

FY25



CITY HALL

City of Murphy, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year ended September 30, 2025

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City of Murphy, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

Prepared by: City of Murphy, Texas Finance
Department

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City of Murphy, Texas
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2025
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Introductory Section

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February 27, 2026

To the Honorable Mayor Scott Bradley and City Council and Citizens of the City of Murphy:

State law requires that every local government publish an annual financial report within 180 days after the last day of the fiscal year. The City of Murphy's Annual Comprehensive Financial Report (ACFR) for the year ended September 30, 2025, 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.

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, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

General Information – City of Murphy

The City of Murphy, Texas incorporated in 1958, is in Collin County, the northeastern edge of the Dallas-Fort Worth metroplex. The City occupies 5.1 square miles and serves a population of approximately 21,219. 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 of the City 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 the administrative and operational duties of the City. The City Manager also establishes, directs, and supervises the administration of all departments of the City, apart from those offices outlined in the City Charter.

The City of Murphy provides a full range of services, including police and fire protection; emergency medical services; water and sewer operations/maintenance; utility billing and 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.

From the desk of
Aretha L. Adams
MPA, ICMA-CM.

City Manager

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Murphy, Texas 75094



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 (MMDD) and the Murphy Community Development Corporation (MCDC) are included in the financial statements as discretely presented component units.

The City Manager is required by the City Charter to present the proposed budget to the City Council in accordance with state law. The City Council is required to adopt a final budget 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 funds and department levels.

Local Economy

Murphy has evolved from a small, rural area to a bustling suburban community. The City's dedication to quality development, sound fiscal policies and effective management have made it a premier community. Murphy is consistently rated as one of the best suburbs in the DFW Metroplex by D Magazine and praised as a prime location for families and business alike with strong schools, an expansive parks system, a wide array of businesses and restaurants, as well as a friendly and relaxed atmosphere.

The median income of families in the City of Murphy consistently ranks in the top 20 of all Texas cities. With a population of more than 22,000, Murphy is also surrounded by the cities of Parker, Plano, Richardson, Sachse, and Wylie, all affluent areas. The City of Murphy benefits from an established and highly visible commercial district along FM 544, which sees nearly 55,000 cars per day. The Corridor at Murphy, as the district is known, is anchored by major brands, such as Wal-Mart, Lowes, Sprouts, and Chick-Fil-A, all providing a significant draw from within a retail trade area of over 220,000 residents. The retail trade area is the geographic region from which 80-85% of customers travel to spend money in the community. Murphy's trade area includes residents from Lucas, Parker, Sachse and Wylie as well as portions of Plano, Richardson, and Garland. Retail demand growth in the retail trade area is projected to grow by \$500 million to \$3.2 billion by 2030. Substantial residential growth to the north and east of Murphy are contributing to this growth in retail demand.

Two hundred eighty-seven (287) businesses operate with a physical location in Murphy. Murphy provides 1.72 million square feet of retail and office space. Commercial space added in 2025 totaled 6,000 square feet. Planned commercial projects to be completed within the next year include a H-E-B grocery store with ~125,000 square feet of retail space, and an addition to Murphy Marketplace will add an additional ~63,000 square feet with two major brands identified. A future project includes the expansion of the Hobby Lobby shopping center with a proposed addition of 15,000 square feet of retail space. The commercial occupancy rate remained stable at 96.9% with a net vacancy of 36,637 square feet.

Total housing units in 2025 were 6,150. These units are described as owner occupied, 93.87%; renter occupied housing units, 6.13%; vacant housing units, 1%. The average home value realized in 2024 was \$619,642, up 6.3% since 2023. Three new residential single-family neighborhoods are being developed currently, totaling just under 100 lots. Murphy is starting to see redevelopment occur in older neighborhoods with several large custom homes under construction. The average income of a Murphy household is estimated to be \$214,225.

Long-term financial planning and major initiatives

The City of Murphy embarked on updating multiple guiding documents in 2025: 1) Strategic Plan, 2) Master Plan, and 3) Comprehensive Financial Management Policy.

The City of Murphy updated its Strategic Plan in 2025 to set a roadmap to sustainable success. Key focus areas included engagement and collaboration, connectivity, safety, community character, sustainable operations and transparency. The Mayor and City Council worked with the City team to develop twenty (20) objectives that provide clear direction to achieve the six strategic priorities.

The City next began updating its Master Plan, also known as, a Comprehensive Plan. The Master Plan's most recent update occurred in 2008. With less than 100 acres of greenfield remaining in the City, reviewing and updating the Master Plan was crucial for re-developing a mature, built-out City. The final Master Plan will guide those future planning decisions. The Master Plan planning process included two Community forums, stakeholder interviews, online collaborations, and Advisory Committee Meetings. The draft plan and final adoption of the Master Plan are anticipated in Spring 2026.

In January, 2025, the City adopted Comprehensive Financial Management Policy Statements to assemble all of the financial policies into one document. The statements are tools used to ensure that the City is financially able to meet its current and future service needs. The Financial Policy provides guidelines for both the financial planning and internal financial management of the City.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 58% of total General Fund expenditures. The Comprehensive Financial Policy, for FY2024- 2025, sets the minimum General Fund requirement at 20% of total budgeted expenditures, with a targeted level between 20% and 25% of total expenditures. The FY2024-2025 year end amount exceeds the minimum target set. The fund balance increase above the targeted 20% is evaluated annually and used to reduce the amount that otherwise would be needed to borrow for future finance consideration.

Strategic plan projects have included two branding projects for "The Corridor at Murphy." 1) A painted mural on the south wall of the Murphy Activity Center, completed June 2023; 2) a FM544 Pedestrian Bridge and Trail connection. The FM544 Pedestrian Bridge is a major project with multiple funding sources totaling \$5,780,000 including a \$680,000 Governor's Community Achievement Award (GCAA) Texas Department of Transportation agreement signed June 2025. The arched pedestrian bridge will improve connectivity from the Murphy Corridor to the commercial area on the east side of Maxwell Creek as envisioned by the Council. \$559,454 was expensed as of September 2025.

Federal funding in the amount of \$5,089,651 was secured for the Waterline Loop Project from American Rescue Plan Act (ARPA) federal funds. The project will engineer and construct water main "loops" and flushing valves in the City's water distribution system to enhance water quality, improve fire protection, minimize water loss due to flushing, and reduce labor effort required to safely and properly manage the water distribution system. Project-related general engineering and surveying services, plus land acquisition to acquire easements are required to construct the new water main loops. The ARPA funds required all funds to be obligated by December 31, 2024, and spent by December 31, 2026. The Standard Allowance was approved by the Council on July 16, 2024, to exercise the revenue replacement category in the provision of government services in the amount of \$3,429,139 (Police Department Salaries, \$1,947,577; Fire Department Salaries, \$1,481,562) with total expenditures of \$4,270,810 for FY2023-2024. Total expenditures in FY2024-2025 totaled \$128,615. Obligated ARPA funds outstanding are \$5,883.

City of Murphy Code of Ordinances details a multi-year Capital Improvement Program, which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short and long-term resources appropriately. The fiscal year 2025-2026 Capital Improvement Program approved \$14,031,224 million in capital projects and improvements financed by multiple funds. A new Certificate of Obligation was secured in 2025 to expand the focus on public safety software, street improvements, and water/wastewater infrastructure improvements. The 2025 debt issuance portion payable from an ad valorem tax levied totaled \$6,330,000; the debt portion payable from utility service fees totaled \$11,290,000. The Capital Improvement Program includes the Capital Improvement Fund, Capital Construction Fund, Utility Capital Construction Fund, Street Maintenance and Repair Fund and General Obligation Bond Fund.

A Vehicle Equipment Replacement Fund (VERF) was established in FY2024-2025 to set aside funds for future replacement of high dollar purchases and to reduce the single year impact of those purchases on the operating fund. In conjunction with the VERF, a vehicle lease program was approved. Benefits of the lease program include maintenance scheduling reminders and a 5-year rotation of all lease vehicles. The VERF includes tracking equipment for Parks, Police and Fire departments. The participating departments of the lease

program include Administration, Community Development, Animal Control, Facilities, Fire, Police, Parks, Public Works, Water and Wastewater. The annual contribution calculation for VERF funding is based on the equipment and vehicle lease program analysis. All General Fund departments are budgeted as transfers, while Utility Fund contributes the portion of lease payments for Water and Wastewater vehicles in the lease program. Fifteen (15) vehicles were approved for replacement in FY2026; with equipment needs approved for Fire and Parks. FY2026 budgeted expenses totaled \$1.2 million; with a projected ending fund balance of approximately \$1 million. Vehicle and equipment needs are discussed during each budget year.

Relevant financial policies

The City approved a Comprehensive Financial Management Policy in FY2024-2025 to ensure fiscal responsibility and sound financial decisions. The policy established budgetary, financial, purchasing, fund balance, fiscal management contingency and Investment guidelines; as well as short- and long-term decision-making guidelines for the operating funds, General Fund revenue, Utility Fund revenue,

Debt Service revenue and expenditures. 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.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murphy, Texas for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. This was the 20th consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

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

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank all the City of Murphy departments for their assistance in providing the necessary data to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Murphy's finances.

Respectfully submitted,



Aretha L. Adams, MPA
City Manager



Berna Fitzpatrick-Walker, CGFO
Finance Director



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

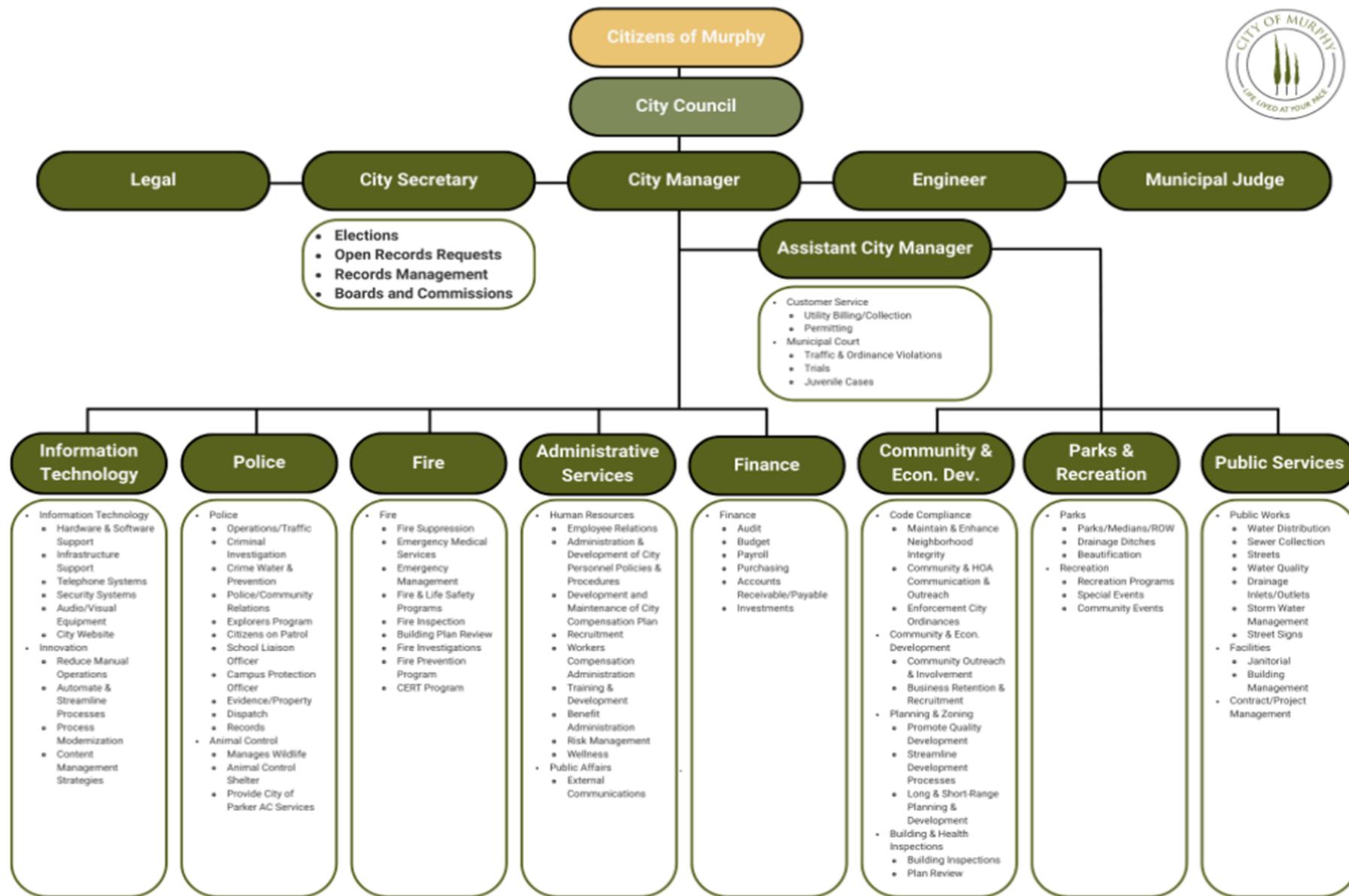
September 30, 2024

Christopher P. Morill

Executive Director/CEO

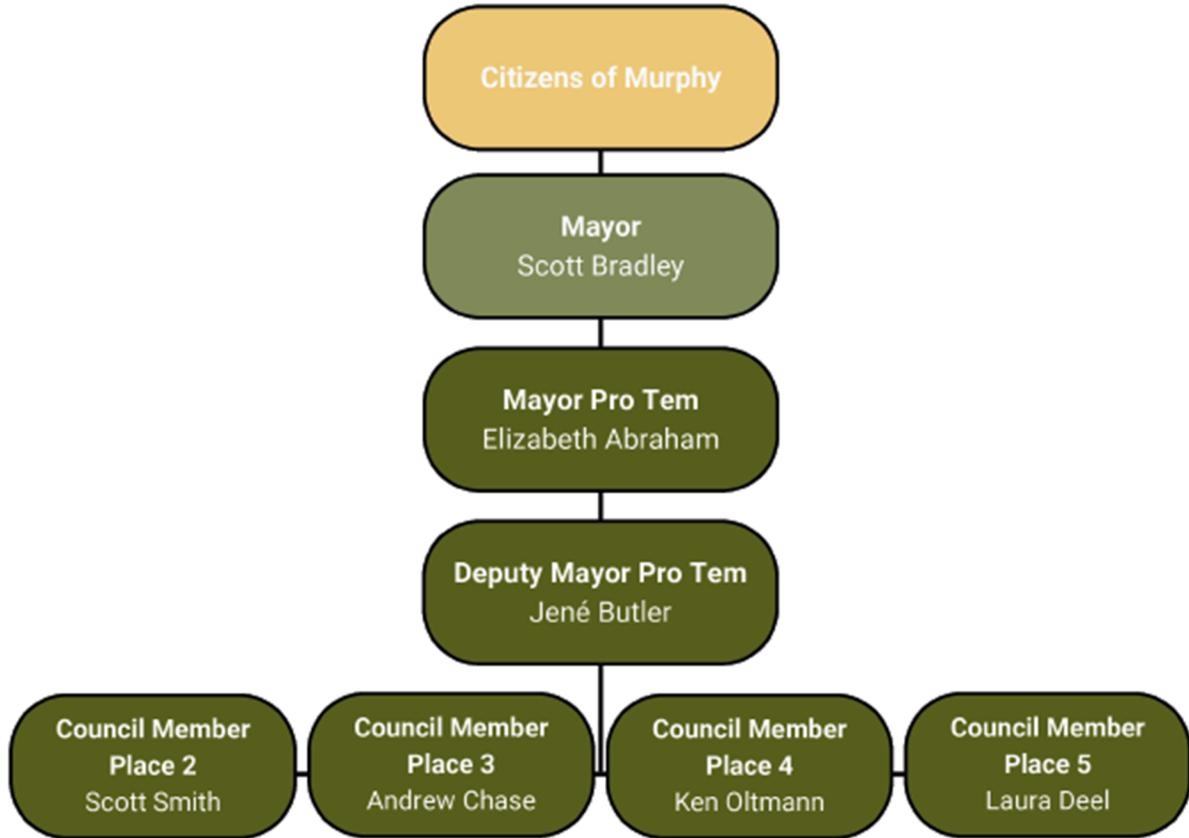
Murphy Organization Chart

January 2026



COUNCIL ORGANIZATIONAL CHART

January 2026

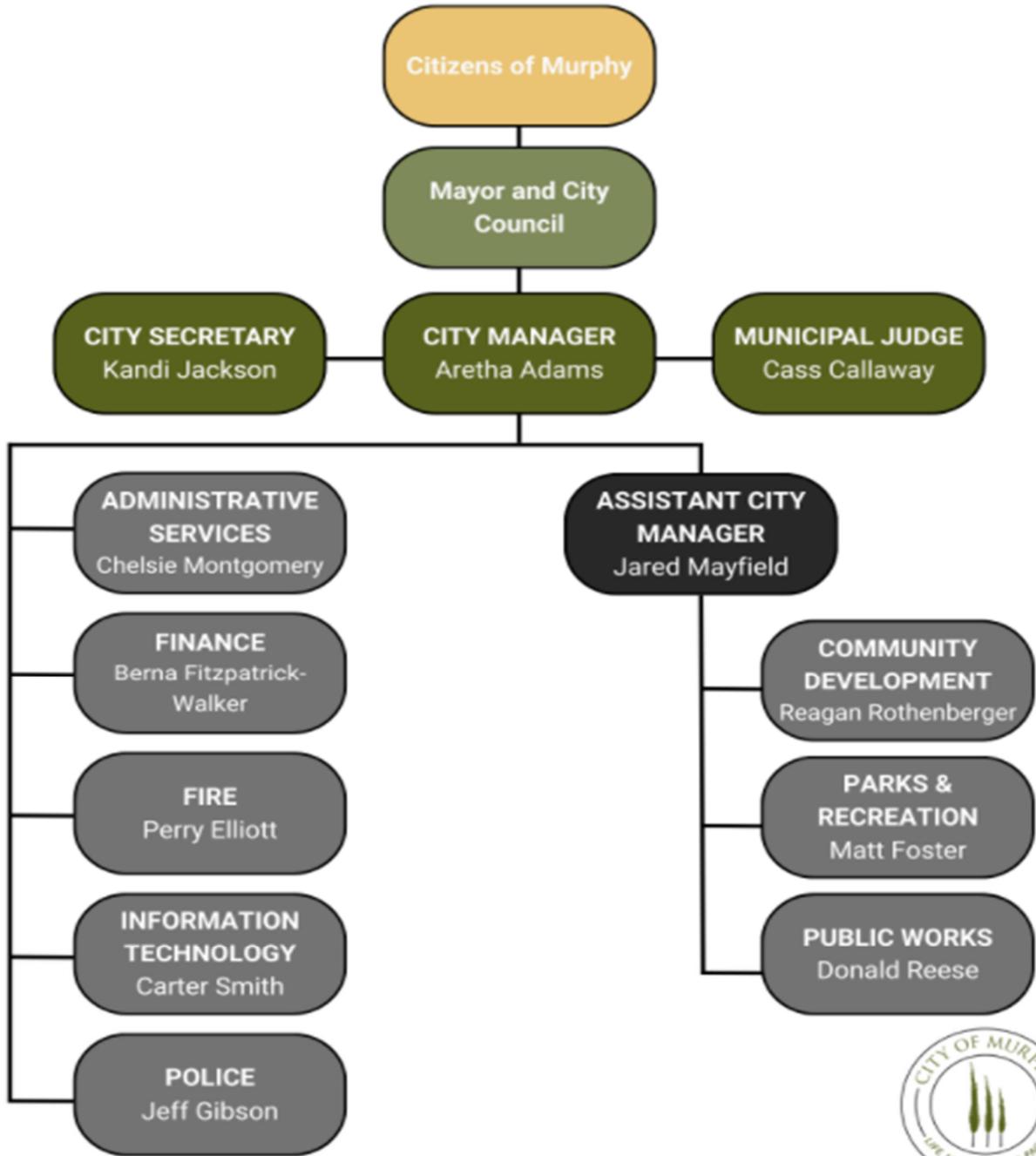


From left to right:
Oltmann, Chase, Deel, Smith (top)
Butler, Bradley, Abraham (bottom)



