City of Murphy

Vision Statement: Murphy is a vibrant, family-oriented, distinctive city that fosters a strong sense of community and connection between its local government and citizens with a focus on quality of life.

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2009

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2009

City of Murphy, Texas

Council/Manager Form of Government

City Manager

James Fisher

Director of Finance

Linda Truitt

CITY OF MURPHY

CITY OF MURPHY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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CITY OF MURPHY

INTRODUCTORY SECTION

CITY OF MURPHY

CITY OF MURPHY

February 26, 2010

Honorable Mayor and City Council
City of Murphy
Murphy, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Murphy, Texas, for the year ended September 30, 2009, is submitted herewith.

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

Conway Company CPAs, P.C. have issued an unqualified ("clean") opinion on the City of Murphy's financial statements for the year ended September 30, 2009. The independent auditor's report is located in the beginning of the financial section of the CAFR.

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

GENERAL INFORMATION – CITY OF MURPHY

The City of Murphy, Texas, incorporated in 1958, is located in Collin County, the northeastern part of the Dallas-Fort Worth metroplex. It currently occupies 5.1 square miles and serves a population of 14,500. The City of Murphy, Texas is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Murphy, Texas has operated under the council-manager form of government since February 7, 2004. Policy-making and legislative authority are vested in a governing council ("Council") consisting of the mayor and six other members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments. Council members serve three-year terms. The Mayor and Council members are elected at large.

The City of Murphy, Texas provides a full range of service, including police and fire protection; emergency medical services; water, sewer and refuse collection and disposal; community development (planning and zoning); the construction and maintenance of roadways, streets and other infrastructure; public improvements; and parks, recreational and community activities.

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

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Murphy, Texas financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police).

ECONOMIC CONDITIONS AND OUTLOOK

The City of Murphy is located in an area that has been recognized by planners and economists as one of the nation's top locations for future business and industrial development. According to U.S. Census Bureau estimates, Murphy is one of the fastest growing cities in the DFW Metropolitan Area. Its growth from 3,099 persons in the 2000 census to its current estimated population of 14,500 makes it a favorable location for future retail and commercial growth.

Standard and Poor upgraded the City of Murphy Bond Rate from an A- to A+ in August, 2008 and was confirmed when the City issued General Obligation Bonds in April, 2009.

MAJOR INITIATIVES

For Fiscal Year 2009-2010, top priority projects for the City of Murphy include:

Issue second series of bonds approved in November, 2008. Citizen support of the bond issue was 66% with 77% of the voters turning out for construction of parks, streets/roads, and remodeling of "Old City Hall".

Begin construction/upgrade of several neighborhood parks – Aviary, Travis Farm (Skyline), North Hill (Gables Ranch) Phases I and II, and Brentwood – completion estimated late summer 2010.

Begin construction of one million gallon elevated storage tank

Continue the planning and construction of the streetscape median beautification of S. Murphy Road, Heritage Parkway and West Betsy Lane – completion estimated late summer 2010.

Begin the design phase and remodeling of "Old City Hall"/Schoolhouse Building into a Community Center.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

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

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's finance director, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

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

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

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

Relevant financial policies

The City has adopted an investment policy to document the strategy of the City's investments and maintain an efficient cash management program. To further enhance cash management and improve investment income the City requested proposals from banking institutions and contracted with Wells Fargo Bank in April 2005. First Southwest Company provides additional financial advisory services to the City

General Governmental Functions

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

	Tax Rate
2005-2006	.4683
2006-2007	.4683
2007-2008	.4683
2008-2001	.5183
2009-2010	.5384

OTHER INFORMATION

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murphy, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the fifth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Independent Audit: The City of Murphy has engaged the firm of Conway Company CPAs, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2009, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Acknowledgements

