Ended September 30, 2021

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 \$ 389,055

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 \$ 389,055

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 475,585	\$ 475,585	\$ 684,524	\$ 208,939
Investment income	12,106	12,106	8,204	(3,902)
Total revenues	<u>487,691</u>	<u>487,691</u>	<u>692,728</u>	<u>205,037</u>
EXPENDITURES				
Current				
Administration	268,112	303,112	289,961	13,151
Contractual services	<u>9,750</u>	<u>34,750</u>	<u>13,712</u>	<u>21,038</u>
Total expenditures	<u>277,862</u>	<u>337,862</u>	<u>303,673</u>	<u>34,189</u>
NET CHANGE IN FUND BALANCE	209,829	149,829	389,055	239,226
FUND BALANCE, October 1	<u>3,225,271</u>	<u>3,225,271</u>	<u>3,225,271</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 3,435,100</u>	<u>\$ 3,375,100</u>	<u>\$ 3,614,326</u>	<u>\$ 239,226</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.

Contents	Table #s
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 annual comprehensive 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			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 42,865	\$ 44,574	\$ 47,365	\$ 50,922
Restricted	903	887	818	832
Unrestricted	3,922	5,232	5,616	2,455
Total governmental activities net position	\$ 47,690	\$ 50,693	\$ 53,799	\$ 54,209
Business-type activities				
Net investment in capital assets	\$ 27,031	\$ 25,025	\$ 24,910	\$ 22,284
Restricted	686	652	647	647
Unrestricted	1,933	3,483	3,464	6,332
Total business-type activities net position	\$ 29,650	\$ 29,160	\$ 29,021	\$ 29,263
Primary government				
Net investment in capital assets	\$ 69,896	\$ 69,599	\$ 72,275	\$ 73,206
Restricted	1,589	1,539	1,465	1,479
Unrestricted	5,855	8,715	9,080	8,787
Total primary governmental net position	\$ 77,340	\$ 79,853	\$ 82,820	\$ 83,472

Source: Annual Comprehensive Financial Report

Table 1

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 48,931	\$ 55,882	\$ 54,480	\$ 54,524	\$ 57,681	\$ 58,792	
2,611	2,209	1,557	1,301	1,035	951	
4,543	3,127	3,585	3,961	5,496	6,864	
<u>\$ 56,085</u>	<u>\$ 61,218</u>	<u>\$ 59,622</u>	<u>\$ 59,786</u>	<u>\$ 64,212</u>	<u>\$ 66,607</u>	
\$ 25,461	\$ 25,647	\$ 19,020	\$ 25,854	\$ 28,678	\$ 28,651	
674	707	827	956	898	843	
3,398	3,146	10,597	5,478	7,222	7,822	
<u>\$ 29,533</u>	<u>\$ 29,500</u>	<u>\$ 30,444</u>	<u>\$ 32,288</u>	<u>\$ 36,798</u>	<u>\$ 37,316</u>	
\$ 74,392	\$ 81,529	\$ 73,500	\$ 80,378	\$ 86,359	\$ 87,443	
3,285	2,916	2,384	2,257	1,933	1,794	
7,941	6,273	14,182	9,439	12,718	14,686	
<u>\$ 85,618</u>	<u>\$ 90,718</u>	<u>\$ 90,066</u>	<u>\$ 92,074</u>	<u>\$ 101,010</u>	<u>\$ 103,923</u>	