ORGANIZATIONAL CHART

November 2025



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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Murphy, Texas (City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and respective budgetary comparison schedule for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the TMRS pension and OPEB liability schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund financial statements and schedules are presented for the purpose 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the City's 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 solely 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 the effectiveness of the City's 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's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Dallas, Texas
February 27, 2026

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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, 2025. 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 \$128,305,213 (net position). Of this amount, \$101,401,106 or 79% is the net investment in capital assets. Net position restricted for specific purposes is \$1,939,671. The remaining, \$24,964,436 (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 \$7,131,639, mainly due to increased water and sewer charges for services revenues, an increase in capital grants and contributions as well as decreases in general government and public safety expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,454,426, an increase of \$7,160,133 in comparison with the prior year. The increase in fund balance of the General Fund, \$570,708, was primarily driven by the net effect of an increase in licenses and permits related to a one-time development fee, as well as salary savings realized in public safety experienced with vacancies. Additionally, there was an increase in fund balance of \$6,518,887 in the capital projects fund balance, the result of the issuance of \$6,330,000 in certificates of obligation.
- Approximately 46% of governmental funds combined ending fund balance, or \$11,621,563, 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 \$11,621,563 was 58% percent of total General Fund expenditures for the fiscal year.
- The City's total outstanding long-term liabilities increased by \$16,209,959 during the current fiscal year primarily due to the issuance of certificates of obligation totaling \$17,620,000 and related premiums of \$1,039,686, issuance of leases payable totaling \$826,585, offset by scheduled principal payments.

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 statements.

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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Proprietary funds. The City of Murphy has three 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its leased vehicles. Because the services predominantly benefit governmental rather than business-type functions, it has been included within governmental 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.

The City implemented GASB Statement No. 101, Compensated Absences in fiscal year 2025 resulting in a restatement which decreased net position by \$1,159,720 as of September 30, 2024. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 27,916,236	\$ 19,805,127	\$ 31,014,092	\$ 18,168,218	\$ 58,930,328	\$ 37,973,345
Capital assets	88,428,834	86,490,976	41,156,963	41,197,148	129,585,797	127,688,124
Total assets	116,345,070	106,296,103	72,171,055	59,365,366	188,516,125	165,661,469
Deferred outflows	1,528,441	1,752,497	271,039	375,110	1,799,480	2,127,607
Current liabilities	1,194,761	1,469,481	1,279,761	960,071	2,474,522	2,429,552
Noncurrent liabilities	37,000,082	31,485,167	21,772,233	11,077,189	58,772,315	42,562,356
Total liabilities	38,194,843	32,954,648	23,051,994	12,037,260	61,246,837	44,991,908
Deferred inflows	663,073	395,309	100,482	68,565	763,555	463,874
Net position						
Net investment in capital assets	67,702,651	64,618,744	33,698,455	32,559,485	101,401,106	97,178,229
Restricted	1,141,677	1,186,584	797,994	625,126	1,939,671	1,811,710
Unrestricted	10,171,267	8,893,315	14,793,169	14,450,040	24,964,436	23,343,355
Total net position	\$ 79,015,595	\$ 74,698,643	\$ 49,289,618	\$ 47,634,651	\$ 128,305,213	\$ 122,333,294

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 \$128,305,213 as of September 30, 2025. Of this amount, \$79,015,595 is recorded in the governmental activities and \$49,289,618 in the business-type activities. The City's net position increased by \$7,131,639 for the fiscal year ended September 30, 2025.

Net investment in capital assets. The largest portion of the City's net position (79%) 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) \$807,458 for debt service and, (b) \$1,132,213 for state/federal imposed and other restrictions.

Unrestricted net position. Unrestricted net position in the amount of \$24,964,436 is available to fund the City programs to citizens and creditors.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 3,643,163	\$ 2,797,954	\$ 15,014,924	\$ 14,546,220	\$ 18,658,087	\$ 17,344,174
Operating grants and contributions	1,142,014	4,886,819	-	-	1,142,014	4,886,819
Capital grants and contributions	1,261,508	-	1,272,577	52,980	2,534,085	52,980
General revenues:						
Property taxes	13,503,519	13,893,953	-	-	13,503,519	13,893,953
Sales taxes	3,769,402	3,624,540	-	-	3,769,402	3,624,540
Franchise taxes	940,145	975,956	-	-	940,145	975,956
Investment income	816,535	1,037,238	547,630	457,292	1,364,165	1,494,530
Other	48,718	116,743	10,348	1,758	59,066	118,501
Total revenues	25,125,004	27,333,203	16,845,479	15,058,250	41,970,483	42,391,453
Expenses						
General government	5,076,170	8,370,068	-	-	5,076,170	8,370,068
Public safety	10,074,609	8,773,798	-	-	10,074,609	8,773,798
Public services and operations	1,026,284	898,443	-	-	1,026,284	898,443
Parks and recreation	2,127,734	2,173,717	-	-	2,127,734	2,173,717
Public works	506,976	1,299,177	-	-	506,976	1,299,177
Sanitation services	1,185,666	1,158,179	-	-	1,185,666	1,158,179
Interest on long-term debt	702,898	569,958	-	-	702,898	569,958
Water and sewer	-	-	13,748,459	12,929,304	13,748,459	12,929,304
Storm water	-	-	390,048	252,412	390,048	252,412
Total expenses	20,700,337	23,243,340	14,138,507	13,181,716	34,838,844	36,425,056
Increase in net position						
before transfers	4,424,667	4,089,863	2,706,972	1,876,534	7,131,639	5,966,397
Transfers	1,052,005	(3,239,960)	(1,052,005)	3,239,960	-	-
Change in net position	5,476,672	849,903	1,654,967	5,116,494	7,131,639	5,966,397
Net position at beginning of year, as previously stated	74,698,643	73,848,740	47,634,651	42,518,157	122,333,294	116,366,897
Change in accounting principle -						
GASB 101	(1,159,720)	-	-	-	(1,159,720)	-
Net position at end of year	\$ 79,015,595	\$ 74,698,643	\$ 49,289,618	\$ 47,634,651	\$ 128,305,213	\$ 122,333,294

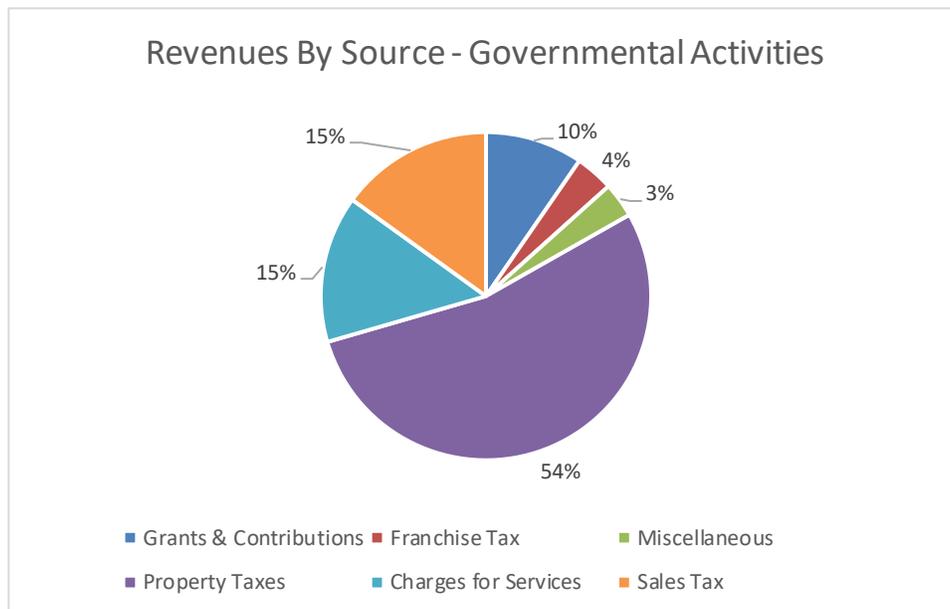
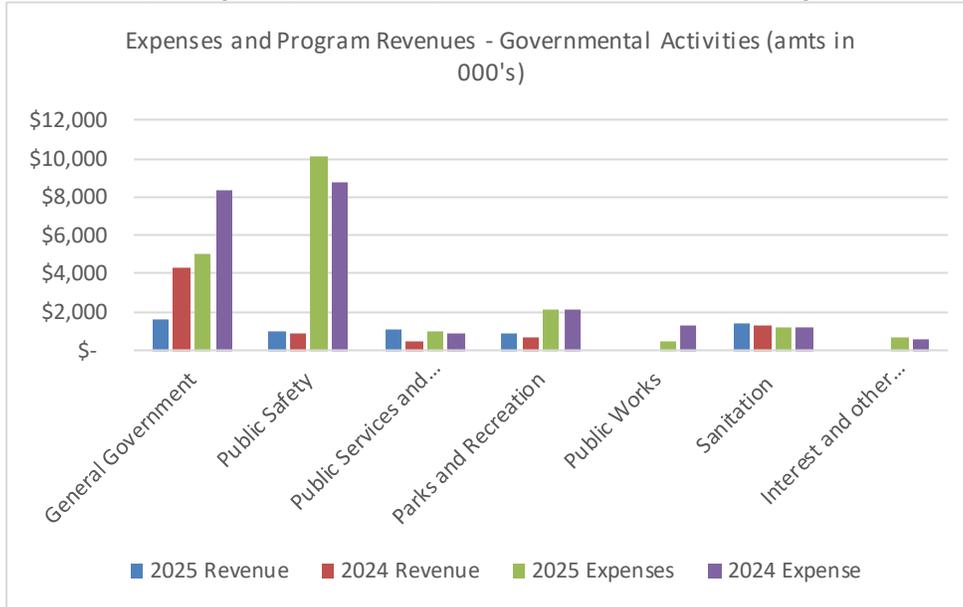
Governmental-type Activities. Governmental-type activities increased the City's net position by \$5,476,672 from operations, which is a \$4,626,769 increase over the prior year. There was also a \$1,159,720 reduction in beginning net position as a result of the implementation of GASB 101. The change is primarily due to transfers between governmental activities and business-type activities. A transfer from governmental activities to business-type activities totaled \$3,239,960 in 2024 related to project activity; while in 2025, a transfer from business-type activities, including an indirect overhead allocation totaled \$1,052,005, resulting in a 67% decrease in transfers and an increase in net position for governmental activities.

The key changes in revenue and expense items when compared to the prior year are:

Grants and contributions, and investment income experienced decreases; while charges for services experienced increases. A decrease in operating grants and contributions of \$3,744,805 is due primarily to recognition of ARPA grant revenue in 2024. The eligible spend-down and declining balance of the ARPA funds, in turn, contributed to a decrease in interest earnings. Investment income decreased \$220,703 or 21%. Economic uncertainty, a decline in the average yield from 3.34% to 2.5% by year end, coupled with declining bank deposits related to ARPA are all contributing factors for the interest earning decline.

Approved expenses decreased \$2,543,003. The change is primarily attributed to a 380 agreement payment of \$2,250,000 issued in 2024, with no 380 agreement payment in 2025.

Implementation of the GASB 101 Compensated absences in 2025 caused a decrease in governmental activities type activities opening net position of \$1,159,720 related to a change in accounting principle.

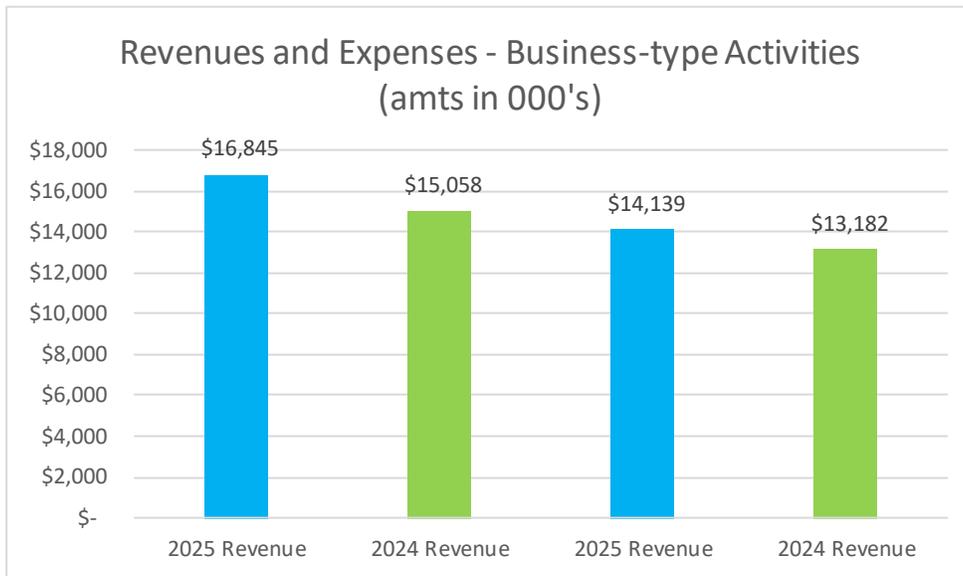


Business-type Activities – Business-type activities increased the City's net position by \$1,654,967. This represents a decrease of \$3,461,527 from the prior year change in net position. Key elements for this increase are as follows:

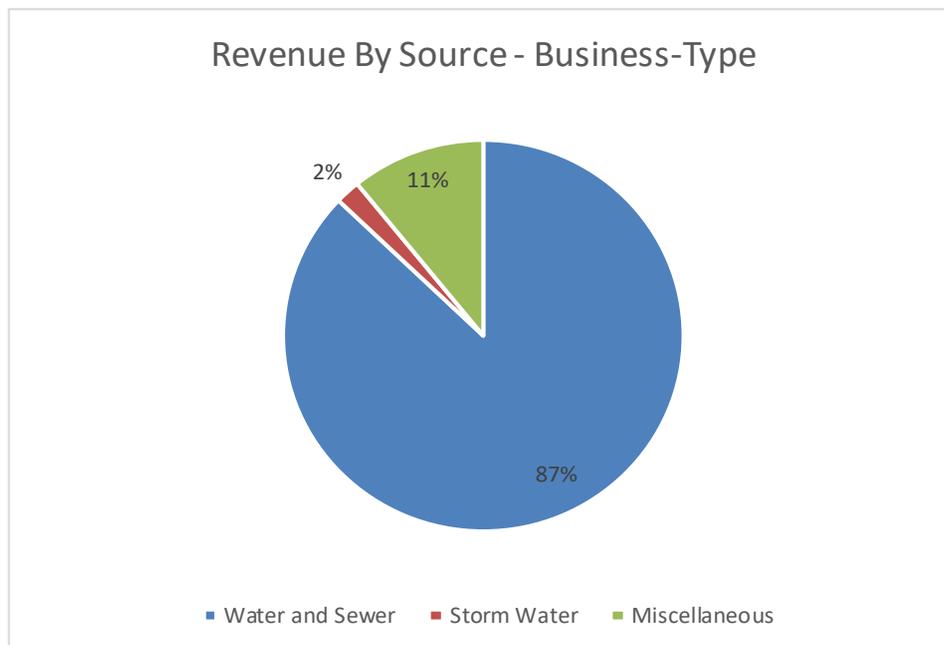
The net position increased due to charges for service revenue, increased investment income and capital grants and contributions that exceeded expenses. Charges for service included a water rate increase of 3.46% and a sewer rate increase of 3.98%, including a change to the water and sewer rate structure to reduce the number of tiers to incentivize water conservation. These measures were implemented to offset the increase from provider contracts for the purchase of water and treatment of wastewater. Investment income benefited from a continued investment strategy to decrease balances in DDA/MMA/NOW accounts earning less than 1.0% and placing funds in higher yielding options with an average yield of 4.45%. Investment income increased 20% related to the change in the investment strategy. Capital grants and contributions increased \$1,219,597 related to recording asset activity.

The City experienced an increase in water and sewer charges for service revenue of \$467,704. This increase can be attributed to the above-mentioned increase adjustments to the water and sewer rates to offset the increase in distribution costs; as well as the change to the tier rate structure. The tier structure for residential users decreased from 6 tiers to 4 tiers, with the top tier changing from 60,001+ gallons at \$8.22 to 30,001+ gallons at \$7.65. The tier structure for commercial users decreased from 5 tiers to 4 tiers, with the top tier changing from 60,000+ gallons at \$8.22 to 60,000+gallons at \$8.43.

Increased expenses of about \$819,155 are directly related to the increase in the purchase of water from the supplier and treatment of wastewater. A decrease in net transfers of \$2,187,955 from the prior year included a \$2,969,139 one-time transfer from General Fund related to a Utility project.



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 to the City 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 \$11,621,563. 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 58% of total General Fund expenditures. The increase in fund balance of the General Fund in the amount of \$570,078 was due to the net effect of an increase in licenses and permits related to a one-time development fee, as well as salary savings realized in public safety experienced with vacancies. The property tax increase relates to increased property valuations coupled with a 3.6% decrease in the operating and maintenance tax rate.

At September 30, 2025, the governmental funds of the City of Murphy reported a combined fund balance of \$25,454,426, a \$7,160,133 increase from last year primarily due to the net transfer to the General Fund from the Water and Sewer Fund mentioned above. The City reported total restricted fund balance of \$13,821,287 as of September 30, 2025, of which \$12,607,809 is for capital improvements.

At September 30, 2025, the Debt Service Fund, a major governmental fund, had a total fund balance of \$913,086 which is restricted for the payment of debt. An increase of \$60,902 in fund balance during the current year was due to property tax and investment income revenue exceeding principal retirement and related interest.

During fiscal year 2025, the Capital Projects Fund, a major fund, had a increase in fund balance of \$6,518,887. The increase is primarily due to the issuance of \$6,330,000 of certificates of obligation.

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 City received an unexpected tranche of \$5,019 on March 17, 2022, resulting from Texas entities that declined funding. The second tranche of \$2,544,825 included an additional \$5,019 and was received on September 26, 2022. The combined total of ARP funds received through September 30, 2022 was \$5,089,651. The City spent \$4,871,751 in ARP funds by the end of fiscal year 2025. ARP funds must be obligated by December 31st, 2024, and spent by December 31st, 2026 to meet compliance requirements. Obligated ARPA funds outstanding are \$5,883.

General Fund Budgetary Highlights: During the year, the City's budget was revised, increasing appropriations and transfers by \$1,023,821. 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 to recognize new funding from external sources, such as Federal and State grants and 3) increases in appropriations that become necessary to maintain services.

	1) Amendment to adjust estimate of original budget	2) Amendment to recognize new funding	3) Increase appropriation to maintain services	Total Budget amendments
Vehicle/equipment replacement costs	\$ 377,775	\$ -	\$ -	\$ 377,775
PO carryover from prior fiscal year	552,332	-	-	552,332
Unanticipated operating costs	93,714	-	-	93,714
Total	\$ 1,023,821	\$ -	\$ -	\$ 1,023,821

Final budget compared to actual results. The most significant difference between estimated revenues and actual revenues was as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Licenses and permits	\$ 708,083	\$ 942,184	\$ 234,101

Overall, General Fund revenues were \$293,060 more than the budgeted amounts. Expenditures were \$1,133,326 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, these include the enterprise funds (Water and Sewer, Storm Water). Unrestricted net position of the Enterprise Funds at the end of the fiscal year amounted to \$14,793,169 and \$33,698,455 was invested in net capital assets less related debt. \$797,994 was restricted for use of impact fees. Overall, Water and Sewer Fund net position increased by \$1,157,880, primarily due to operating revenues exceeding operating expenses by \$1,468,079, transfers out of \$1,166,425 and capital contributions of \$840,990. Net position in the Storm Water Fund increased by \$497,087, as operating expenses exceeded operating expenses due to increased personnel cost and offset by capital contributions of \$568,582. Other factors concerning the finances of these funds have already been addressed in the discussion of the City business-type activities. The internal service fund was created to accumulate costs associated with vehicle leases and allocate those to the other funds. The net position of \$1,247,055 was the result of the initial funding the internal service fund for that purpose as charges for services exceeded actual expenses.

Capital assets – The City of Murphy's investment in capital assets for its governmental and business-type activities as of September 30, 2025, totaled \$129,585,797 (net of accumulated depreciation and amortization). This investment in capital assets includes buildings, roads and bridges, land, park facilities, machinery and equipment, and water infrastructure.

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

- Completion of Maxwell Creek Road and FM 544 Intersection Improvements
- Completed Median Landscaping & Irrigation project
- Completion sidewalk, curb and gutter projects within the city
- Completed Timbers Trail Sidewalk project
- Continued work on Median Landscaping & Irrigation within the City

- Continued work on FM544 Pedestrian Bridge Project
- Continued work on Maxwell Creek Road Water Line Rehabilitation
- Purchased new 2024 Ford F-250 truck for Fire Marshall
- Completed remodel of City Hall and front entrance
- Renewed the city hall parking lot, sidewalks and front entrance
- Purchased new Dispatch recording system for the Police department
- Purchased new broadcast system for council meetings
- Purchased new playground shade structure for Timbers park

Table 3
Capital Assets at Year-end

	Governmental		Business-type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land and improvements	\$ 10,251,169	\$ 10,107,053	\$ 1,098,372	\$ 1,087,374	\$ 11,349,541	\$ 11,194,427
Construction in progress	1,096,697	1,156,085	2,902,170	2,740,375	3,998,867	3,896,460
Buildings and improvements	29,771,635	29,771,635	-	-	29,771,635	29,771,635
Infrastructure	93,934,775	89,087,232	55,537,525	54,264,948	149,472,300	143,352,180
Machinery and equipment	14,201,058	14,557,615	4,899,373	4,982,647	19,100,431	19,540,262
Machinery and equipment - right-to-use	826,585	-	-	-	826,585	-
Accumulated depreciation/amortization	(61,653,085)	(58,188,644)	(23,280,477)	(21,878,196)	(84,933,562)	(80,066,840)
Total	\$ 88,428,834	\$ 86,490,976	\$ 41,156,963	\$ 41,197,148	\$ 129,585,797	\$ 127,688,124

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

Long-Term Liabilities

As of September 30, 2025, total long-term liabilities for the City was \$58,772,315.

Table 4
Outstanding Debt and Other Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Bonded debt						
General obligation and certificates of obligation	\$ 27,320,000	\$ 22,795,000	\$ 8,365,000	\$ 8,365,000	\$ 35,685,000	\$ 31,160,000
Tax notes	2,310,000	3,140,000	1,780,000	1,780,000	4,090,000	4,920,000
Total bonded debt	29,630,000	25,935,000	10,145,000	10,145,000	39,775,000	36,080,000
Other long-term liabilities						
Unamortized premiums	1,519,986	1,346,615	11,144,080	409,895	12,664,066	1,756,510
Net pension liability	2,740,233	3,235,595	341,883	433,454	3,082,116	3,669,049
Total OPEB liability	270,546	257,685	33,754	34,520	304,300	292,205
Compensated absences	2,006,169	628,227	107,516	54,320	2,113,685	682,547
Financed purchases	97,844	82,045	-	-	97,844	82,045
Leases payable	735,304	-	-	-	735,304	-
Total other long-term liabilities	7,370,082	5,550,167	11,627,233	932,189	18,997,315	6,482,356
Total	\$ 37,000,082	\$ 31,485,167	\$ 21,772,233	\$ 11,077,189	\$ 58,772,315	\$ 42,562,356

The City of Murphy's long-term liabilities increased by \$16,209,959, or 38% during the past fiscal year. The increase was primarily due to the net effect the issuance of certificates of obligation totaling \$17,620,000 and related premiums of \$1,039,686, leases payable of \$826,585, offset by scheduled payments on bonds, certificates of obligation, tax notes, leases payable, financed purchases and amortization of bond premiums, by the City. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

The City's debt service management complies with the legal provisions of the various bond ordinances and covenants governing the debt issue. Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population, limits ad valorem tax rates to not exceed 2 ½% of the taxable

property of the city, with 2% allowed to be allocated to the I&S tax rate. Texas Government Code, Title 9, Subtitle E, Chapter 1331 Municipal Bonds, Section 1331.052 Authority of home-rule municipality to issue bonds does not impose a not-to-exceed percentage of total appraised value. Section 1331.052 (a) does state a home-rule municipality may issue bonds on the credit of the municipality to make permanent public improvements or for another public purpose in an amount not to exceed its charter. There is no direct limit on debt in the City Charter. The City budgetary financial policy sets the debt to operations component of the tax rate should not exceed 35% for the I&S rate (65% M&O). The I&S component was .091280 of the .362533 total property tax rate or 25%; meeting compliance of the imposed debt limit. The debt service fund balance is \$913,087. In accordance with State of Texas Statutes, the legal debt limit is \$64,254,000. The general obligation bonds payable balance this year totals \$29,630,000; significantly below the legal debt limit.

Economic Factors and Next Year's Budget and Rates

The following factors currently affect the City of Murphy and were considered in developing the 2025-2026 fiscal year budget:

The following factors currently affect the City of Murphy and were considered in developing the 2025-2026 fiscal year budget:

- The property tax total rate for fiscal year 2025-2026 is \$0.357514 per \$100 of assessed valuation; a decrease of .005 cents per \$100 of assessed valuation from the prior year total tax rate of \$0.362533. This budget will raise more revenue from property taxes than last year's budget by \$585,175, which is a 4% increase from last year's budget.
- The fiscal year 2025-2026 adopted budget reflects a 1.9% decrease in maintenance and operations (M&O) from \$0.27125 to \$0.266234 per \$100 of assessed valuation.
- The fiscal year 2025-2026 adopted budget reflects no change in the interest and sinking fund (I&S). The I&S rate remained steady at .09128.
- Certified Assessed Value increased 6.11% for fiscal year 2025-2026 from \$3,723,077,756 to \$3,950,650,626.
- The City's sales tax projections were budgeted with a slight decrease (-.85%) to reflect a leveling off in retail activity. Sales tax revenue is the second-largest source of revenue, accounting for 14% of the total general fund revenue. For fiscal year 2025-2026, the General Fund Sales and Use Tax is projected to collect \$2.9 million. Total Sales Tax collections for all funds are budgeted at \$5.8 million.
- Franchise Taxes comprise 2% of the General Fund revenue, totaling approximately \$874K. The largest contributors are Electricity, Gas and Cable Franchise Fees budgeted steady year over year.
- A 7.3% increase in water rates beginning October 1, 2025, anticipates current and future expenditure increases during the upcoming fiscal year. The budget reflects the City's costs to maintain, operate, and complete capital improvements to the utility system.
- Revenue from the sale of water is budgeted at \$11.3 million for fiscal year 2025-2026.
- Revenue from wastewater is budgeted at \$4.7 million for fiscal year 2025-2026; a 6.1% increase over the prior year; derived from a 7.61% rate increase.
- An increase in the cost of distribution from the North Texas Municipal Water District (NTMWD) was the primary source for the utility rate increase. Utility revenue projections included a proposed water rate increase of 7.3% and a proposed sewer rate increase of 7.61%. The wholesale water cost assumption basis was a cost increase from \$3.90 per thousand gallons to \$4.19 per thousand gallons, a 7.4% increase.
- Interest rates were budgeted conservatively following the volatility of the market in 2025 and the \$24K decrease in investment income. Investment opportunities will be utilized in accordance with the City of Murphy's investment policy.

- On the expenditure side, personnel salary market adjustments were included for all departments pursuant to an updated compensation philosophy, which includes performance-based step increases and market adjustments to stay within 5% of the 50th percentile of comparable market cities. City-wide Personnel Services is budgeted in 2025-2026 at \$15,623,930; a \$809,215 increase or 25%.
- The FY26 General Fund budgeted expenditures include one additional full-time equivalent position; and \$445,616 in one-time expenditures to replace 6 City Hall AEDs, 8 fire station mattresses, 4 replacement fire nozzles and accomplish existing road infrastructure improvements on Renner Road/Tall Tree.

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, 2025

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 26,772,242	\$ 26,442,874	\$ 53,215,116	\$ 6,923,696
Restricted cash and cash equivalents	50,284	2,844,496	2,894,780	-
Receivables (net of allowance for uncollectibles)	1,093,710	1,726,722	2,820,432	385,358
Capital assets, not being depreciated/amortized:				
Land	10,251,169	1,098,372	11,349,541	-
Construction in progress	1,096,697	2,902,170	3,998,867	-
Capital assets, subject to depreciation/amortization:				
Infrastructure	93,934,775	55,537,525	149,472,300	-
Buildings and improvements	29,771,635	-	29,771,635	-
Machinery and equipment	14,201,058	4,899,373	19,100,431	-
Machinery and equipment - right-to-use	826,585	-	826,585	-
Accumulated depreciation and amortization	(61,653,085)	(23,280,477)	(84,933,562)	-
Total assets	116,345,070	72,171,055	188,516,125	7,309,054
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	1,442,829	259,589	1,702,418	-
Deferred outflows related to OPEB	85,612	11,450	97,062	-
Total deferred outflows of resources	1,528,441	271,039	1,799,480	-
LIABILITIES				
Accounts payable	578,741	630,197	1,208,938	1,126,562
Accrued liabilities	333,837	19,821	353,658	16,872
Due to other governments	192	-	192	-
Other liabilities	135,461	-	135,461	-
Unearned revenues	8,502	214	8,716	-
Customer deposits	9,614	524,966	534,580	-
Accrued interest payable	128,414	104,563	232,977	-
Noncurrent liabilities:				
Due within one year	3,121,913	1,215,461	4,337,374	-
Due in more than one year	33,878,169	20,556,772	54,434,941	-
Total liabilities	38,194,843	23,051,994	61,246,837	1,143,434
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	118,603	9,038	127,641	-
Deferred inflows - pension	450,324	75,310	525,634	-
Deferred inflows - OPEB	94,146	16,134	110,280	-
Total deferred inflows of resources	663,073	100,482	763,555	-
NET POSITION				
Net investment in capital assets	67,702,651	33,698,455	101,401,106	-
Restricted:				
Debt service	807,458	-	807,458	-
Use of impact fees	-	797,994	797,994	-
Grants	223,728	-	223,728	-
Court use	38,708	-	38,708	-
Capital improvements	33,827	-	33,827	-
Animal shelter	12,169	-	12,169	-
PEG fees	25,787	-	25,787	-
Unrestricted	10,171,267	14,793,169	24,964,436	6,165,620
TOTAL NET POSITION	\$ 79,015,595	\$ 49,289,618	\$ 128,305,213	\$ 6,165,620

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, 2025

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 5,076,170	\$ 42,161	\$ 338,022	\$ 1,261,508
Public safety	10,074,609	980,849	25,640	-
Public services and operations	1,026,284	1,063,797	22,784	-
Parks and recreation	2,127,734	115,362	755,568	-
Public works	506,976	-	-	-
Sanitation services	1,185,666	1,440,994	-	-
Interest on long-term debt	702,898	-	-	-
Total governmental activities	20,700,337	3,643,163	1,142,014	1,261,508
Business-type activities:				
Water and sewer	13,748,459	14,675,654	-	703,995
Storm water	390,048	339,270	-	568,582
Total business-type activities	14,138,507	15,014,924	-	1,272,577
TOTAL PRIMARY GOVERNMENT	\$ 34,838,844	\$ 18,658,087	\$ 1,142,014	\$ 2,534,085
COMPONENT UNITS				
Governmental Activities:				
Community Development Corporation	\$ 2,921,621	\$ 53,309	\$ -	\$ -
Municipal Development District	1,508,243	-	-	-
TOTAL COMPONENT UNITS	\$ 4,429,864	\$ 53,309	\$ -	\$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Investment income
Contributions
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as previously stated

Change in accounting principle, GASB 101

Net position - beginning, as restated

NET POSITION - ENDING

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,434,479)	\$ -	\$ (3,434,479)	\$ -
(9,068,120)	-	(9,068,120)	-
60,297	-	60,297	-
(1,256,804)	-	(1,256,804)	-
(506,976)	-	(506,976)	-
255,328	-	255,328	-
(702,898)	-	(702,898)	-
(14,653,652)	-	(14,653,652)	-
-	1,631,190	1,631,190	-
-	517,804	517,804	-
-	2,148,994	2,148,994	-
<u>\$ (14,653,652)</u>	<u>\$ 2,148,994</u>	<u>\$ (12,504,658)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,868,312)
-	-	-	(1,508,243)
-	-	-	(4,376,555)
13,503,519	-	13,503,519	-
3,769,402	-	3,769,402	2,228,585
940,145	-	940,145	-
816,535	547,630	1,364,165	295,289
-	-	-	16,635
48,718	10,348	59,066	-
1,052,005	(1,052,005)	-	-
20,130,324	(494,027)	19,636,297	2,540,509
5,476,672	1,654,967	7,131,639	(1,836,046)
74,698,643	47,634,651	122,333,294	8,001,666
(1,159,720)	-	(1,159,720)	-
73,538,923	47,634,651	121,173,574	8,001,666
<u>\$ 79,015,595</u>	<u>\$ 49,289,618</u>	<u>\$ 128,305,213</u>	<u>\$ 6,165,620</u>