City Of Murphy, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 3,705	\$ 3,636	\$ 3,517	\$ 4,051
Public safety	5,062	5,291	5,525	5,905
Public services and operations	704	789	630	702
Parks and recreation	1,472	1,545	1,582	151
Public works	1,476	1,220	1,275	1,587
Sanitation services	676	698	721	1,433
Development	-	131	110	756
Interest on long-term debt	1,584	1,129	1,218	1,228
Total governmental activities expenses	14,679	14,439	14,578	15,813
Business-type activities:				
Water and sewer	5,739	6,461	6,507	7,388
Storm water	-	-	-	-
Total business-type activities expenses	5,739	6,461	6,507	7,388
Total primary government expenses	\$ 20,418	\$ 20,900	\$ 21,085	\$ 23,201
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 95	\$ 39	\$ 40	\$ 15
Public safety	172	832	682	716
Public services and operations	536	939	727	117
Parks and recreation	62	121	137	220
Public works	1,007	213	217	559
Sanitation services	823	903	897	917
Operating grants and contributions	218	369	245	717
Capital grants and contributions	2,540	1,976	1,546	2,821
Total governmental activities program revenues	5,453	5,392	4,491	6,082
Business-type activities:				
Charges for services:				
Water and sewer	6,276	7,059	7,188	8,623
Storm water	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	6,276	7,059	7,188	8,623
Total primary government program revenues	\$ 11,729	\$ 12,451	\$ 11,679	\$ 14,705

Source: Annual Comprehensive Financial Report

Table 2

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	5,266	\$	5,522	\$	5,219	\$	5,299	\$	5,618	\$	6,029
	6,268		6,478		6,979		7,397		7,242		6,928
	684		723		581		769		760		825
	121		157		2,342		2,509		2,479		2,204
	1,812		2,122		1,313		1,391		1,358		1,375
	1,101		1,217		880		979		1,007		1,034
	761		770		144		-		-		-
	986		933		1,201		1,283		1,256		1,703
	16,999		17,922		18,659		19,627		19,720		20,098
	8,172		8,668		9,449		10,265		10,514		10,661
	-		-		-		138		181		222
	8,172		8,668		9,449		10,403		10,695		10,883
\$	25,171	\$	26,590	\$	28,108	\$	30,030	\$	30,415	\$	30,981
\$	15	\$	11	\$	16	\$	16	\$	13	\$	18
	698		804		633		664		618		865
	139		129		584		627		652		433
	221		228		126		136		65		85
	1,017		612		248		-		-		-
	916		938		1,026		1,190		1,224		1,305
	1,485		750		383		548		1,232		784
	1,689		3,275		-		-		-		443
	6,180		6,747		3,016		3,181		3,804		3,933
	8,980		9,440		11,111		12,668		12,042		11,699
	-		-		-		230		321		310
	-		-		-		-		132		196
	8,980		9,440		11,111		12,898		12,495		12,205
\$	15,160	\$	16,187	\$	14,127	\$	16,079	\$	16,299	\$	16,138

City Of Murphy, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2012	2013	2014	2015
Net (Expense) Revenues				
Governmental activities	\$ (9,226)	\$ (9,047)	\$ (10,087)	\$ (9,731)
Business-type activities	537	598	681	1,235
Total primary government net expense	\$ (8,689)	\$ (8,449)	\$ (9,406)	\$ (8,496)
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 8,477	\$ 8,962	\$ 9,348	\$ 9,911
Sales	1,049	1,300	1,625	1,801
Franchise	925	855	970	1,041
Investment income	20	17	12	11
Miscellaneous	42	281	389	57
Transfers	850	850	850	850
Total governmental activities	11,363	12,265	13,194	13,671
Business-type activities:				
Investment income	9	6	4	6
Miscellaneous	30	10	25	22
Transfers	(850)	(850)	(850)	(850)
Total business-type activities	(811)	(834)	(821)	(822)
Total primary government	\$ 10,552	\$ 11,431	\$ 12,373	\$ 12,849
Change in Net Position				
Governmental activities	\$ 2,137	\$ 3,218	\$ 3,107	\$ 3,940
Business-type activities	(274)	(236)	(140)	413
Total primary government	\$ 1,863	\$ 2,982	\$ 2,967	\$ 4,353

Table 2 (Concluded)