City of Murphy, Texas

Balance Sheet Governmental Funds September 30, 2025

	General Fund	Debt Service	Capital Projects	ARP Act Fund	Total
ASSETS					
Cash and cash equivalents	\$ 11,837,549	\$ 906,219	\$ 12,572,441	\$ 232,230	\$ 25,548,439
Restricted cash and cash equivalents	50,284	-	-	-	50,284
Receivables, net of allowance	900,885	29,651	132,216	-	1,062,752
TOTAL ASSETS	\$ 12,788,718	\$ 935,870	\$ 12,704,657	\$ 232,230	\$ 26,661,475
LIABILITIES					
Accounts payable	\$ 481,893	\$ -	\$ 96,848	\$ -	\$ 578,741
Accrued liabilities	333,837	-	-	-	333,837
Due to other governments	192	-	-	-	192
Customer deposits	9,614	-	-	-	9,614
Unearned revenue	-	-	-	8,502	8,502
Other liabilities	135,461	-	-	-	135,461
Total liabilities	960,997	-	96,848	8,502	1,066,347
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	75,028	22,784	-	-	97,812
Unavailable revenue - ambulance fees	33,638	-	-	-	33,638
Unavailable revenue - municipal fines	9,252	-	-	-	9,252
Total deferred inflows of resources	117,918	22,784	-	-	140,702
FUND BALANCE					
Restricted:					
Debt service	-	913,086	-	-	913,086
Animal shelter	12,169	-	-	-	12,169
Grants	-	-	-	223,728	223,728
Municipal court	38,708	-	-	-	38,708
PEG fees	25,787	-	-	-	25,787
Capital improvements	-	-	12,607,809	-	12,607,809
Assigned:					
Police	11,576	-	-	-	11,576
Unassigned	11,621,563	-	-	-	11,621,563
Total fund balance	11,709,803	913,086	12,607,809	223,728	25,454,426
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 12,788,718	\$ 935,870	\$ 12,704,657	\$ 232,230	\$ 26,661,475

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, 2025

TOTAL GOVERNMENTAL FUND BALANCES	\$ 25,454,426
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. This amount includes the internal service fund.	88,428,834
Bonds payable, tax notes and certificates of obligation are not due and payable in the current period and therefore are not reported in the fund financial statements.	(29,630,000)
Premiums on issuance of debt are not recognized on the balance sheet for governmental funds.	(1,519,986)
Financed purchases are not due and payable in the current period and therefore are not reported in the fund financial statements.	(97,844)
Leases payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	(735,304)
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 on refunding.	(118,603)
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.	(128,414)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(2,006,169)
The net effect of deferred outflows, \$1,528,441, and deferred inflows (\$544,470) 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.	983,971
The City's net pension liability, \$2,740,233, and total OPEB liability, \$270,546, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(3,010,779)
Internal service funds are used by the City's management: The assets and liabilities of the internal service fund are included in the governmental activities. The net property of \$727,598 and related leases payable of (\$735,304) are included in amounts shown above.	1,254,761
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.	140,702
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 79,015,595

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, 2025

	General Fund	Debt Service	Capital Projects	ARP Act Fund	Total
REVENUES					
Property tax	\$ 10,117,588	\$ 3,408,166	\$ -	\$ -	\$ 13,525,754
Franchise taxes	940,145	-	-	-	940,145
Fines and forfeitures	409,719	-	-	-	409,719
Sales tax	3,023,107	-	746,295	-	3,769,402
Charges for services	2,280,087	-	-	-	2,280,087
Licenses and permits	942,184	-	-	-	942,184
Intergovernmental	967,583	-	-	125,997	1,093,580
Donations	22,784	-	-	-	22,784
Investment income	569,686	54,600	145,553	12,884	782,723
Miscellaneous	74,801	-	-	-	74,801
Total revenues	19,347,684	3,462,766	891,848	138,881	23,841,179
EXPENDITURES					
Current operating:					
General government	4,878,101	-	39,979	2,618	4,920,698
Public safety	9,919,557	-	-	-	9,919,557
Public works	657,232	-	-	-	657,232
Public services and operations	1,005,280	-	-	-	1,005,280
Parks and recreation	2,164,368	-	-	-	2,164,368
Sanitation services	1,185,666	-	-	-	1,185,666
Debt service:					
Principal retirement	66,029	2,635,000	-	-	2,701,029
Interest and fiscal agent fees	5,373	766,864	-	-	772,237
Debt issuance costs	-	-	95,271	-	95,271
Capital outlay	81,828	-	936,322	125,997	1,144,147
Total expenditures	19,963,434	3,401,864	1,071,572	128,615	24,565,485
Excess (deficiency) of revenues over (under) expenditures	(615,750)	60,902	(179,724)	10,266	(724,306)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,104,000	-	-	-	1,104,000
Financed purchases issuance	81,828	-	-	-	81,828
Certificates of obligation issued	-	-	6,330,000	-	6,330,000
Premium on issuance of debt	-	-	368,611	-	368,611
Total other financing sources (uses)	1,185,828	-	6,698,611	-	7,884,439
Net change in fund balance	570,078	60,902	6,518,887	10,266	7,160,133
Fund balance, beginning of year	11,139,725	852,184	6,088,922	213,462	18,294,293
FUND BALANCE, END OF YEAR	\$ 11,709,803	\$ 913,086	\$ 12,607,809	\$ 223,728	\$ 25,454,426

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 7,160,133
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.	5,901,019
Governmental activities transfers out of capital assets to the enterprise funds of (\$136,995) and transfers in of capital assets from the enterprise funds of \$85,000 are not reported as expenditures or revenue in the governmental fund financial statements but are recorded as transfers on the statement of activities.	(51,995)
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. This amount excludes internal service fund amortization.	(4,031,748)
In governmental fund financial statements, the proceeds from the sale of capital assets are shown as an increase in financial resources. However, in the statement of activities, the gain or loss is calculated and reported.	(607,016)
Current year long-term debt principal and financed purchase payments are expenditures in the fund financial statements and are shown as a reduction of long term debt in the government-wide financial statements.	2,701,029
The issuance of long-term debt provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(6,330,000)
The issuance of financed purchases provides current resources to governmental funds. However, in the government-wide financial statements it reduces net position.	(81,828)
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 includes the issuance of premiums (\$368,611) and the amortization of premiums \$195,240.	(173,371)
Current deferred gain on refunding amortization increases net position in the government-wide financial statements.	25,190
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.	(18,011)
Changes to compensated absences liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(218,222)
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.	(30,817)
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.	(3,692)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense), of internal service funds is reported with the governmental activities.	1,247,055
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(11,054)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,476,672</u>

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

City of Murphy, Texas

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property tax	\$ 10,114,960	\$ 10,114,960	\$ 10,117,588	\$ 2,628
Franchise taxes	968,633	985,873	940,145	(45,728)
Fines and forfeitures	330,131	331,381	409,719	78,338
Sales tax	2,973,684	2,973,684	3,023,107	49,423
Charges for services	2,419,049	2,288,581	2,280,087	(8,494)
Licenses and permits	431,333	708,083	942,184	234,101
Intergovernmental	755,568	967,583	967,583	-
Donations	4,000	18,400	22,784	4,384
Investment income	600,000	600,300	569,686	(30,614)
Miscellaneous	65,779	65,779	74,801	9,022
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,663,137	19,054,624	19,347,684	293,060
EXPENDITURES				
General government				
City administration	226,457	310,843	378,113	(67,270)
Human resources	631,474	631,474	629,501	1,973
Information technology	1,376,957	1,454,547	1,349,362	105,185
City council	265,303	284,623	250,595	34,028
City secretary	278,697	256,697	203,761	52,936
Finance	867,715	864,183	835,394	28,789
Facilities	904,903	922,060	903,858	18,202
Municipal court	436,611	419,310	409,345	9,965
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Total general government	4,988,117	5,143,737	4,959,929	183,808
Public Safety				
Fire department	3,975,886	4,492,297	4,331,162	161,135
Police department	5,417,933	5,733,815	5,588,395	145,420
	<hr/>	<hr/>	<hr/>	<hr/>
Total public Safety	9,393,819	10,226,112	9,919,557	306,555
Public works				
Public works department	886,875	931,425	657,232	274,193
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Total public works	886,875	931,425	657,232	274,193
Public services and operations				
Community services	875,652	839,390	762,858	76,532
Animal control	231,987	250,665	242,422	8,243
	<hr/>	<hr/>	<hr/>	<hr/>
Total public services and operations	1,107,639	1,090,055	1,005,280	84,775

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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Parks and recreation				
Parks	\$ 1,749,835	\$ 1,787,245	\$ 1,677,312	\$ 109,933
Recreation	647,432	618,964	487,056	131,908
Total parks and recreation	2,397,267	2,406,209	2,164,368	241,841
Sanitation services				
Other services	1,163,445	1,163,445	1,185,666	(22,221)
Total sanitation services	1,163,445	1,163,445	1,185,666	(22,221)
Debt service				
Principal retirement	135,777	135,777	66,029	69,748
Interest and fiscal agent fees	-	-	5,373	(5,373)
Total debt service	135,777	135,777	71,402	64,375
Total expenditures	20,072,939	21,096,760	19,963,434	1,133,326
Excess (deficiency) of revenues over (under) expenditures	(1,409,802)	(2,042,136)	(615,750)	1,426,386
OTHER FINANCING SOURCES (USES)				
Transfers in	1,104,000	1,107,600	1,104,000	(3,600)
Transfers out	(352,239)	(3,564)	-	3,564
Finance purchase proceeds	-	-	81,828	81,828
Total other financing sources (uses)	751,761	1,104,036	1,185,828	81,792
Net change in fund balance	(658,041)	(938,100)	570,078	1,508,178
Fund balance, beginning of year	11,139,725	11,139,725	11,139,725	-
FUND BALANCE, end of year	<u>\$ 10,481,684</u>	<u>\$ 10,201,625</u>	<u>\$ 11,709,803</u>	<u>\$ 1,508,178</u>

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

City of Murphy, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Activities			Governmental Activities
	Water and Sewer	Storm Water	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 26,045,635	\$ 397,239	\$ 26,442,874	\$ 1,223,803
Restricted cash and investments	2,844,496	-	2,844,496	-
Receivables, net	1,697,334	29,388	1,726,722	30,958
Total current assets	30,587,465	426,627	31,014,092	1,254,761
Noncurrent assets:				
Capital assets:				
Infrastructure	53,387,329	2,150,196	55,537,525	-
Machinery and equipment	4,635,108	264,265	4,899,373	-
Machinery and equipment - right-to-use	-	-	-	727,598
Land	1,098,372	-	1,098,372	-
Construction in progress	2,902,170	-	2,902,170	-
Less: accumulated depreciation	(23,002,708)	(277,769)	(23,280,477)	-
Total noncurrent assets	39,020,271	2,136,692	41,156,963	727,598
Total assets	69,607,736	2,563,319	72,171,055	1,982,359
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	162,170	97,419	259,589	-
Deferred outflows related to OPEB	8,173	3,277	11,450	-
Total deferred outflows of resources	170,343	100,696	271,039	-
Total assets and deferred outflows of resources	69,778,079	2,664,015	72,442,094	1,982,359
LIABILITIES				
Current liabilities:				
Accounts payable	622,391	7,806	630,197	-
Accrued liabilities	15,041	4,780	19,821	-
Unearned revenues	214	-	214	-
Payables from restricted assets:				
Customer deposits	524,966	-	524,966	-
Accrued interest payable	104,563	-	104,563	-
Compensated absences - current	14,345	1,116	15,461	-
Leases payable - current	-	-	-	178,363
Bonds and notes payable - current	1,200,000	-	1,200,000	-
Total current liabilities	2,481,520	13,702	2,495,222	178,363
Non-current liabilities:				
Compensated absences	90,048	2,007	92,055	-
Net pension liability	293,913	47,970	341,883	-
Total OPEB liability	29,018	4,736	33,754	-
Leases payable	-	-	-	556,941
Bonds and notes payable	20,089,080	-	20,089,080	-
Total noncurrent liabilities	20,502,059	54,713	20,556,772	556,941
Total liabilities	22,983,579	68,415	23,051,994	735,304
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	9,038	-	9,038	-
Deferred inflows related to pensions	56,172	19,138	75,310	-
Deferred inflows related to OPEB	12,699	3,435	16,134	-
Total deferred inflows of resources	77,909	22,573	100,482	-
NET POSITION				
Net investment in capital assets	31,561,763	2,136,692	33,698,455	(7,706)
Restricted for:				
Impact fees	797,994	-	797,994	-
Unrestricted	14,356,834	436,335	14,793,169	1,254,761
Total net position	46,716,591	2,573,027	49,289,618	1,247,055
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 69,778,079	\$ 2,664,015	\$ 72,442,094	\$ 1,982,359

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, 2025

	Business-type Activities			Governmental
	Water and Sewer	Storm Water	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES				
Charges for sales and services:				
Service charges	\$ 14,675,654	\$ 339,270	\$ 15,014,924	\$ 942,792
Miscellaneous	8,490	-	8,490	493,744
Total operating revenues	14,684,144	339,270	15,023,414	1,436,536
OPERATING EXPENSES				
Personnel services	1,388,876	267,797	1,656,673	-
Supplies and materials	87,859	5,549	93,408	-
Maintenance and repair	94,091	5,260	99,351	-
Contractual services	10,240,656	47,394	10,288,050	100,413
Depreciation	1,404,583	64,048	1,468,631	98,987
Total operating expenses	13,216,065	390,048	13,606,113	199,400
Operating income (loss)	1,468,079	(50,778)	1,417,301	1,237,136
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	547,630	-	547,630	33,369
Interest expense	(497,739)	-	(497,739)	(23,450)
Gain (loss) on disposal of assets	(34,655)	1,858	(32,797)	-
Total nonoperating revenue (expenses)	15,236	1,858	17,094	9,919
Income (loss) before contributions and transfers	1,483,315	(48,920)	1,434,395	1,247,055
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	840,990	568,582	1,409,572	-
Transfers out	(1,166,425)	(22,575)	(1,189,000)	-
Total contributions and transfers (net)	(325,435)	546,007	220,572	-
Change in net position	1,157,880	497,087	1,654,967	1,247,055
TOTAL NET POSITION, beginning of year	45,558,711	2,075,940	47,634,651	-
TOTAL NET POSITION, end of year	\$ 46,716,591	\$ 2,573,027	\$ 49,289,618	\$ 1,247,055

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, 2025

	Business-type Activities			Governmental
	Water and Sewer	Storm Water	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 14,925,504	\$ 339,055	\$ 15,264,559	\$ 1,405,578
Cash paid to employees	(1,329,671)	(227,718)	(1,557,389)	-
Cash paid for goods and services	(10,105,762)	(60,550)	(10,166,312)	(100,413)
Net cash provided by operating activities	3,490,071	50,787	3,540,858	1,305,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,104,000)	-	(1,104,000)	-
Net cash used in noncapital financing activities	(1,104,000)	-	(1,104,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from long-term debt	11,290,000	-	11,290,000	-
Interest and fiscal charges	(562,066)	-	(562,066)	(23,450)
Premium on issuance of bonds	671,075	-	671,075	-
Principal payments on bonds payables	(1,165,000)	-	(1,165,000)	-
Principal payments on leases payable	-	-	-	(91,281)
Acquisition or construction of capital assets	(136,671)	-	(136,671)	-
Net cash provided by (used in) capital and related financing activities	10,097,338	-	10,097,338	(114,731)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	547,630	-	547,630	33,369
Net cash provided by investing activities	547,630	-	547,630	33,369
Net increase in cash and cash equivalents	13,031,039	50,787	13,081,826	1,223,803
Cash and cash equivalents, beginning of year	15,859,092	346,452	16,205,544	-
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 28,890,131	\$ 397,239	\$ 29,287,370	\$ 1,223,803

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, 2025

	Business-type Activities			Governmental
	Water and Sewer	Storm Water	Total	Activities Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,468,079	\$ (50,778)	\$ 1,417,301	\$ 1,237,136
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation and amortization	1,404,583	64,048	1,468,631	98,987
Change in assets and liabilities:				
Receivables	236,166	(214)	235,952	(30,958)
Accounts payable and accrued liabilities	316,844	(2,348)	314,496	-
Customer deposits	5,194	-	5,194	-
Compensated absences	55,623	(2,427)	53,196	-
Deferred inflows and outflows - net pension liability and total OPEB liability	3,582	42,506	46,088	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,490,071	\$ 50,787	\$ 3,540,858	\$ 1,305,165
NONCASH INVESTING ACTIVITIES				
Contributions of capital assets	\$ 840,990	\$ 568,582	\$ 1,409,572	\$ -
Contributions of capital assets to governmental activities	\$ (62,425)	\$ (22,575)	\$ (85,000)	\$ -
Leases payable issued for acquisition of right-to-use assets	\$ -	\$ -	\$ -	\$ (826,585)

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, 2025

	Community Development Corporation	Municipal Development District	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,952,560	\$ 4,971,136	\$ 6,923,696
Receivables (net of allowance for uncollectibles)	257,753	127,605	385,358
Total assets	2,210,313	5,098,741	7,309,054
LIABILITIES			
Current liabilities:			
Accounts payable	80,959	1,045,603	1,126,562
Accrued liabilities	16,872	-	16,872
Total liabilities	97,831	1,045,603	1,143,434
NET POSITION			
Unrestricted	2,112,482	4,053,138	6,165,620
TOTAL NET POSITION	<u>\$ 2,112,482</u>	<u>\$ 4,053,138</u>	<u>\$ 6,165,620</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, 2025

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Component Units</u>		<u>Total</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Community Development Corporation</u>	<u>Municipal Development District</u>	
GOVERNMENTAL ACTIVITIES							
Community Development Corporation	\$ 2,921,621	\$ 53,309	\$ -	\$ -	\$ (2,868,312)	\$ -	\$ (2,868,312)
Municipal Development District	1,508,243	-	-	-	-	(1,508,243)	(1,508,243)
TOTAL COMPONENT UNITS	<u>\$ 4,429,864</u>	<u>\$ 53,309</u>	<u>\$ -</u>	<u>\$ -</u>	(2,868,312)	(1,508,243)	(4,376,555)
General Revenues:							
Sales taxes					1,492,590	735,995	2,228,585
Investment income					97,559	197,730	295,289
Contributions					16,635	-	16,635
Total general revenues					<u>1,606,784</u>	<u>933,725</u>	<u>2,540,509</u>
Change in net position					(1,261,528)	(574,518)	(1,836,046)
Net position - beginning of year					<u>3,374,010</u>	<u>4,627,656</u>	<u>8,001,666</u>
NET POSITION - end of year					<u>\$ 2,112,482</u>	<u>\$ 4,053,138</u>	<u>\$ 6,165,620</u>

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

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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, and 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 taxes, investment and interest income and miscellaneous 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 fund financial statements. The major governmental funds are the general fund, debt service fund, capital projects 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 measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

City of Murphy, Texas

Notes to the Basic Financial Statements

The City reports the following major governmental funds:

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

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

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

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 and the accrual basis of accounting. 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 position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's 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 funds 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 nonoperating revenues and expenses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its leased vehicles. Because the services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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) and is calculated using the amortized cost method.

City of Murphy, Texas

Notes to the Basic Financial Statements

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.

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, 2025, the City had a tax rate of \$0.363 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.

City of Murphy, Texas

Notes to the Basic Financial Statements

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

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

f. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. 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 are 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:

Asset Class	Estimated Useful Lives
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*.

City of Murphy, Texas

Notes to the Basic Financial Statements

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 assets 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.

- Pension/OPEB contributions after measurement date, — These contributions are deferred and recognized as a reduction of the respective liability in the following fiscal year.
- Difference in expected and actual pension/OPEB experience, changes in actuarial assumptions, and changes in proportion and contributions during the measurement period — 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 net 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 assets 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 between projected and actual investment earnings on pension assets. The difference is deferred and amortized over a closed 5-year period.
- Difference in expected and actual pension/OPEB experience, changes in actuarial assumptions changes in proportion and contributions during the measurement period — These differences are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.
- 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 of resources related to unavailable revenues.

i. Compensated Absences

The City implemented GASB Statement 101, Compensated Absences at October 1, 2024 which resulted in a restatement of the beginning net position of governmental activities of \$1,159,720. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

City of Murphy, Texas

Notes to the Basic Financial Statements

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave benefits, with limits on accumulation. Sick leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

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.

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. There were no committed fund balances as of September 30, 2025

City of Murphy, Texas

Notes to the Basic Financial Statements

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 reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

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

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

m. Fund Balance Flow Assumption

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

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

n. Federal and State Grants

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

City of Murphy, Texas

Notes to the Basic Financial Statements

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.

r. Leases

Lessee

The City is a lessee for noncancellable leases of vehicles. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and internal service fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 2. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" for governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget appears on pages 28-29 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, 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 budgeted amounts within departments; however, any revisions that alter any department must be approved by the City Council.

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

Note 3. Deposits and Investments

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

City of Murphy, Texas

Notes to the Basic Financial Statements

A. Cash Deposits

At September 30, 2025, the carrying amount of the City's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$63,032,442 and the bank balance was \$63,257,040. The City's cash deposits at September 30, 2025 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, 2025 consist of and are classified in the accompanying financial statements as follows:

Primary government:		
Cash and cash equivalents	\$	53,215,116
Restricted cash and cash equivalents		2,894,780
		<hr/>
		56,109,896
Discretely presented component units:		
Cash and cash equivalents		6,923,696
		<hr/>
Total cash and cash equivalents	\$	<u>63,033,592</u>
Cash and cash equivalents consists of the following:		
Petty cash	\$	1,150
Carrying amount of deposits		63,032,442
		<hr/>
Total	\$	<u>63,033,592</u>

Cash and cash equivalents reported as restricted consist 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 auditor 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.

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 subject to interest rate risk.

City of Murphy, Texas

Notes to the Basic Financial Statements

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 fair 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, 2025, 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 Enterprise Funds	Internal Service Fund
Receivables								
Taxes	\$ 619,865	\$ 32,945	\$ 132,216	\$ 785,026	\$ -	\$ -	\$ -	\$ -
Ambulance fees	346,038	-	-	346,038	-	-	-	-
Municipal court	143,191	-	-	143,191	-	-	-	-
Fees and charges	153,209	-	-	153,209	1,704,951	29,388	1,734,339	-
Miscellaneous	44,797	-	-	44,797	-	-	-	30,958
Gross receivables	1,307,100	32,945	132,216	1,472,261	1,704,951	29,388	1,734,339	30,958
Less: allowance for uncollectibles	(406,215)	(3,294)	-	(409,509)	(7,617)	-	(7,617)	-
Net total	\$ 900,885	\$ 29,651	\$ 132,216	\$ 1,062,752	\$ 1,697,334	\$ 29,388	\$ 1,726,722	\$ 30,958

City of Murphy, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 10,107,053	\$ 155,114	\$ -	\$ (10,998)	\$ 10,251,169
Construction in progress	1,156,085	3,449,776	-	(3,509,164)	1,096,697
Total capital assets, not being depreciated/amortized	11,263,138	3,604,890	-	(3,520,162)	11,347,866
Capital assets being depreciated/amortized:					
Buildings and improvements	29,771,635	-	-	-	29,771,635
Infrastructure	89,087,232	1,464,376	-	3,383,167	93,934,775
Machinery and equipment	14,557,615	831,753	(1,273,310)	85,000	14,201,058
Machinery and equipment - right-to-use	-	826,585	-	-	826,585
Total capital assets being depreciated/amortized	133,416,482	3,122,714	(1,273,310)	3,468,167	138,734,053
Less accumulated depreciation/amortization for:					
Buildings and improvements	(17,326,068)	(981,238)	-	-	(18,307,306)
Infrastructure	(30,022,205)	(2,335,305)	-	-	(32,357,510)
Machinery and equipment	(10,840,371)	(715,205)	666,294	-	(10,889,282)
Machinery and equipment - right-to-use	-	(98,987)	-	-	(98,987)
Total accumulated depreciation/amortization	(58,188,644)	(4,130,735)	666,294	-	(61,653,085)
Total capital assets being depreciated/amortized, net	75,227,838	(1,008,021)	(607,016)	3,468,167	77,080,968
Governmental activities capital assets, net	\$ 86,490,976	\$ 2,596,869	\$ (607,016)	\$ (51,995)	\$ 88,428,834
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,087,374	\$ -	\$ -	\$ 10,998	\$ 1,098,372
Construction in progress	2,740,375	35,798	-	125,997	2,902,170
Total capital assets, not being depreciated	3,827,749	35,798	-	136,995	4,000,542
Capital assets being depreciated:					
Infrastructure	54,264,948	1,272,577	-	-	55,537,525
Machinery and equipment	4,982,647	185,873	(184,147)	(85,000)	4,899,373
Total capital assets being depreciated	59,247,595	1,458,450	(184,147)	(85,000)	60,436,898
Less accumulated depreciation for:					
Infrastructure	(20,192,402)	(1,223,416)	-	-	(21,415,818)
Machinery and equipment	(1,685,794)	(245,215)	66,350	-	(1,864,659)
Total accumulated depreciation	(21,878,196)	(1,468,631)	66,350	-	(23,280,477)
Total capital assets being depreciated, net	37,369,399	(10,181)	(117,797)	(85,000)	37,156,421
Business-type activities capital assets, net	\$ 41,197,148	\$ 25,617	\$ (117,797)	\$ 51,995	\$ 41,156,963

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		\$ 1,118,892
Public safety		505,210
Public works		1,681,089
Public services and operations		50,765
Parks and recreation		774,779
		<u>4,130,735</u>
		\$ 4,130,735
Business-type activities:		
Water and Sewer		\$ 1,404,583
Stormwater		64,048
		<u>1,468,631</u>
		\$ 1,468,631

Note 6. Interfund Balances and Transfers

A. 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	\$ 1,104,000	Administrative costs
		<u>\$ 1,104,000</u>	

Transfers at the government-wide level include the transfer of \$136,995 of capital assets from the governmental activities to the business-type activities which is not included as a transfer in the fund financial statements. Transfers of \$85,000 from the enterprise funds to the governmental activities are included as transfer out in the enterprise fund financial statements but not the governmental fund financial statements but are included as transfers in on the statement of activities.

City of Murphy, Texas

Notes to the Basic Financial Statements

Note 7. Long-Term Obligations

A summary of long-term liability transactions, including the current portion, for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 22,795,000	\$ -	\$ (1,805,000)	\$ 20,990,000	\$ 1,860,000
Tax notes	3,140,000	-	(830,000)	2,310,000	675,000
Certificates of obligation	-	6,330,000	-	6,330,000	80,000
Unamortized bond premium	1,346,615	368,611	(195,240)	1,519,986	-
Financed purchases	82,045	81,828	(66,029)	97,844	31,477
Leases payable	-	826,585	(91,281)	735,304	178,363
Net pension liability	3,235,595	-	(495,362)	2,740,233	-
Total OPEB liability	257,685	12,861	-	270,546	-
Compensated absences*	1,787,947	218,222	-	2,006,169	297,073
	<u>32,644,887</u>	<u>7,838,107</u>	<u>(3,482,912)</u>	<u>37,000,082</u>	<u>3,121,913</u>
Business-type activities:					
General obligation bonds	2,365,000	-	(445,000)	1,920,000	455,000
Tax notes	1,780,000	-	(335,000)	1,445,000	345,000
Certificates of obligation	6,000,000	11,290,000	(385,000)	16,905,000	400,000
Unamortized bond premium	409,895	671,075	(61,890)	1,019,080	-
Net pension liability	433,454	-	(91,571)	341,883	-
Total OPEB liability	34,520	-	(766)	33,754	-
Compensated absences*	54,320	53,196	-	107,516	15,461
	<u>11,077,189</u>	<u>12,014,271</u>	<u>(1,319,227)</u>	<u>21,772,233</u>	<u>1,215,461</u>
Total primary government	<u>\$ 43,722,076</u>	<u>\$ 19,852,378</u>	<u>\$ (4,802,139)</u>	<u>\$ 58,772,315</u>	<u>\$ 4,337,374</u>

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30 and governmental activities opening balance has been restated due to the implementation of GASB 101

City of Murphy, Texas
Notes to the Basic Financial Statements

A. Bonds and Notes

Governmental activities bonds payable at September 30, 2025, includes the following individual issues:

Description	Original Amount	Year of Issue (Fiscal)	Final Maturity	Interest Rates	Balance 09/30/25
General obligation bonds:					
Improvements	\$ 12,770,000	2018	2038	3.0% - 4.0%	\$ 9,800,000
Improvements	8,315,000	2020	2040	2.15% - 3.0%	6,400,000
Refunding	8,850,000	2021	2031	2.0% - 4.0%	4,790,000
Total general obligation bonds	29,935,000				20,990,000
Tax notes:					
Improvements	1,600,000	2020	2027	1.76%	490,000
Improvements	3,050,000	2022	2029	2.79%	1,820,000
Total tax notes	4,650,000				2,310,000
Certificates of obligation:					
Improvements	2,910,000	2025	2045	5.00%	6,330,000
Total certificates of obligation	2,910,000				6,330,000
Total governmental activities debt	\$ 37,495,000				\$ 29,630,000

Governmental activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 2,615,000	\$ 997,216	\$ 3,612,216
2027	2,700,000	925,038	3,625,038
2028	2,890,000	822,668	3,712,668
2029	2,545,000	721,200	3,266,200
2030	1,960,000	638,386	2,598,386
2031-2035	7,770,000	2,345,454	10,115,454
2036-2040	6,840,000	1,083,842	7,923,842
2041-2045	2,310,000	300,500	2,610,500
Total	\$ 29,630,000	\$ 7,834,304	\$ 37,464,304

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

\$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.

\$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, and 2011.

City of Murphy, Texas

Notes to the Basic Financial Statements

\$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.

\$3,050,000, Series 2022, Tax Notes, issued for constructing, improving, extending, and repairing sidewalks, pedestrian bridges, trails, and related improvements.

\$2,910,000, Series 2025, Certificates of Obligation, issued (i) designing, acquiring, constructing, improving, equipping, and maintaining City streets, roads, thoroughfares, intersections, retaining walls, sidewalks, and pathways, including related traffic signalization and signage, lighting, ADA accessibility, beautification, traffic management equipment, utility relocation and replacement, drainage and irrigation, and the acquisition of easements, rights-of-way, and other real property interests necessary therefor, (ii) constructing, acquiring, renovating, enlarging, equipping, and improving the City's water and wastewater system and facilities, (iii) purchasing and installing software systems for City public safety purposes.

Business-type activities bonds payable and tax notes at September 30, 2025, includes the following individual issues:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 09/30/25
General obligation bonds:					
Refunding	\$ 3,640,000	2021	2031	2.0% - 4.0%	\$ 1,920,000
Total General Obligation Bonds	3,640,000				1,920,000
Tax notes:					
Improvements	2,425,000	2022	2029	2.2% - 3.27%	1,445,000
Total tax notes	2,425,000				1,445,000
Certificates of obligation:					
Improvements	2,910,000	2014	2034	2.0% - 4.0%	1,535,000
Improvements	5,525,000	2018	2038	3.0% - 4.0%	4,080,000
Improvements	11,290,000	2025	2045	5.00%	11,290,000
Total certificates of obligation	19,725,000				16,905,000
Total business-type activities debt	\$ 25,790,000				\$ 20,270,000

Business-type activities debt service requirements are as follows:

Fiscal Year Ending September 30,	Business Activities		
	Principal	Interest	Total
2026	\$ 1,200,000	\$ 839,834	\$ 2,039,834
2027	1,235,000	820,366	2,055,366
2028	1,280,000	773,699	2,053,699
2029	1,335,000	724,519	2,059,519
2030	935,000	679,581	1,614,581
2031-2035	5,115,000	2,761,103	7,876,103
2036-2040	4,635,000	1,651,750	6,286,750
2041-2045	4,535,000	589,375	5,124,375
Total	\$ 20,270,000	\$ 8,840,227	\$ 29,110,227

City of Murphy, Texas

Notes to the Basic Financial Statements

A description of each business-type activities bond and tax note 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 rights-of-way.

\$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.

\$11,290,000, Series 2025, Certificates of Obligation, issued (i) designing, acquiring, constructing, improving, equipping, and maintaining City streets, roads, thoroughfares, intersections, retaining walls, sidewalks, and pathways, including related traffic signalization and signage, lighting, ADA accessibility, beautification, traffic management equipment, utility relocation and replacement, drainage and irrigation, and the acquisition of easements, rights-of-way, and other real property interests necessary therefor, (ii) constructing, acquiring, renovating, enlarging, equipping, and improving the City's water and wastewater system and facilities, (iii) purchasing and installing software systems for City public safety purposes.

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

\$2,425,000, Series 2022A, Tax Notes, issued for constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving waterworks and sewer system properties and facilities, including purchasing and installing advanced metering infrastructure.

B. Financed purchases

The City has various general government financed purchases related to computer equipment. Future payments are due as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 31,477	\$ 6,723	\$ 38,200
2027	15,312	4,030	19,342
2028	16,383	2,959	19,342
2029	17,529	1,813	19,342
2030	17,143	587	17,730
Total	\$ 97,844	\$ 16,112	\$ 113,956

City of Murphy, Texas

Notes to the Basic Financial Statements

C. Leases Payable

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use vehicles over the term of the lease. The City is required to make monthly payments at interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	Interest Rate(s)	Lease Term in Years	Ending Balance
Governmental Activities			
Vehicles	7.32-8.36%	5.0	<u>\$ 735,304</u>

The future principal and interest lease payments as of fiscal year end are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 178,363	\$ 50,530	\$ 228,893
2027	192,744	36,150	228,894
2028	161,723	21,677	183,400
2029	125,556	10,768	136,324
2030	76,918	2,334	79,252
Total	<u>\$ 735,304</u>	<u>\$121,459</u>	<u>\$ 856,763</u>

The value of right-to-use assets as of the end of the current fiscal year was \$826,585 and had accumulated amortization of \$98,987.

Note 8. Pension Plan

A. Plan Description

The City participates as one of 938 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 tmrs.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. Plan provisions for the City are as follows:

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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	161
Active employees	128
Total	370

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 compensation during the fiscal year. The contribution rates for the City were 14.60% and 14.06% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$1,592,472, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed

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. Male rates are multiplied by 103% and female rates are multiplied by 105%. 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, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, 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 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other public and private markets	4.0%	7.30%
Total	100.0%	

City of Murphy, Texas

Notes to the Basic Financial Statements

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 Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

F. Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/23	\$ 35,947,618	\$ 32,278,569	\$ 3,669,049
Changes for the year:			
Service cost	1,944,310	-	1,944,310
Interest	2,453,964	-	2,453,964
Difference between expected and actual experience	523,195	-	523,195
Changes of assumptions	-	-	-
Contributions - employer	-	1,444,338	(1,444,338)
Contributions - employee	-	719,078	(719,078)
Net investment income (loss)	-	3,366,999	(3,366,999)
Benefit payments, including refunds of employee contributions	(1,129,498)	(1,129,498)	-
Administrative expense	-	(21,510)	21,510
Other changes	-	(503)	503
Net changes	3,791,971	4,378,904	(586,933)
Balance at 12/31/24	\$ 39,739,589	\$ 36,657,473	\$ 3,082,116

G. Sensitivity of the Net Pension Liability to changes in the discount rate:

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%) or 1 percentage point 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 \$	9,770,768	\$ 3,082,116	\$ (2,256,409)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

City of Murphy, Texas

Notes to the Basic Financial Statements

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2025, the City recognized pension expense of \$1,634,655.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 373,135	\$ (6,333)
Changes in actuarial assumptions	-	(48,964)
Difference between projected and actual investment earnings	-	(436,834)
Change in proportion	24,800	(24,803)
Contributions during measurement date	73,647	(8,700)
Contributions subsequent to the measurement date	1,230,836	-
Total	\$ 1,702,418	\$ (525,634)

\$1,230,836 reported as deferred outflows of resources related to pensions 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (Inflows)
2026	\$ 182,362
2027	513,046
2028	(511,818)
2029	(237,642)
	<u>\$ (54,052)</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.