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	(10,819)	\$	(11,175)	\$	(15,643)	\$	(16,446)	\$	(15,916)	\$	(16,165)
	808		772		1,662		2,495		1,800		1,322
\$	(10,011)	\$	(10,403)	\$	(13,981)	\$	(13,951)	\$	(14,116)	\$	(14,843)
\$	10,483	\$	11,179	\$	11,792	\$	12,328	\$	12,833	\$	13,104
	2,006		2,001		1,986		2,144		2,927		3,474
	1,029		992		976		1,012		956		912
	26		49		81		94		76		122
	770		1,236		64		157		710		76
	850		850		385		875		855		872
	15,164		16,307		15,284		16,610		18,357		18,560
	19		32		36		58		58		64
	35		12		84		166		41		4
	(850)		(850)		(385)		(875)		(855)		(872)
	(796)		(806)		(265)		(651)		(756)		(804)
\$	14,368	\$	15,501	\$	15,019	\$	15,959	\$	17,601	\$	17,756
\$	4,344	\$	5,132	\$	(359)	\$	164	\$	2,441	\$	2,395
	12		(34)		1,397		1,844		1,044		518
\$	4,356	\$	5,098	\$	1,038	\$	2,008	\$	3,485	\$	2,913

City Of Murphy, Texas**Table 3**

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
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
2021	13,104	3,474	912	17,490

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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			
	2012	2013	2014	2015
General Fund				
Nonspendable - prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Court use	147	125	101	88
Animal shelter	-	-	6	12
PEG fees	-	-	13	15
Assigned for:				
Police	18	17	19	11
Unassigned	3,060	3,557	3,635	3,965
Total general fund	\$ 3,225	\$ 3,699	\$ 3,774	\$ 4,091
All other governmental funds				
Restricted for:				
Debt service	\$ 756	\$ 844	\$ 836	\$ 836
Capital improvements	7,358	3,771	3,427	1,958
Assigned for				
Capital projects	435	-	-	-
Total all other governmental funds	\$ 8,549	\$ 4,615	\$ 4,263	\$ 2,794

Source: Annual Comprehensive Financial Report

Table 4

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	29	\$	61	\$	1	\$	22	\$	-	\$	-
	70		73		64		65		41		36
	8		7		11		11		11		11
	5		5		14		14		28		38
	11		16		9		1		36		35
	5,155		5,036		5,869		6,390		8,131		9,421
\$	5,278	\$	5,198	\$	5,968	\$	6,503	\$	8,247	\$	9,541
\$	860	\$	903	\$	934	\$	966	\$	877	\$	759
	1,780		1,320		13,983		8,798		15,910		6,111
	-		-		-		-		-		-
\$	2,640	\$	2,223	\$	14,917	\$	9,764	\$	16,787	\$	6,870

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			
	2012	2013	2014	2015
REVENUES				
Taxes				
Property	\$ 8,466	\$ 8,950	\$ 9,365	\$ 9,892
Sales	1,049	1,299	1,625	1,801
Franchise	925	856	970	1,041
Charges for services	1,451	1,595	1,633	1,647
Licenses and permits	721	891	689	521
Fines and forfeitures	536	442	367	370
Investment income	20	17	12	11
Grant revenue	752	1,133	640	2,816
Intergovernmental	188	1,212	1,095	717
Donations	27	23	84	11
Miscellaneous	49	295	400	67
Total revenues	14,184	16,713	16,880	18,894
EXPENDITURES				
General government	2,615	2,669	2,552	3,060
Public safety	4,754	4,974	5,267	5,683
Public works	256	240	307	285
Public service and operations	698	783	624	668
Sanitation	676	698	721	756
Development	78	131	110	152
Parks and Recreation	1,089	1,096	1,128	1,137
Capital outlay	3,319	6,232	3,330	4,862
Debt service				
Principal retirement	2,928	2,914	2,874	3,095
Interest and fiscal charges	1,588	1,317	1,244	1,198
Other	115	-	-	-
Total expenditures	18,116	21,054	18,157	20,896
Excess (deficiency) of revenues over (under) expenditures	(3,932)	(4,341)	(1,277)	(2,002)
OTHER FINANCING SOURCES (USES)				
Bonds/notes proceeds	13,195	-	150	-
Premium (discount) on issuance of debt	789	-	-	-
Payments to escrow agent	(12,335)	-	-	-
Extraordinary revenue (expense)	-	-	-	-
Capital leases	-	-	-	-
Transfers in	850	850	850	850
Transfers out	-	-	-	-
Total other financing sources (uses)	2,499	850	1,000	850
NET CHANGE IN FUND BALANCES	\$ (1,433)	\$ (3,491)	\$ (277)	\$ (1,152)
Debt service as a percentage of noncapital expenditures	30.52%	28.52%	28.52%	26.41%