City of Murphy, Texas

Notes to the Basic Financial Statements

B. Benefits Provided

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

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	36
Active employees	128
	<hr/>
	218
	<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 City's contributions to the SDBF for the year ended September 30, 2025 was \$24,648 and were equal to the required contributions.

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.6% to 11.85% including inflation
Discount rate	4.08%

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

City of Murphy, Texas

Notes to the Basic Financial Statements

are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The discount rate used to measure the Total OPEB Liability was 4.08% as of December 31, 2024.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	\$ 292,205
Changes for the year:	
Service cost	20,531
Interest on total OPEB liability	11,268
Difference between expected and actual experience	6,879
Changes of assumptions or other inputs	(19,397)
Benefit payments	(7,186)
Net changes	<u>12,095</u>
Balance at 12/31/24	<u><u>\$ 304,300</u></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 4.08%, 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 (3.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	\$ 373,477	\$ 304,300	\$ 251,662

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, 2025, the City recognized OPEB expense of \$13,652. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$ 31,702	\$ (90,261)
Differences in expected and actual experience	7,207	(12,524)
Changes in proportion	6,912	(6,917)
Contributions during measurement period	33,538	(578)
Contributions subsequent to the measurement date	17,703	-
Total	\$ 97,062	\$ (110,280)

The \$17,703 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, 2026. 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)
2026	\$ (7,152)
2027	(16,075)
2028	(9,372)
2029	1,567
2030	111
Total	\$ (30,921)

Note 10. Health Care Coverage

During the year ended September 30, 2025, employees of the City were covered by a health insurance plan (“Plan”). The City contributed between \$376 and \$445 per month per employee, depending on whether the employee elected the PPO or High Deductible Health Plan (HDHP). The City also contributed between \$668 and \$964 toward dependent coverage, based on the selected plan and coverage tier. Employees, at their option, authorized payroll withholdings to pay any remaining cost for dependent coverage.

The City's health plan historically operated on a September 1 through August 31 benefit year. Contributions from September 2024 through August 2025 were paid to Blue Cross Blue Shield. Effective September 1, 2025, the City transitioned health coverage to Cigna Health and Life Insurance Company, with AD&D coverage through Lincoln Financial, authorized by Article 3.51-2 of the Texas Insurance Code and documented by contractual agreement. Beginning with the 2025 plan year, the City's health plan will operate on an October 1 through September 30 benefit year.

City of Murphy, Texas

Notes to the Basic Financial Statements

In addition, effective September 1, 2024, the City offers a Health Savings Account (HSA) option through HSA Bank in conjunction with a qualified high-deductible health plan. Eligible employees may elect to participate through payroll deductions. The City contributes between \$75-\$150 per month to employee HSAs, based on the elected benefit tier.

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 is no threatened or pending litigation against the City at fiscal year-end.

Note 14. Additional Water and Sewer Information

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 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 paid \$3.90 per thousand gallons of water for this fiscal year. The City's minimum annual requirement is 1,661,494,000 gallons for 2024-2025. Actual Delivery of water for 2024-2025 was 1,419,333,000 gallons. Gallons Billed totaled 1,046,613,790 gallons.

City of Murphy, Texas

Notes to the Basic Financial Statements

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

Note 15. Construction Commitments

The City has active construction projects as of September 30, 2025. The projects include street and sidewalk infrastructure and water and sewer infrastructure improvements. At September 30, 2025, the City's commitments with contractors are as follows:

Project	Remaining Commitment
Infrastructure	\$ 405,988
Utility infrastructure	138,250
Totals	\$ 544,238

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 investments as of September 30, 2025 consist of the following and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 1,952,560
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City of Murphy, Texas

Notes to the Basic Financial Statements

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 fair 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, 2025, CDC deposits with financial institutions were covered by FDIC and fully collateralized.

C. Receivables

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

Receivables:	
Sales tax	\$ 257,753
Total	<u>\$ 257,753</u>

Note 17. Murphy Municipal Development District

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

A. Deposits and Investments

Cash and investments as of September 30, 2025 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 4,971,136</u>

B. Custodial Credit Risk

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

City of Murphy, Texas

Notes to the Basic Financial Statements

As of September 30, 2025, 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	\$ 127,605
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Total	\$ 127,605
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Required Supplementary Information

City of Murphy, Texas

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System

Last Ten Measurement Periods

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 1,944,310	\$ 1,629,063	\$ 1,527,152	\$ 1,556,535	\$ 1,558,889	\$ 1,522,290	\$ 1,441,416	\$ 1,306,442	\$ 1,296,399	\$ 1,245,327
Interest (on the Total Pension Liability)	2,453,964	2,256,923	2,077,768	1,894,829	1,727,287	1,551,971	1,399,243	1,258,826	1,111,877	1,026,901
Difference between expected and actual experience	523,195	82,904	(71,837)	-	59,754	101,617	(117,188)	(71,082)	219,473	(100,244)
Change in assumptions	-	(152,052)	-	105,004	-	136,320	-	-	-	46,815
Benefit payments, including refunds of employee contributions	(1,129,498)	(981,156)	(878,626)	(784,319)	(940,989)	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)
Net change in total pension liability	3,791,971	2,835,682	2,654,457	2,772,049	2,404,941	2,786,745	2,246,377	2,008,431	2,202,005	1,760,356
Total pension liability - beginning	35,947,618	33,111,936	30,457,479	27,685,430	25,280,489	22,493,744	20,247,367	18,238,936	16,036,931	14,276,575
Total pension liability - ending (a)	39,739,589	35,947,618	33,111,936	30,457,479	27,685,430	25,280,489	22,493,744	20,247,367	18,238,936	16,036,931
Plan fiduciary net position:										
Contributions - employer	1,444,338	1,244,499	1,197,488	1,189,113	1,164,793	1,151,002	1,076,118	1,022,730	931,923	943,727
Contributions - employee	719,078	623,139	589,067	584,536	583,230	571,063	540,145	496,746	474,375	473,766
Net investment income	3,366,999	3,270,513	(2,151,626)	3,284,446	1,720,712	2,875,597	(539,110)	2,062,350	879,201	17,806
Benefit payments, including refunds of employee contributions	(1,129,498)	(981,156)	(878,626)	(784,319)	(940,989)	(525,453)	(477,094)	(485,755)	(425,744)	(458,443)
Administrative expense	(21,510)	(20,721)	(18,560)	(15,154)	(11,104)	(16,206)	(10,399)	(10,686)	(9,944)	(10,842)
Other	(503)	(144)	22,148	106	(435)	(486)	(546)	(542)	(537)	(536)
Net change in plan fiduciary net position	4,378,904	4,136,130	(1,240,109)	4,258,728	2,516,207	4,055,517	589,114	3,084,843	1,849,274	965,478
Plan fiduciary net position - beginning	32,278,569	28,142,439	29,382,548	25,123,822	22,607,615	18,552,098	17,962,984	14,878,141	13,028,867	12,063,389
Plan fiduciary net position - ending (b)	36,657,473	32,278,569	28,142,439	29,382,548	25,123,822	22,607,615	18,552,098	17,962,984	14,878,141	13,028,867
NET PENSION LIABILITY - ending (a) - (b)	\$ 3,082,116	\$ 3,669,049	\$ 4,969,497	\$ 1,074,931	\$ 2,561,608	\$ 2,672,874	\$ 3,941,646	\$ 2,284,383	\$ 3,360,795	\$ 3,008,064
Plan fiduciary net position as a percentage of total pension liability	92.24%	89.79%	84.99%	96.47%	90.75%	89.43%	82.48%	88.72%	81.57%	81.24%
Covered payroll	\$ 10,265,626	\$ 8,901,986	\$ 8,349,658	\$ 8,350,510	\$ 8,331,850	\$ 8,158,040	\$ 7,716,358	\$ 7,096,372	\$ 6,776,784	\$ 6,768,083
Net pension liability as a percentage of covered payroll	30.02%	41.22%	59.52%	12.87%	30.74%	32.76%	51.08%	32.19%	49.59%	44.44%

Note: Measurement period is as of December 31.

City of Murphy, Texas

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

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
Actuarially determined contribution	\$ 1,592,472	\$ 1,407,098	\$ 1,199,963	\$ 1,230,676	\$ 1,174,871	\$ 1,167,249	\$ 1,133,549	\$ 1,062,070	\$ 995,834	\$ 906,822
Contributions in relation of the actuarially determined contribution	1,592,472	1,407,098	1,199,963	1,230,676	1,174,871	1,167,249	1,133,549	1,062,070	995,834	906,822
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>									
Covered payroll	\$ 11,002,477	\$ 10,021,050	\$ 8,546,747	\$ 8,642,389	\$ 8,374,629	\$ 8,328,170	\$ 8,056,878	\$ 7,546,881	\$ 6,997,115	\$ 6,708,287
Contributions as a percentage of covered payroll	14.47%	14.04%	14.04%	14.24%	14.03%	14.02%	14.07%	14.07%	14.23%	13.52%

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.

City of Murphy, Texas

Schedule of Total OPEB Liability and Related Ratios

Texas Municipal Retirement System

Last Eight Measurement Periods

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
TOTAL OPEB LIABILITY								
Service cost	\$ 20,531	\$ 16,914	\$ 29,224	\$ 30,062	\$ 23,329	\$ 16,316	\$ 18,519	\$ 14,902
Interest	11,268	10,763	7,604	7,216	7,819	8,590	7,034	6,443
Difference between expected and actual experience	6,879	(6,652)	(9,129)	5,062	(9,195)	(24,498)	13,796	-
Change in assumptions	(19,397)	16,989	(163,846)	14,708	54,104	50,095	(18,427)	19,660
Benefit payments	(7,186)	(6,231)	(4,175)	(4,175)	(1,666)	(816)	(772)	(710)
Net change in total OPEB liability	12,095	31,783	(140,322)	52,873	74,391	49,687	20,150	40,295
Total OPEB Liability-beginning	292,205	260,422	400,744	347,871	273,480	223,793	203,643	163,348
TOTAL OPEB LIABILITY-ENDING	\$ 304,300	\$ 292,205	\$ 260,422	\$ 400,744	\$ 347,871	\$ 273,480	\$ 223,793	\$ 203,643
Covered - employee payroll	\$ 10,265,626	\$ 8,901,986	\$ 8,349,658	\$ 8,350,510	\$ 8,331,850	\$ 8,158,040	\$ 7,716,358	\$ 7,096,372
City's total OPEB liability as a % of covered - employee payroll	2.96%	3.28%	3.12%	4.80%	4.18%	3.35%	2.90%	2.87%

Only eight 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 Eight Fiscal Years

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 24,648	\$ 27,057	\$ 20,512	\$ 12,099	\$ 11,724	\$ 12,639	\$ 10,037	\$ 8,302
Contribution in relation of the actuarially determined contribution	24,648	27,057	20,512	12,099	11,724	12,639	10,037	8,302
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -							
Covered - employee payroll	\$ 11,002,477	\$ 10,021,050	\$ 8,546,747	\$ 8,642,389	\$ 8,374,629	\$ 8,328,170	\$ 8,056,878	\$ 7,546,881
Contributions as a percentage of covered - employee payroll	0.22%	0.27%	0.24%	0.14%	0.14%	0.15%	0.12%	0.11%

Only eight 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, 2025

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	21 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,417,814	\$ 3,417,814	\$ 3,408,166	\$ (9,648)
Investment income	50,000	50,000	54,600	4,600
Miscellaneous	2,000	2,000	-	(2,000)
Total revenues	3,469,814	3,469,814	3,462,766	(7,048)
EXPENDITURES				
Debt service:				
Principal retirement	2,635,000	2,635,000	2,635,000	-
Interest and fiscal charges	768,015	768,015	766,864	1,151
Total expenditures	3,403,015	3,403,015	3,401,864	1,151
Excess of revenue over expenditures	66,799	66,799	60,902	(5,897)
Net change in fund balance	66,799	66,799	60,902	(5,897)
Fund balance, beginning of year	852,184	852,184	852,184	-
FUND BALANCE, end of year	\$ 918,983	\$ 918,983	\$ 913,086	\$ (5,897)

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 729,964	\$ 729,964	\$ 746,295	\$ 16,331
Investment income	31,818	126,318	145,553	19,235
Total revenues	761,782	856,282	891,848	35,566
EXPENDITURES				
Current operating:				
General government	10,000	10,000	39,979	(29,979)
Capital outlay	5,972,844	6,082,737	936,322	5,146,415
Debt service:				
Debt issuance costs	-	-	95,271	(95,271)
Total expenditures	5,982,844	6,092,737	1,071,572	5,021,165
Deficiency of revenue under expenditures	(5,221,062)	(5,236,455)	(179,724)	5,056,731
OTHER FINANCING SOURCES				
Certificates of obligation issued	-	-	6,330,000	6,330,000
Premiums on issuance of debt	-	-	368,611	368,611
Total other financing sources	-	-	6,698,611	6,698,611
Net change in fund balance	(5,221,062)	(5,236,455)	6,518,887	11,755,342
Fund balance, beginning of year	6,088,922	6,088,922	6,088,922	-
FUND BALANCE, end of year	\$ 867,860	\$ 852,467	\$ 12,607,809	\$ 11,755,342

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 212,015	\$ 125,997	\$ (86,018)
Investment income	-	12,150	12,884	734
Total revenues	-	224,165	138,881	(85,284)
EXPENDITURES				
Current operating:				
General government	-	3,268	2,618	650
Capital outlay	384,345	381,077	125,997	255,080
Total expenditures	384,345	384,345	128,615	255,730
Excess (deficiency) of revenue over (under) expenditures	(384,345)	(160,180)	10,266	170,446
Net change in fund balance	(384,345)	(160,180)	10,266	170,446
Fund balance, beginning of year	213,462	213,462	213,462	-
FUND BALANCE, end of year	\$ (170,883)	\$ 53,282	\$ 223,728	\$ 170,446

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 1,459,928	\$ 1,459,928	\$ 1,492,590	\$ 32,662
Charges for service	5,000	24,748	53,309	28,561
Donations	2,000	2,000	16,635	14,635
Investment income	130,000	130,000	97,559	(32,441)
Total revenues	1,596,928	1,616,676	1,660,093	43,417
EXPENDITURES				
Current				
Personnel services	352,422	352,422	236,843	115,579
Administration	376,486	361,486	361,486	-
Contractual services and supplies	53,455	123,455	110,497	12,958
Community events	521,480	521,480	501,639	19,841
Capital outlay	2,226,610	2,171,610	1,711,156	460,454
Total expenditures	3,530,453	3,530,453	2,921,621	608,832
Net change in fund balance	(1,933,525)	(1,913,777)	(1,261,528)	652,249
Fund balance, October 1	3,374,010	3,374,010	3,374,010	-
FUND BALANCE, September 30	\$ 1,440,485	\$ 1,460,233	\$ 2,112,482	\$ 652,249

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 720,323	\$ 720,323	\$ 735,995	\$ 15,672
Investment income	185,000	185,000	197,730	12,730
Total revenues	905,323	905,323	933,725	28,402
EXPENDITURES				
Current				
Administration	772,082	972,082	414,622	557,460
Contractual services	7,000	7,000	2,701	4,299
Capital outlay	1,924,734	2,173,624	1,090,920	1,082,704
Total expenditures	2,703,816	3,152,706	1,508,243	1,644,463
Net change in fund balance	(1,798,493)	(2,247,383)	(574,518)	1,672,865
Fund balance, October 1	4,627,656	4,627,656	4,627,656	-
FUND BALANCE, September 30	\$ 2,829,163	\$ 2,380,273	\$ 4,053,138	\$ 1,672,865

Statistical Section

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City of Murphy, Texas

Statistical Section and Continuing Disclosure Section

Table of Contents

Statistical Section

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

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

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

Continuing Disclosure Section

Governmental entities (issuers) issuing bonds generally have an obligation to meet specific continuing disclosure standards set forth in continuing disclosure agreements. These schedules provide the monitoring and reporting to meet those standards.

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City of Murphy, Texas

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year		
	2016	2017	2018
Governmental activities			
Net investment in capital assets	\$ 48,931	\$ 55,882	\$ 54,480
Restricted	2,611	2,209	1,557
Unrestricted	4,543	3,127	3,585
Total governmental activities net position	\$ 56,085	\$ 61,218	\$ 59,622
Business-type activities			
Net investment in capital assets	\$ 25,461	\$ 25,647	\$ 19,020
Restricted	674	707	827
Unrestricted	3,398	3,146	10,597
Total business-type activities net position	\$ 29,533	\$ 29,500	\$ 30,444
Primary government			
Net investment in capital assets	\$ 74,392	\$ 81,529	\$ 73,500
Restricted	3,285	2,916	2,384
Unrestricted	7,941	6,273	14,182
Total primary governmental net position	\$ 85,618	\$ 90,718	\$ 90,066

Source: Annual Comprehensive Financial Report

Table 1

		Fiscal Year					
2019	2020	2021	2022	2023	2024	2025	
\$ 54,524	\$ 57,681	\$ 58,792	\$ 60,541	\$ 62,331	\$ 64,619	\$ 67,703	
1,301	1,035	951	923	933	1,187	1,142	
3,961	5,496	6,864	8,830	10,585	8,893	10,171	
<u>\$ 59,786</u>	<u>\$ 64,212</u>	<u>\$ 66,607</u>	<u>\$ 70,294</u>	<u>\$ 73,849</u>	<u>\$ 74,699</u>	<u>\$ 79,016</u>	
\$ 25,854	\$ 28,678	\$ 28,651	\$ 29,416	\$ 30,688	\$ 32,559	\$ 33,698	
956	898	843	756	633	625	798	
5,478	7,222	7,822	9,736	11,197	14,450	14,793	
<u>\$ 32,288</u>	<u>\$ 36,798</u>	<u>\$ 37,316</u>	<u>\$ 39,908</u>	<u>\$ 42,518</u>	<u>\$ 47,634</u>	<u>\$ 49,289</u>	
\$ 80,378	\$ 86,359	\$ 87,443	\$ 89,957	\$ 93,019	\$ 97,178	\$ 101,401	
2,257	1,933	1,794	1,679	1,566	1,812	1,940	
9,439	12,718	14,686	18,566	21,782	23,343	24,964	
<u>\$ 92,074</u>	<u>\$ 101,010</u>	<u>\$ 103,923</u>	<u>\$ 110,202</u>	<u>\$ 116,367</u>	<u>\$ 122,333</u>	<u>\$ 128,305</u>	

City Of Murphy, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year		
	2016	2017	2018
Expenses			
Governmental activities:			
General government	\$ 5,266	\$ 5,522	\$ 5,219
Public safety	6,268	6,478	6,979
Public services and operations	684	723	581
Parks and recreation	121	157	2,342
Public works	1,812	2,122	1,313
Sanitation services	1,101	1,217	880
Development	761	770	144
Interest on long-term debt	986	933	1,201
Total governmental activities expenses	16,999	17,922	18,659
Business-type activities:			
Water and sewer	8,172	8,668	9,449
Storm water	-	-	-
Total business-type activities expenses	8,172	8,668	9,449
Total primary government expenses	\$ 25,171	\$ 26,590	\$ 28,108
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 15	\$ 11	\$ 16
Public safety	698	804	633
Public services and operations	139	129	584
Parks and recreation	221	228	126
Public works	1,017	612	248
Sanitation services	916	938	1,026
Operating grants and contributions	1,485	750	383
Capital grants and contributions	1,689	3,275	-
Total governmental activities program revenues	6,180	6,747	3,016
Business-type activities:			
Charges for services:			
Water and sewer	8,980	9,440	11,111
Storm water	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	8,980	9,440	11,111
Total primary government program revenues	\$ 15,160	\$ 16,187	\$ 14,127

Source: Annual Comprehensive Financial Report

Table 2

		Fiscal Year											
		2019	2020	2021	2022	2023	2024	2025					
\$	5,299	\$	5,618	\$	6,029	\$	5,644	\$	6,182	\$	8,370	\$	5,076
	7,397		7,242		6,928		7,428		7,568		8,774		10,074
	769		760		825		889		864		898		1,026
	2,509		2,479		2,204		2,287		2,267		2,174		2,128
	1,391		1,358		1,375		1,249		1,405		1,299		507
	979		1,007		1,034		1,054		1,079		1,158		1,186
	-		-		-		-		-		-		-
	1,283		1,256		1,703		788		684		570		703
	19,627		19,720		20,098		19,339		20,049		23,243		20,700
	10,265		10,514		10,661		10,317		11,915		12,929		13,749
	138		181		222		190		387		253		390
	10,403		10,695		10,883		10,507		12,302		13,182		14,139
\$	30,030	\$	30,415	\$	30,981	\$	29,846	\$	32,351	\$	36,425	\$	34,839
\$	16	\$	13	\$	18	\$	41	\$	36	\$	21	\$	42
	664		618		865		753		893		813		981
	627		652		433		507		494		500		1,064
	136		65		85		116		134		116		115
	-		-		-		-		-		-		-
	1,190		1,224		1,305		1,285		1,328		1,348		1,441
	548		1,232		784		732		922		4,887		1,142
	-		-		443		407		152		-		1,261
	3,181		3,804		3,933		3,841		3,959		7,685		6,046
	12,668		12,042		11,699		12,895		13,864		14,217		14,676
	230		321		310		327		332		329		339
	-		132		196		513		279		53		1,273
	12,898		12,495		12,205		13,735		14,475		14,599		16,288
\$	16,079	\$	16,299	\$	16,138	\$	17,576	\$	18,434	\$	22,284	\$	22,334

City of Murphy, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year		
	2016	2017	2018
Net (Expense) Revenues			
Governmental activities	\$ (10,819)	\$ (11,175)	\$ (15,643)
Business-type activities	808	772	1,662
Total primary government net expense	<u>\$ (10,011)</u>	<u>\$ (10,403)</u>	<u>\$ (13,981)</u>
General Revenues and other Changes in Net Position			
Governmental activities:			
Taxes:			
Property	\$ 10,483	\$ 11,179	\$ 11,792
Sales	2,006	2,001	1,986
Franchise	1,029	992	976
Investment income	26	49	81
Miscellaneous	770	1,236	64
Transfers	850	850	385
Total governmental activities	<u>15,164</u>	<u>16,307</u>	<u>15,284</u>
Business-type activities:			
Investment income	19	32	36
Miscellaneous	35	12	84
Transfers	(850)	(850)	(385)
Total business-type activities	<u>(796)</u>	<u>(806)</u>	<u>(265)</u>
Total primary government	<u>\$ 14,368</u>	<u>\$ 15,501</u>	<u>\$ 15,019</u>
Change in Net Position			
Governmental activities	\$ 4,344	\$ 5,132	\$ (359)
Business-type activities	12	(34)	1,397
Total primary government	<u>\$ 4,356</u>	<u>\$ 5,098</u>	<u>\$ 1,038</u>

Table 2 (Concluded)

Fiscal Year						
2019	2020	2021	2022	2023	2024	2024
\$ (16,446)	\$ (15,916)	\$ (16,165)	\$ (15,498)	\$ (16,090)	\$ (15,558)	\$ (14,654)
2,495	1,800	1,322	3,228	2,173	1,417	2,149
<u>\$ (13,951)</u>	<u>\$ (14,116)</u>	<u>\$ (14,843)</u>	<u>\$ (12,270)</u>	<u>\$ (13,917)</u>	<u>\$ (14,141)</u>	<u>\$ (12,505)</u>
\$ 12,328	\$ 12,833	\$ 13,104	\$ 13,546	\$ 14,328	\$ 13,894	\$ 13,504
2,144	2,927	3,474	3,612	3,714	3,625	3,769
1,012	956	912	966	1,024	976	940
94	76	122	121	682	1,037	817
157	710	76	153	47	116	49
875	855	872	788	(151)	(3,240)	1,052
<u>16,610</u>	<u>18,357</u>	<u>18,560</u>	<u>19,186</u>	<u>19,644</u>	<u>16,408</u>	<u>20,131</u>
58	58	64	51	282	457	548
166	41	4	100	4	2	10
(875)	(855)	(872)	(788)	151	3,240	(1,052)
<u>(651)</u>	<u>(756)</u>	<u>(804)</u>	<u>(637)</u>	<u>437</u>	<u>3,699</u>	<u>(494)</u>
<u>\$ 15,959</u>	<u>\$ 17,601</u>	<u>\$ 17,756</u>	<u>\$ 18,549</u>	<u>\$ 20,081</u>	<u>\$ 20,107</u>	<u>\$ 19,637</u>
\$ 164	\$ 2,441	\$ 2,395	\$ 3,688	\$ 3,554	\$ 850	\$ 5,477
1,844	1,044	518	2,591	2,611	5,116	1,655
<u>\$ 2,008</u>	<u>\$ 3,485</u>	<u>\$ 2,913</u>	<u>\$ 6,279</u>	<u>\$ 6,165</u>	<u>\$ 5,966</u>	<u>\$ 7,132</u>

City of Murphy, Texas**Table 3**

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

Fiscal Year Ended	Property Tax	Sales Tax	Franchise Tax	Total
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
2022	13,546	3,612	966	18,124
2023	14,328	3,714	1,024	19,066
2024	13,894	3,625	976	18,495
2025	13,526	3,769	940	18,235

Source: Annual Comprehensive Financial Report

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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		
	2016	2017	2018
General Fund			
Nonspendable - prepaid items	\$ 29	\$ 61	\$ 1
Restricted for:			
Court use	70	73	64
Animal shelter	8	7	11
PEG fees	5	5	14
Assigned for:			
Police	11	16	9
Unassigned	5,155	5,036	5,869
Total general fund	\$ 5,278	\$ 5,198	\$ 5,968
All other governmental funds			
Restricted for:			
Debt service	\$ 860	\$ 903	\$ 934
Capital improvements	1,780	1,320	13,983
Grants	-	-	-
Total all other governmental funds	\$ 2,640	\$ 2,223	\$ 14,917

Source: Annual Comprehensive Financial Report

Table 4

							Fiscal Year	
2019	2020	2021	2022	2023	2024	2025		
\$ 22	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -		
65	41	36	36	36	31	39		
11	11	11	12	12	12	12		
14	28	38	27	40	52	26		
1	36	35	42	43	17	11		
6,390	8,131	9,421	10,978	12,819	11,028	11,622		
<u>\$ 6,503</u>	<u>\$ 8,247</u>	<u>\$ 9,541</u>	<u>\$ 11,095</u>	<u>\$ 12,952</u>	<u>\$ 11,140</u>	<u>\$ 11,710</u>		
\$ 966	\$ 877	\$ 759	\$ 757	\$ 783	\$ 852	\$ 913		
8,798	15,910	6,111	7,273	6,385	6,089	12,608		
-	-	-	-	4	213	224		
<u>\$ 9,764</u>	<u>\$ 16,787</u>	<u>\$ 6,870</u>	<u>\$ 8,030</u>	<u>\$ 7,172</u>	<u>\$ 7,154</u>	<u>\$ 13,745</u>		

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		
	2016	2017	2018
REVENUES			
Taxes:			
Property	\$ 10,483	\$ 11,179	\$ 11,805
Sales	2,006	2,001	1,986
Franchise	1,029	992	975
Charges for services	1,739	1,766	1,866
Licenses and permits	941	560	485
Fines and forfeitures	304	360	298
Investment income	26	49	81
Intergovernmental	1,385	1,820	709
Donations	4	2	8
Miscellaneous	779	1,254	88
	<u>18,696</u>	<u>19,983</u>	<u>18,301</u>
Total revenues			
EXPENDITURES			
General government	4,250	4,831	3,999
Public safety	5,876	6,219	6,346
Public works	231	271	235
Public service and operations	646	675	537
Sanitation	761	770	880
Development	119	153	143
Parks and Recreation	1,118	1,493	1,482
Capital outlay	2,978	2,455	1,421
Debt service			
Principal retirement	3,235	3,410	3,215
Interest and fiscal charges	1,099	1,039	931
Other	-	14	288
	<u>20,313</u>	<u>21,330</u>	<u>19,477</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(1,617)	(1,347)	(1,176)
OTHER FINANCING SOURCES (USES)			
Bonds/certificates/notes proceeds	1,800	-	13,845
Premium (discount) on issuance of debt	-	-	558
Payments to escrow agent	-	-	-
Financed purchases	-	-	-
Transfers in	851	850	928
Transfers out	(1)	-	(543)
	<u>2,650</u>	<u>850</u>	<u>14,788</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCES	<u>\$ 1,033</u>	<u>\$ (497)</u>	<u>\$ 13,612</u>
Debt service as a percentage of noncapital expenditures	24.92%	30.47%	23.13%

Source: Annual Comprehensive Financial Report

Table 5

		Fiscal Year											
		2019	2020	2021	2022	2023	2024	2025					
\$	12,287	\$	12,857	\$	13,087	\$	13,532	\$	14,304	\$	13,891	\$	13,526
	2,144		2,927		3,474		3,612		3,714		3,625		3,769
	1,012		956		912		966		1,024		976		940
	1,829		1,780		2,002		1,923		2,124		2,136		2,280
	531		571		339		383		413		413		942
	261		215		394		345		344		301		410
	94		76		122		122		682		1,036		783
	882		1,261		759		695		889		4,810		1,093
	1		4		1		12		9		8		23
	181		736		101		209		71		142		75
	19,222		21,383		21,191		21,799		23,574		27,338		23,841
	4,285		4,313		5,412		4,758		5,256		7,209		4,921
	6,681		6,684		6,502		6,784		7,080		8,641		9,920
	300		271		263		235		255		840		657
	738		705		766		810		799		883		1,005
	979		1,007		1,034		1,725		1,079		1,158		2,164
	-		-		-		-		-		-		-
	1,660		1,738		1,528		1,054		1,687		1,957		1,186
	5,180		4,302		10,239		2,448		1,119		2,000		1,144
	3,370		3,677		3,747		4,146		4,493		3,598		2,701
	1,523		1,177		1,295		1,042		1,002		868		772
	-		180		121		41		-		-		95
	24,716		24,054		30,907		23,043		22,770		27,154		24,565
	(5,494)		(2,671)		(9,716)		(1,244)		804		184		(724)
	-		9,915		8,850		3,050		-		-		6,330
	-		400		1,010		-		-		-		369
	-		-		(9,908)		-		-		-		-
	-		269		268		120		-		-		81
	875		900		900		925		925		955		1,104
	-		(45)		(28)		(137)		(731)		(2,969)		-
	875		11,439		1,092		3,958		194		(2,014)		7,884
\$	(4,619)	\$	8,768	\$	(8,624)	\$	2,714	\$	998	\$	(1,830)	\$	7,160
	25.53%		25.13%		25.82%		26.33%		27.17%		19.46%		17.06%

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					
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%
2022	2,312,282	373,291	-	2,685,573	0.4950	2,685,573	100.00%
2023	2,685,120	405,128	-	3,090,248	0.4650	3,090,248	100.00%
2024	2,970,013	450,879	-	3,420,892	0.4080	3,420,892	100.00%
2025	3,310,259	412,819	-	3,723,078	0.3625	3,723,078	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
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	0.315104	0.179896	0.495000	1.323750	1.520500	0.172531	0.081222
2021	0.309856	0.185144	0.495000	1.320750	1.459800	0.168087	0.081222
2022	0.310185	0.184815	0.495000	1.259750	1.397900	0.152443	0.081220
2023	0.290594	0.174406	0.465000	1.077850	1.212500	0.149343	0.081220
2024	0.281360	0.126686	0.408046	1.042450	1.210200	0.149343	0.081220
2025	0.271253	0.091280	0.362533	1.039550	1.175200	0.149343	0.081220

Source: Collin County Appraisal District

[Tax Rates and Exemptions – Collin Central Appraisal District](#)

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

City of Murphy, Texas

Principal Property Tax Payers

Current Year and Nine Years Ago (Unaudited)

Table 8

Taxpayer	2025			Assessed Taxpayer Value	2016		
	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value		Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
MURPHY MARKETPLACE STATION LLC	\$ 74,237	1	1.99%	ALLEN & LOUCKS VENTURE LP	\$ 27,600	1	1.56%
WAL-MART REAL ESTATE BUSINESS TRUST	16,635	2	0.45%	WAL-MART REAL ESTATE BUSINESS TRUST	15,897	2	0.90%
MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	15,766	3	0.42%	LOWE'S HOME CENTERS INC.	14,913	3	0.84%
NSA PROPERTY HOLDINGS LLC	13,323	4	0.36%	WAL-MART STORES TEXAS LLC	9,871	4	0.56%
GII SHP EBSW DFW LLC	12,890	5	0.35%	ALLEN & LOUCKS VENTURES LP	9,446	5	0.53%
LOWE'S HOME CENTERS INC	11,845	6	0.32%	MURPHY CROSSING SHOPPING CENTER DALLAS TX LP	8,846	6	0.50%
ATMOS ENERGY/MID-TEX DISTRIBUTION	10,961	7	0.29%	DUKE REALTY BEMC MURPHY DEVELOPMENT LLC	8,243	7	0.46%
NSA PROPERTY HOLDINGS LLC	10,946	8	0.29%	MURPHY AL PARTNERS, LP	8,107	8	0.46%
TIMBER RIDGE CENTER LLC	10,573	9	0.28%	MURPHY STORAGE PARTNERS LLC	7,738	9	0.44%
SHOPS OF MURPHY LLC	9,200	10	0.25%	ABS TX INVESTOR LP	5,419	10	0.31%
Total	<u>\$ 186,376</u>		<u>5.01%</u>	Total	<u>\$ 116,080</u>		<u>6.56%</u>

Source: Collin Central Appraisal District

[Top Taxpayer Reports – Collin Central Appraisal District](#)

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	Adjusted 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
2016	\$ 10,448	NA	\$ 10,424	99.77%	62	\$ 10,486	100.36% *
2017	10,751	NA	11,125	103.48%	57	11,182	104.01% *
2018	11,373	NA	11,763	103.73%	34	11,797	103.73% *
2019	11,833	NA	12,247	103.50%	44	12,291	103.87% *
2020	12,465	12,836	12,861	103.18%	2	12,863	103.19% *
2021	13,040	13,091	13,105	100.50%	(10)	13,095	100.42% *
2022	13,294	13,517	13,522	101.72%	8	13,538	101.84% *
2023	13,535	14,311	14,305	105.69%	4	14,309	105.72% *
2024	13,802	-	13,865	100.46%	4	13,877	100.54% *
2025	13,526	13,476	13,500	99.81%		13,538	100.09% *

Source: Collin County Tax Assessor-Collector

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

* Percentage of levy calculations are greater than 100% based on the original tax levy. Adjustments to the original levy occur after the beginning of the fiscal year, once all protests are evaluated and settled. Delinquent collections in subsequent years are reported as a total; not by delinquent year causing collections to be greater than 100%. Penalties and interest collected can also cause collections to be greater than 100% in any given fiscal year.