Source: Annual Comprehensive Financial Report

Table 5

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	10,483	\$	11,179	\$	11,805	\$	12,287	\$	12,857	\$	13,087
	2,006		2,001		1,986		2,144		2,927		3,474
	1,029		992		975		1,012		956		912
	1,739		1,766		1,866		1,829		1,780		2,002
	941		560		485		531		571		339
	304		360		298		261		215		394
	26		49		81		94		76		122
	620		999		15		-		-		-
	765		821		694		882		1,261		759
	4		2		8		1		4		1
	779		1,254		88		181		736		101
	18,696		19,983		18,301		19,222		21,383		21,191
	4,250		4,831		3,999		4,285		4,313		5,412
	5,876		6,219		6,346		6,681		6,684		6,502
	231		271		235		300		271		263
	646		675		537		738		705		766
	761		770		880		979		1,007		1,034
	119		153		143		-		-		-
	1,118		1,493		1,482		1,660		1,738		1,528
	2,978		2,455		1,421		5,180		4,302		10,239
	3,235		3,410		3,215		3,370		3,677		3,747
	1,099		1,039		931		1,523		1,177		1,295
	-		14		288		-		180		121
	20,313		21,330		19,477		24,716		24,054		30,907
	(1,617)		(1,347)		(1,176)		(5,494)		(2,671)		(9,716)
	1,800		-		13,845		-		9,915		8,850
	-		-		558		-		400		1,010
	-		-		-		-		-		(9,908)
	-		-		-		-		-		-
	-		-		-		-		269		268
	851		850		928		875		900		900
	(1)		-		(543)		-		(45)		(28)
	2,650		850		14,788		875		11,439		1,092
\$	1,033	\$	(497)	\$	13,612	\$	(4,619)	\$	8,768	\$	(8,624)
	24.92%		30.47%		23.13%		25.53%		25.13%		25.82%

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					
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%
2021	2,282,603	368,159	-	2,650,762	0.4950	2,650,762	100.00%

Source: Collin County Appraisal District

<https://www.collincad.org/downloads/viewcategory/44-certified-totals>

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

City of Murphy, Texas

Table 7

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

Fiscal Year Ended September 30,	City Direct Rates			Overlapping Rates*			
	General Fund	General Obligation Debt Service	Total Direct Rate	Plano Independent School District	Wylie Independent School District	Collin County	Collin County College District
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
2021	0.310185	0.184815	0.495000	1.320750	1.459800	0.168087	0.081222