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

Table 10

Fiscal Year	Water	Sewer	Storm Water	Total
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
2022	8,778	4,116	327	13,221
2023	9,755	4,109	332	14,196
2024	10,010	4,207	329	14,546
2025	10,054	4,622	339	15,015

Source: Annual Comprehensive Financial Report

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	Per Capita
	General Obligation Bonds	Certificates of Obligation	Leases payable	Financed Purchases	Tax Notes	Issuance Premiums	Gen Obligation Bonds and Certificates of Obligation	Tax Notes	Issuance Premiums			
2016	\$ 25,840	\$ -	\$ -	\$ -	\$ 3,280	\$ 1,381	\$ 8,550	\$ -	\$ 177	\$ 39,228	4.58%	\$ 1,747
2017	23,305	-	-	-	2,405	1,237	8,085	-	166	35,198	3.55%	1,528
2018	33,455	-	-	-	2,885	1,637	13,130	-	295	51,402	5.18%	2,189
2019	30,830	-	-	-	2,140	1,467	12,505	-	278	47,220	4.37%	1,990
2020	36,055	-	-	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
2022	28,770	-	-	343	4,995	1,956	9,950	2,425	534	48,973	4.56%	2,326
2023	25,460	-	-	205	3,950	1,651	9,170	2,105	472	43,013	3.85%	2,029
2024	22,795	-	-	82	3,140	1,347	8,365	1,780	410	37,919	3.44%	1,787
2025	20,990	6,330	735	98	2,310	1,520	18,825	1,445	1,019	53,272	4.64%	2,509

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

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

(2) See Long Term Debt rollforward schedule

City of Murphy, Texas

Table 12

Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited) – Amounts Expressed in Thousands

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Less: Available Debt Service Funds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2016	\$ 25,840	\$ -	\$ 3,280	\$ 29,120	\$ 747	\$ 28,373	1.44%	\$ 1,264
2017	23,305	-	2,405	25,710	804	26,514	1.21%	1,151
2018	33,455	-	2,885	36,340	1,134	32,321	1.37%	1,377
2019	30,830	-	2,140	32,970	898	29,932	1.20%	1,262
2020	36,055	-	3,180	39,235	692	35,363	1.36%	1,716
2021	32,170	-	2,575	34,745	646	31,524	1.19%	1,500
2022	28,770	-	4,995	33,765	651	30,075	1.12%	1,419
2023	25,460	-	3,950	29,410	708	24,752	0.80%	1,167
2024	22,795	-	3,140	25,935	776	22,019	0.64%	1,038
2025	20,990	6,330	2,310	29,630	807	20,183	0.54%	951

Source: Annual Comprehensive Financial Report

City of Murphy, Texas

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

Table 13

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^d</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Collin County	\$ 982,755,000	1.59%	\$ 15,625,805
Collin County Community College District	438,250,000	1.59%	6,968,175
Plano Independent School District	1,409,280,000	2.88%	40,587,264
Wylie Independent School District	629,119,927	10.52%	66,183,416
	<u>\$ 3,459,404,927</u>		<u>129,364,660</u>
Subtotal, overlapping debt			129,364,660
City of Murphy		100.00%	<u>31,983,134</u>
Total direct and overlapping debt			<u>\$ 161,347,794</u>

Source: Municipal Advisory Council of Texas

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Murphy, 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 in 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 49,375	\$ 54,802	\$ 85,843	\$ 62,606	\$ 65,151	\$ 66,269	\$ 67,139	\$ 77,256	\$ 85,522	\$ 93,077
Total net debt applicable to limit	39,228	35,199	48,634	33,472	39,966	36,247	35,075	26,403	22,038	28,823
	<u>\$ 10,147</u>	<u>\$ 19,603</u>	<u>\$ 37,209</u>	<u>\$ 29,134</u>	<u>\$ 25,185</u>	<u>\$ 30,022</u>	<u>\$ 32,064</u>	<u>\$ 50,853</u>	<u>\$ 63,484</u>	<u>\$ 64,254</u>
Total net debt applicable to the limit as a percentage of debt limit	79.45%	64.23%	56.65%	53.46%	61.34%	54.70%	52.24%	34.18%	25.77%	30.97%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 3,723,078
Add back: exempt real property	-
Total assessed value	<u>\$ 3,723,078</u>
Debt limit (2.5% of total assessed value)	\$ 93,077
Debt applicable to limit:	
Long term bonds	29,630
Less: amounts set aside for repayment of long term bonds	(807)
Total net debt applicable to limit	<u>\$ 28,823</u>
Legal debt margin	<u>\$ 64,254</u>

City of Murphy, Texas

Table 15

Pledged-Revenue Coverage
 Last Ten Fiscal Years (Unaudited)
 (Amounts Expressed In Thousands)

Water and Sewer System Revenue Bonds							
Fiscal Year	Utility Services Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements		Times Coverage	
				Principal	Interest		
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	
2022	13,046	8,694	4,352	1,100	392	3	
2023	14,151	10,283	3,868	1,130	361	3	
2024	14,676	11,215	3,461	1,130	361	2	
2025	15,223	11,811	3,412	1,200	840	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

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Median Age	Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
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%
2022	21,200	1,073,016,800	50,614	35.9	78.53%	5,136	3.0%
2023	21,204	1,116,475,416	52,654	37.8	72.90%	5,622	4.2%
2024	21,219	1,101,384,477	52,189	39.6	79.96%	5,741	3.9%
2025	21,219	1,147,947,900	54,100	40.0	82.46%	5,647	4.0%

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	2025			Employer	2016		
	No. of Employees	Rank	Percentage of Total City Employment		No. of Employees	Rank	Percentage of Total City Employment
Walmart	262	1	5.62%	Walmart	290	1	7.50%
City of Murphy	147	2	3.23%	Lowe's Home Improvement	142	2	3.70%
Lowe's Home Improvement	140	3	3.15%	City of Murphy	125	3	3.27%
McMillen High School	106	4	2.28%	McMillen High School	110	4	2.87%
Murphy Middle School	89	5	1.87%	Murphy Middle School	109	5	2.85%
Chick-Fil-A	78	6	1.63%	Sprouts	85	6	2.22%
Tibbals Elementary School	73	7	1.54%	Boggess Elementary School	78	7	2.04%
Sprouts	69	8	1.50%	Chick-fil-a	75	8	1.96%
Boggess Elementary School	64	9	1.26%	Hunt Elementary School	74	9	1.93%
Hunt Elementary School	54	10	1.17%	Tibbals Elementay School	65	10	1.70%

Source: Murphy Economic Development

City of Murphy, Texas

Table 18

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

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	24.0	24.0	22.0	23.0	26.5	26.5	26.5	27.5	29.5	32.0
Public safety										
Police										
Officers	24.0	23.0	23.0	23.0	24.0	24.0	24.0	25.0	25.0	26.0
Civilians	11.0	17.5	19.5	19.5	18.5	18.5	18.5	18.5	18.5	20.5
Fire										
Firefighters and officers	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Animal Control	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Service										
Municipal Court	3.0	4.0	4.0	4.5	4.5	3.5	3.5	3.5	3.5	3.5
Cultural and Recreation	15.0	17.0	17.0	18.0	18.0	18.0	19.5	19.5	19.5	20.5
Water										
Administration	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Water	9.0	10.0	11.0	7.5	7.5	8.0	8.0	8.0	8.0	9.0
Wastewater	1.0	1.0	1.0	3.7	3.7	3.0	3.0	3.0	3.0	3.0
Stormwater	-	-	-	1.8	1.8	2.0	4.0	4.0	4.0	4.0
Bond Projects	-	-	2.0	2.0	2.0	2.0	1.0	-	-	-
Total	120.0	129.5	132.5	135.0	138.5	137.5	140.0	141.0	143.0	150.5

Source: Government Human Resource Department

Note: FTE numbers are presented for 2017-2024. In prior years, some department information not available.

Source: City Departments

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City of Murphy, Texas

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

Function/Program	Fiscal Year		
	2016	2017	2018
Police			
Physical arrests	217	184	180
Traffic violations	3,247	3,483	2,694
Fire			
Number of calls answered	1,449	1,332	1,424
Inspections	183	334	191
Water			
New connections	79	22	22
Average daily consumption (gallons) (thousands of gallons)	2,647	3,600	4,219
Wastewater			
Average daily sewage treatment (thousands of gallons)	2,473	1,913	2,012

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						
2019	2020	2021	2022	2023	2024	2025
258	145	167	162	221	246	240
2,669	2,219	2,373	2,819	3,142	3,695	2,280
1,379	1,167	1,578	1,492	1,577	1,675	1,507
274	201	274	351	356	264	202
75	63	60	60	64	11	26
2,359	2,818	3,889	3,889	4,262	3,366	2,155
1,959	2,070	2,077	2,077	1,986	2,327	2,248

City of Murphy, Texas

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

Table 20

FUNCTION	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/CID vehicles	20	21	19	20	20	20	20	24	24	25
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Engines	2	2	2	2	2	2	2	2	2	2
Ambulances	3	3	3	3	3	3	3	3	3	3
Vehicles	5	5	5	5	5	5	5	5	5	6
Public works										
Streets (miles)	82.5	82.5	102.1	103.75	103.89	100.22	100.22	102.1	93.0	93
Culture & Recreation										
Parks acreage	322	322	322	322	322	322	322	324	324	324
Parks	10	10	10	10	10	10	10	10	10	10
Community center	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	94.9	95.0	95.0	95.2	99.3	99.3	99.3	101.0	101.2	101.2
Fire hydrants	1,067	1,067	1,068	1,091	1,103	1,103	1,103	1,226	1,126	1,143
Wastewater										
Sanitary sewers (miles)	85.3	85.0	85.2	89.3	99.4	90.7	90.7	91.0	91.0	91.0

Sources: City departments, North Texas Water Municipal District

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

City of Murphy, Texas

Valuations, Exemptions and General Obligation Debt
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

Table 1CD

2024-2025 Market Valuation Established by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		\$ 4,398,667,117
Less Exemptions/reductions at 100% market value:		
Agricultural/open space land use	\$ 7,864,487	
Homestead cap	364,912,868	
Over 65 and disabled	57,645,500	
Disabled veterans	29,524,524	
Disabled persons	4,025,000	
Other categories	211,616,982	<u>675,589,361</u>
2024-2025 Taxable assessed valuation		<u><u>\$ 3,723,077,756</u></u>
General debt payable from ad valorem taxes		\$ 29,630,000
General interest and sinking fund as of September		<u>913,087</u>
Ratio general tax debt to taxable assessed valuation		0.80%
2025 estimated population	21,219	
Per capita taxable assessed valuation	\$ 175,460	
Per capita net funded debt payable from ad valorem taxes	\$ 1,396	

Note: Collin Central Appraisal District - 2023 Certified Roll

City of Murphy, Texas

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

Table 2CD

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Original Tax Levy¹	Tax Collected Within the Fiscal Year¹	% of Levy Collected
2016	0.5300	0.3332	0.1970	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
2022	0.4950	0.3102	0.1848	13,293,586	13,521,938	101.72
2023	0.4650	0.2906	0.1744	13,535,151	14,268,600	105.42
2024	0.4080	0.2814	0.1267	13,801,829	13,877,053	100.55
2025	0.3625	0.2713	0.0913	13,525,925	13,446,544	99.41

Source:¹ Collin Central Appraisal District

City of Murphy, Texas

General Obligation Debt Service Requirements
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

Table 3CD

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2026	\$ 2,615,000	\$ 997,216	\$ 3,612,216	8.83%
2027	2,700,000	925,038	3,625,038	9.11%
2028	2,890,000	822,668	3,712,668	9.75%
2029	2,545,000	721,200	3,266,200	8.59%
2030	1,960,000	638,386	2,598,386	6.61%
2031	1,725,000	571,624	2,296,624	5.82%
2032	1,435,000	517,374	1,952,374	4.84%
2033	1,490,000	468,049	1,958,049	5.03%
2034	1,535,000	418,794	1,953,794	5.18%
2035	1,585,000	369,613	1,954,613	5.35%
2036	1,635,000	317,958	1,952,958	5.52%
2037	1,690,000	263,721	1,953,721	5.70%
2038	1,745,000	207,286	1,952,286	5.89%
2039	870,000	163,190	1,033,190	2.94%
2040	900,000	131,687	1,031,687	3.04%
2041	415,000	105,125	520,125	1.40%
2042	440,000	83,750	523,750	1.48%
2043	460,000	61,250	521,250	1.55%
2044	485,000	37,625	522,625	1.64%
2045	510,000	12,750	522,750	1.72%
	<u>\$ 29,630,000</u>	<u>\$ 7,834,304</u>	<u>\$ 37,464,304</u>	

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year		
	2016	2017	2018
REVENUES			
Taxes	\$ 13,518	\$ 14,172	\$ 14,767
Permits and licenses	941	560	485
Charge for services	1,739	1,766	1,866
Fines and forfeitures	304	360	298
Investment income	26	49	81
Grants	620	999	15
Intergovernmental revenue	765	821	694
Donations	4	2	8
Miscellaneous	779	1,253	87
Total revenues	\$ 18,696	\$ 19,982	\$ 18,301
EXPENDITURES			
General government	\$ 4,250	\$ 4,831	\$ 3,999
Public safety	5,876	6,219	6,346
Public works	231	271	235
Sanitation	761	770	880
Public service and operations	646	675	537
Parks and recreation	1,118	1,493	1,482
Development	119	153	143
Capital outlay	2,978	2,455	1,421
Debt service	4,334	4,463	4,434
Total expenditures	\$ 20,313	\$ 21,330	\$ 19,477

Table 4CD- Continued

Fiscal Year						
2019	2020	2021	2022	2023	2024	2025
\$ 15,443	\$ 16,740	\$ 17,473	\$ 18,110	\$ 19,042	\$ 18,492	\$ 18,235
531	571	339	383	413	413	942
1,829	1,780	2,002	1,923	2,124	2,136	2,280
261	215	394	345	344	301	410
94	76	122	122	682	1,036	783
-	-	-	-	-	-	-
882	1,261	759	695	889	4,810	1,093
1	4	1	13	9	8	23
181	736	101	209	71	142	75
<u>\$ 19,222</u>	<u>\$ 21,383</u>	<u>\$ 21,191</u>	<u>\$ 21,800</u>	<u>\$ 23,574</u>	<u>\$ 27,338</u>	<u>\$ 23,841</u>
\$ 4,285	\$ 4,313	\$ 5,412	\$ 4,758	\$ 5,256	\$ 7,209	\$ 4,921
6,681	6,684	6,502	6,784	7,080	8,641	9,920
300	271	263	235	255	840	657
979	1,007	1,034	1,054	1,079	1,158	2,164
738	705	766	810	799	883	1,005
1,660	1,738	1,528	1,725	1,687	1,957	1,186
-	-	-	-	-	-	-
5,180	4,302	10,267	2,448	1,119	2,000	1,144
4,893	5,034	5,163	5,229	5,495	4,466	3,568
<u>\$ 24,716</u>	<u>\$ 24,054</u>	<u>\$ 30,935</u>	<u>\$ 23,043</u>	<u>\$ 22,770</u>	<u>\$ 27,154</u>	<u>\$ 24,565</u>

City of Murphy, Texas

Governmental Fund Revenues and Expenditure History

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year		
	2016	2017	2018
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,617)</u>	<u>\$ (1,348)</u>	<u>\$ (1,176)</u>
OTHER FINANCING SOURCES (USES)			
Bonds proceeds	\$ 1,800	\$ -	\$ 13,845
Premium on bonds issued	-	-	558
Note proceeds	-	-	-
Financed purchases	-	-	-
Payments to escrow agent	-	-	-
Net transfers	850	850	385
Total other financing sources (uses)	<u>\$ 2,650</u>	<u>\$ 850</u>	<u>\$ 14,788</u>
BEGINNING FUND BALANCE	6,885	7,918	7,420
PRIOR YEAR ADJUSTMENT	-	-	(147)
ENDING FUND BALANCE	<u>\$ 7,918</u>	<u>\$ 7,420</u>	<u>\$ 20,885</u>

Table 4CD – Concluded

Fiscal Year						
2019	2020	2021	2022	2023	2024	2025
\$ (5,494)	\$ (2,671)	\$ (9,744)	\$ (1,243)	\$ 804	\$ 184	\$ (724)
\$ -	\$ 9,915	\$ 8,850	\$ 3,050	\$ -	\$ -	\$ 6,330
-	400	1,010	-	-	-	369
-	-	-	-	-	-	-
-	269	268	120	-	-	81
-	-	(9,908)	-	-	-	-
875	856	900	788	194	(2,014)	1,104
\$ 875	\$ 11,440	\$ 1,120	\$ 3,958	\$ 194	\$ (2,014)	\$ 7,884
20,885	16,266	25,035	16,411	-	-	-
-	-	-	-	-	-	-
\$ 16,266	\$ 25,035	\$ 16,411	\$ 19,126	\$ 998	\$ (1,830)	\$ 7,160

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
2016	\$ 3,920,231	37.51%	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	224
2021	5,525,205	42.37%	0.1615	265
2022	5,746,924	43.23%	0.1680	273
2023	5,908,003	43.65%	0.1727	279
2024	5,768,318	41.79%	0.1686	272
2025	5,997,987	44.34%	0.1611	283

City of Murphy, Texas

Cash and Investments for Primary Government
For the Fiscal Year Ended September 30, 2025
(Unaudited)

Table 6CD

<u>Type of Investment</u>		
Cash on hand	0.012%	\$ 1,150
Texpool	17.023%	10,730,057
Checking and savings	82.975%	<u>52,302,385</u>
	<u>100.00%</u>	<u>\$ 63,033,592</u>

City of Murphy, Texas

Proprietary Funds Debt Service Requirements
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

Table 7CD

Fiscal Year	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2026	\$ 1,200,000	\$ 839,834	\$ 2,039,834	5.92%
2027	1,235,000	820,366	2,055,366	6.09%
2028	1,280,000	773,699	2,053,699	6.31%
2029	1,335,000	724,519	2,059,519	6.59%
2030	935,000	679,581	1,614,581	4.61%
2031	970,000	639,581	1,609,581	4.79%
2032	1,020,000	597,781	1,617,781	5.03%
2033	1,065,000	553,728	1,618,728	5.25%
2034	1,110,000	507,281	1,617,281	5.48%
2035	950,000	462,732	1,412,732	4.69%
2036	995,000	419,788	1,414,788	4.91%
2037	1,035,000	374,437	1,409,437	5.11%
2038	1,085,000	327,025	1,412,025	5.35%
2039	740,000	284,250	1,024,250	3.65%
2040	780,000	246,250	1,026,250	3.85%
2041	820,000	206,250	1,026,250	4.05%
2042	860,000	164,250	1,024,250	4.24%
2043	905,000	120,125	1,025,125	4.46%
2044	950,000	73,750	1,023,750	4.69%
2045	1,000,000	25,000	1,025,000	4.93%
	<u>\$ 20,270,000</u>	<u>\$ 8,840,227</u>	<u>\$ 29,110,227</u>	