Source: Collin County Appraisal District

https://www.collincad.org/ccad/reports/rates_exemptions.php?year=2021

*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	2021			Assessed Taxpayer Value	2011		
	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value		Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
MURPHY MARKETPLACE STATION LLC	\$ 60,126	1	2.27%	ALLEN & LOUCKS VENTURE LP	\$ 24,612	1	1.68%
WAL-MART REAL ESTATE BUSINESS TRUST	15,081	2	0.57%	LOWE'S HOME CENTERS INC	16,042	2	1.09%
MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	13,714	3	0.52%	ALLEN & LOUCKS VENTURES LP	9,727	3	0.66%
LOWE'S HOME CENTERS INC	11,085	4	0.42%	MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	8,914	4	0.61%
HTA-MURPHY MEDICAL CENTER LLC	9,918	5	0.37%	MURPHY STORAGE PARTNERS LLC	5,403	5	0.37%
NSA PROPERTY HOLDINGS LLC	9,060	6	0.34%	CHAMPION LANGFORD PARTNERS	5,223	6	0.36%
WELLTOWER TCG RIDEA LANDLORD LLC	8,497	7	0.32%	FORESTAR (USA) REAL ESTATE GROUP INC	5,162	7	0.35%
TIMBER RIDGE CENTER LLC	7,663	8	0.29%	ABS TX INVESTOR LP	5,000	8	0.34%
NSA PROPERTY HOLDINGS LLC	6,764	9	0.26%	WAL-MART TEXAS LP	4,857	9	0.33%
MCFARLAND INVESTMENT PROPERTIES LLC	5,894	10	0.22%	MCBIRNEY #544 JV	4,642	10	0.32%
Total	\$ 147,802		5.58%	Total	\$ 89,582		6.11%

Source: Collin Central Appraisal District
<https://www.collincad.org/downloads/viewcategory/46-top-taxpayer-reports>

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
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% *
2021	13,040	13,105	100.50%	(10)	13,095	100.42% *

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>
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
2021	7,843	3,856	310	12,009

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			
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
2021	-	-	32,170	338	2,575	2,261	-	10,705	-	596	48,645	4.59%	2,315

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

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

(2) See Long Term Debt rollforward schedule

City of Murphy, Texas

Table 12

Ratio of Net General Bonded Debt Outstanding

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Available Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
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
2021	34,431	759	33,672	1.27%	1,602

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	\$ 526,975,000	1.89%	\$ 9,959,828
Collin County Community College District	514,470,000	1.89%	9,723,483
Plano Independent School District	625,625,000	3.17%	19,832,313
Wylie Independent School District	439,735,599	9.87%	43,401,904
Subtotal, overlapping debt	\$ 2,106,805,599		82,917,528
City of Murphy		100.00%	45,450,000
Total direct and overlapping debt			\$ 128,367,528

Source: Municipal Advisory Council of Texas

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of 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.

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

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

Table 14

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 156,500	\$ 161,055	\$ 168,806	\$ 185,425	\$ 204,867	\$ 230,124	\$ 242,630	\$ 257,810	\$ 261,208	\$ 265,076
Total net debt applicable to limit	37,709	34,761	29,976	32,080	39,228	35,199	48,634	33,472	39,966	36,247
	\$ 118,791	\$ 126,294	\$ 138,830	\$ 153,345	\$ 165,639	\$ 194,925	\$ 193,996	\$ 224,338	\$ 221,242	\$ 228,829
Total net debt applicable to the limit as a percentage of debt limit	24.10%	21.58%	17.76%	17.30%	19.15%	15.30%	20.04%	12.98%	15.30%	13.67%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 2,650,762
Add back: exempt real property	-
Total assessed value	<u>\$ 2,650,762</u>
Debt limit (10% of total assessed value)	\$ 265,076
Debt applicable to limit:	
Long term bonds	37,006
Less: amounts set aside for repayment of long term bonds	<u>(759)</u>
Total net debt applicable to limit	<u>\$ 36,247</u>
Legal debt margin	<u>\$ 228,829</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		
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	
2021	11,702	8,961	2,741	755	347	2	

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>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2021	21,013	1,059,853,694	50,438	35.5	77.90%	5,109	3.1%

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 - 2019 source of data is the Retail Coach

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

Table 17

Employer	2021			Employer	2012		
	No. of Employees	Rank	Percentage of Total City Employment		No. of Employees	Rank	Percentage of Total City Employment
Walmart	273	1	5.84%	Lowe's	113	1	1.61%
Lowe's Home Improvement	130	2	2.78%	Neighborhood Walmart	104	2	1.48%
City of Murphy	126	3	2.69%	City of Murphy	102	3	1.46%
McMillen High School	125	4	2.67%	24 Hour Fitness	100	4	1.43%
Murphy Middle School	105	5	2.24%	McMillen High School	98	5	1.40%
Sprouts	78	6	1.67%	Murphy Middle School	79	6	1.13%
Chick-Fil-A	74	7	1.58%	Boggess Elementary	73	7	1.04%
Tibbals Elementary School	70	8	1.50%	Tibbels Elementary School	60	8	0.86%
Boggess Elementary School	62	9	1.33%	Hunt Elementary School	55	9	0.78%
Hunt Elementary School	60	10	1.28%	Chick-fil-A	55	10	0.78%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	15	16	19	21	24	29	21	22	23	21
Public safety										
Police										
Officers	22	22	24	24	24	24	25	21	20	24
Civilians	11	11	11	11	11	11	6	11	10	8
Fire										
Firefighters and officers	21	22	24	24	24	24	23	24	23	21
Civilians	1	1	1	1	1	1	1	1	1	1
Animal Control	1	2	2	2	2	2	2	2	2	2
Public Service										
Municipal Court	3	3	4	4	3	4	4	4	3	3
Cultural and Recreation	12	12	13	13	15	15	15	16	14	15
Water										
Administration	6	6	6	6	6	1	5	5	5	5
Water	10	10	10	10	9	9	11	12	9	9
Wastewater	1	1	1	1	1	1	1	1	1	1
Bond Projects	-	-	-	-	-	-	2	2	1	1
Total	103	106	115	117	120	121	116	121	112	111

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			
	2012	2013	2014	2015
Police				
Physical arrests	489	374	346	198
Traffic violations	3,589	3,217	3,140	2,903
Fire				
Number of calls answered	1,079	1,202	1,204	1,301
Inspections	129	314	224	137
Water				
New connections	217	130	98	97
Average daily consumption (gallons) (thousands of gallons)	2,794	2,719	2,156	2,685
Wastewater				
Average daily sewage treatment (thousands of gallons)	1,670	1,704	1,566	2,518

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					
2016	2017	2018	2019	2020	2021
217	184	180	258	145	167
3,247	3,483	2,694	2,669	2,219	2,373
1,449	1,332	1,424	1,379	1,167	1,578
183	334	191	274	201	274
79	22	22	75	63	60
2,647	3,600	4,219	2,359	2,818	3,889
2,473	1,913	2,012	1,959	2,070	2,077

City of Murphy, Texas

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

Table 20

FUNCTION	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/CID vehicles	15	21	19	19	20	21	19	20	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	3	3	3	3	3	3	3
Vehicles	4	3	5	5	5	5	5	5	5	5
Public works										
Streets (miles)	82.5	82.5	82.5	82.5	82.5	82.5	102.1	103.75	103.89	100.22
Culture & Recreation										
Parks acreage	297	285	322	322	322	322	322	322	322	322
Parks	14	9	10	10	10	10	10	10	10	10
Community center	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	92.6	93.8	94.3	94.6	94.9	95.0	95.0	95.2	99.3	99.3
Fire hydrants	911	934	942	949	1,067	1,067	1,068	1,091	1,103	1,103
Wastewater										
Sanitary sewers (miles)	82.8	84.6	84.6	85.0	85.3	85.0	85.2	89.3	99.4	90.7

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, 2021
(Unaudited)

2020-2021 Market Valuation Established by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		\$ 71,175,450
Less Exemptions/reductions at 100% market value:		
Agricultural/open space land use	\$ 6,436,101	
Homestead cap	1,887,303	
Over 65 and disabled	44,809,096	
Disabled veterans	14,067,950	
Disabled persons	3,975,000	71,175,450
2020-2021 Taxable assessed valuation		<u>\$ 2,650,762,095</u>
General debt payable from ad valorem taxes		\$ 45,788,393
General interest and sinking fund as of September		<u>759,449</u>
Ratio general tax debt to taxable assessed valuation		1.73%
2021 estimated population	21,013	
Per capita taxable assessed valuation	\$ 126,149	
Per capita net funded debt payable from ad valorem taxes	\$ 2,179	

Note: Collin Central Appraisal District - 2020 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>
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
2021	0.4950	0.3099	0.1851	13,039,851	13,104,843	100.50

Source:¹ Collin Central Appraisal District

City of Murphy, Texas

General Obligation Debt Service Requirements
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

Table 3CD

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2022	\$ 4,131,027	\$ 1,036,092	\$ 5,167,119	11.77%
2023	4,069,975	907,140	4,977,115	11.60%
2024	3,150,170	789,723	3,939,893	8.98%
2025	2,252,219	710,127	2,962,346	6.42%
2026	2,100,000	649,436	2,749,436	5.99%
2027	2,180,000	581,924	2,761,924	6.21%
2028	1,995,000	504,874	2,499,874	5.69%
2029	2,070,000	427,324	2,497,324	5.90%
2030	1,720,000	357,136	2,077,136	4.90%
2031	1,475,000	302,623	1,777,623	4.20%
2032	1,170,000	261,249	1,431,249	3.33%
2033	1,210,000	225,549	1,435,549	3.45%
2034	1,240,000	190,669	1,430,669	3.53%
2035	1,275,000	156,614	1,431,614	3.63%
2036	1,310,000	120,832	1,430,832	3.73%
2037	1,350,000	83,221	1,433,221	3.85%
2038	1,385,000	44,286	1,429,286	3.95%
2039	495,000	18,565	513,565	1.41%
2040	505,000	6,313	511,313	1.44%
	<u>\$ 35,083,391</u>	<u>\$ 7,373,697</u>	<u>\$ 42,457,088</u>	

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Taxes	\$ 10,439	\$ 11,105	\$ 11,960	\$ 12,734
Permits and licenses	721	891	688	521
Charge for services	1,451	1,595	1,633	1,647
Fines and forfeitures	536	442	367	370
Investment income	23	17	12	11
Grants	752	1,133	640	2,816
Intergovernmental revenue	188	1,211	1,095	717
Donations	27	23	84	11
Miscellaneous	48	295	400	67
Total revenues	\$ 14,185	\$ 16,712	\$ 16,879	\$ 18,894
EXPENDITURES				
General government	\$ 2,615	\$ 2,669	\$ 2,552	\$ 3,060
Public safety	4,754	4,974	5,267	5,683
Public works	256	241	307	285
Sanitation	676	697	721	756
Public service and operations	698	783	624	668
Parks and recreation	1,089	1,096	1,127	1,137
Development	77	131	113	152
Capital outlay	3,319	6,232	3,330	4,862
Debt service	5,420	4,230	4,118	4,293
Total expenditures	\$ 18,904	\$ 21,053	\$ 18,159	\$ 20,896

Table 4CD

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 13,518	\$ 14,172	\$ 14,767	\$ 15,443	\$ 16,740	\$ 17,473	
941	560	485	531	571	339	
1,739	1,766	1,866	1,829	1,780	2,002	
304	360	298	261	215	394	
26	49	81	94	76	122	
620	999	15	-	-	-	
765	821	694	882	1,261	759	
4	2	8	1	4	1	
779	1,253	87	181	736	101	
<u>\$ 18,696</u>	<u>\$ 19,982</u>	<u>\$ 18,301</u>	<u>\$ 19,222</u>	<u>\$ 21,383</u>	<u>\$ 21,191</u>	
\$ 4,250	\$ 4,831	\$ 3,999	\$ 4,285	\$ 4,313	\$ 5,412	
5,876	6,219	6,346	6,681	6,684	6,502	
231	271	235	300	271	263	
761	770	880	979	1,007	1,034	
646	675	537	738	705	766	
1,118	1,493	1,482	1,660	1,738	1,528	
119	153	143	-	-	-	
2,978	2,455	1,421	5,180	4,302	10,267	
4,334	4,463	4,434	4,893	5,034	5,163	
<u>\$ 20,313</u>	<u>\$ 21,330</u>	<u>\$ 19,477</u>	<u>\$ 24,716</u>	<u>\$ 24,054</u>	<u>\$ 30,935</u>	

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2012	2013	2014	2015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,719)	\$ (4,341)	\$ (1,280)	\$ (4,016)
OTHER FINANCING SOURCES (USES)				
Bonds proceeds	\$ 11,695	\$ -	\$ 150	\$ -
Premium on bonds issued	-	-	-	-
Note proceeds	1,500	-	-	-
Capital leases	-	-	-	-
Payments to escrow agent	(12,335)	-	-	-
Debt issuance cost	789	-	-	-
Net transfers	850	850	850	850
Total other financing sources (uses)	\$ 2,499	\$ 850	\$ 1,000	\$ 850
BEGINNING FUND BALANCE	13,208	11,777	8,317	8,037
PRIOR YEAR ADJUSTMENT	-	31	-	-
ENDING FUND BALANCE	\$ 11,777	\$ 8,317	\$ 8,037	\$ 6,885

Table 4CD – Concluded

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (1,617)	\$ (1,348)	\$ (1,176)	\$ (5,494)	\$ (2,671)	\$ (9,744)
\$ 1,800	\$ -	\$ 13,845	\$ -	\$ 9,915	\$ 8,850
-	-	558	-	400	1,010
-	-	-	-	-	-
-	-	-	-	269	268
-	-	-	-	-	(9,908)
-	-	-	-	-	-
850	850	385	875	856	900
\$ 2,650	\$ 850	\$ 14,788	\$ 875	\$ 11,440	\$ 1,120
6,885	7,918	7,420	20,885	16,266	25,035
-	-	(147)	-	-	-
\$ 7,918	\$ 7,420	\$ 20,885	\$ 16,266	\$ 25,035	\$ 16,411

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
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
2021	5,468,477	41.94%	0.2063	260

City of Murphy, Texas

Cash and Investments for Primary Government
For the Fiscal Year Ended September 30, 2021
(Unaudited)

Table 6CD

<u>Type of Investment</u>		
Cash on hand	0.01%	\$ 1,150
Analyzed checking	99.9%	<u>35,989,596</u>
	<u>100.00%</u>	<u>\$ 35,990,746</u>

City of Murphy, Texas

Proprietary Funds Debt Service Requirements
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

Table 7CD

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2022	\$ 755,000	\$ 346,556	\$ 1,101,556	7.05%
2023	780,000	325,531	1,105,531	7.29%
2024	805,000	303,756	1,108,756	7.52%
2025	830,000	280,881	1,110,881	7.75%
2026	855,000	256,894	1,111,894	7.99%
2027	880,000	227,107	1,107,107	8.22%
2028	915,000	191,206	1,106,206	8.55%
2029	955,000	153,806	1,108,806	8.92%
2030	460,000	126,956	586,956	4.30%
2031	475,000	111,206	586,206	4.44%
2032	500,000	94,781	594,781	4.67%
2033	515,000	77,478	592,478	4.81%
2034	535,000	59,156	594,156	5.00%
2035	345,000	44,106	389,106	3.22%
2036	355,000	32,288	387,288	3.32%
2037	365,000	19,688	384,688	3.41%
2038	380,000	6,650	386,650	3.55%
	<u>\$ 10,705,000</u>	<u>\$ 2,658,046</u>	<u>\$ 13,363,046</u>	