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

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

Respectfully submitted,

James Fisher
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murphy Texas

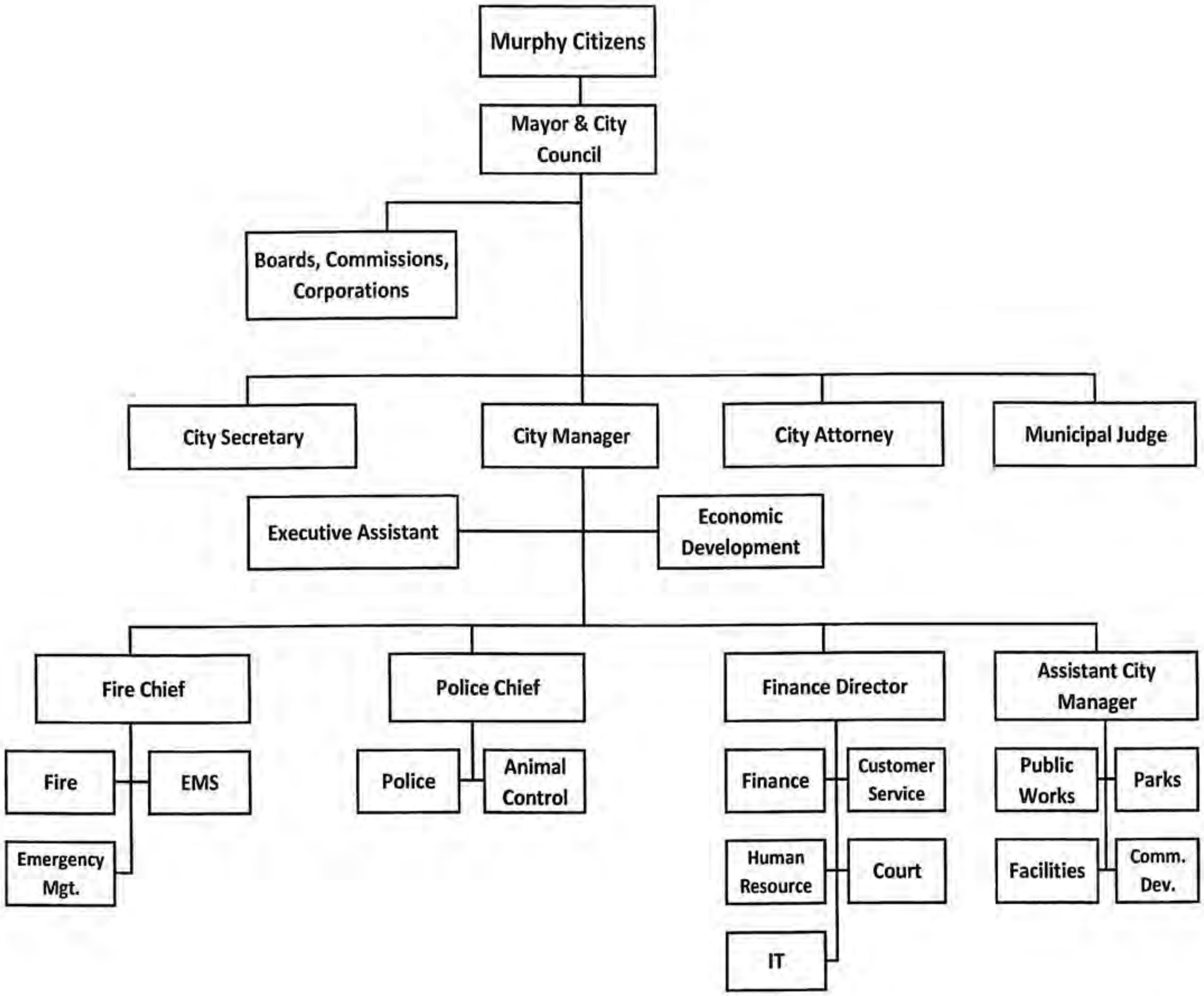
For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2008

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

President

Executive Director

City of Murphy
Organizational Chart



City Council:

Bret M. Baldwin	Mayor
Eric Barna	Mayor Pro Tem
Roxanne Bogdan	Deputy Mayor Pro Tem
Scott Bradley	Council member
Mike Daniel	Council member
John Daugherty	Council member
Colleen Halbert	Council member

Administrative Officers:

James Fisher	City Manager
Jeff Bickerstaff	Assistant City Manager/ Director of Community Development
Linda Truitt	Director of Finance
Aimee Nemer	City Secretary
Mark Lee	Fire Chief
G. M. Cox	Police Chief

CITY OF MURPHY

FINANCIAL SECTION

CITY OF MURPHY

(CPA)
Michael Conway, CPA
Neil Conway, CPA

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American Institute of CPAs
Texas Society of CPAs

February 17, 2010

Independent Auditor's Report on Financial Statements

Mayor and City Council
City of Murphy
206 N Murphy Road
Murphy, TX 75094

Mayor and City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murphy (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Murphy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Murphy as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 17, 2010, on our consideration of the City of Murphy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be considered in assessing the results of our audit.

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Commerce, Texas 75428
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Greenville, Texas 75402
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#1 Horizon Court
Rockwall, Texas 75032
Office (972) 771-1065
Fax (903) 454-3181

Management's Discussion and Analysis and the Schedule of Pension Trust – TMRS Funding Progress and Contributions identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murphy, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and the budgetary comparison schedules for the Debt Service Fund, Capital Projects Fund, Economic Development Fund, and the Community Development Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

Conway Company CPAs, P.C.

Conway Company CPAs, P.C.

CITY OF MURPHY, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2009

As management of the City of Murphy, we offer readers of the City of Murphy's financial statements this narrative overview and analysis of the financial activities of the City of Murphy for the fiscal year ended September 30, 2009. 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 of the City of Murphy exceeded its liabilities at the close of the fiscal year by \$76,066,804 (net assets). Of this amount, \$3,937,049 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. A total of \$70,174,946, or 92% are invested in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net assets restricted for specific purposes total \$1,954,809 or 3%.

- The government's total net assets increased by \$3,275,457, (excluding prior period adjustments) due to an increase in the governmental and business-type activities net assets.

- As of the close of the current fiscal year, the City of Murphy's governmental funds reported combined ending fund balances of \$10,281,192, an increase of \$7,614,705 excluding prior period adjustment, in comparison with the prior year. Approximately 21% of this total amount, or \$2,134,157, is available for spending at the government's discretion (unreserved fund balance).

- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund of \$1,647,613 or 19% percent of total general fund expenditures for the fiscal year.

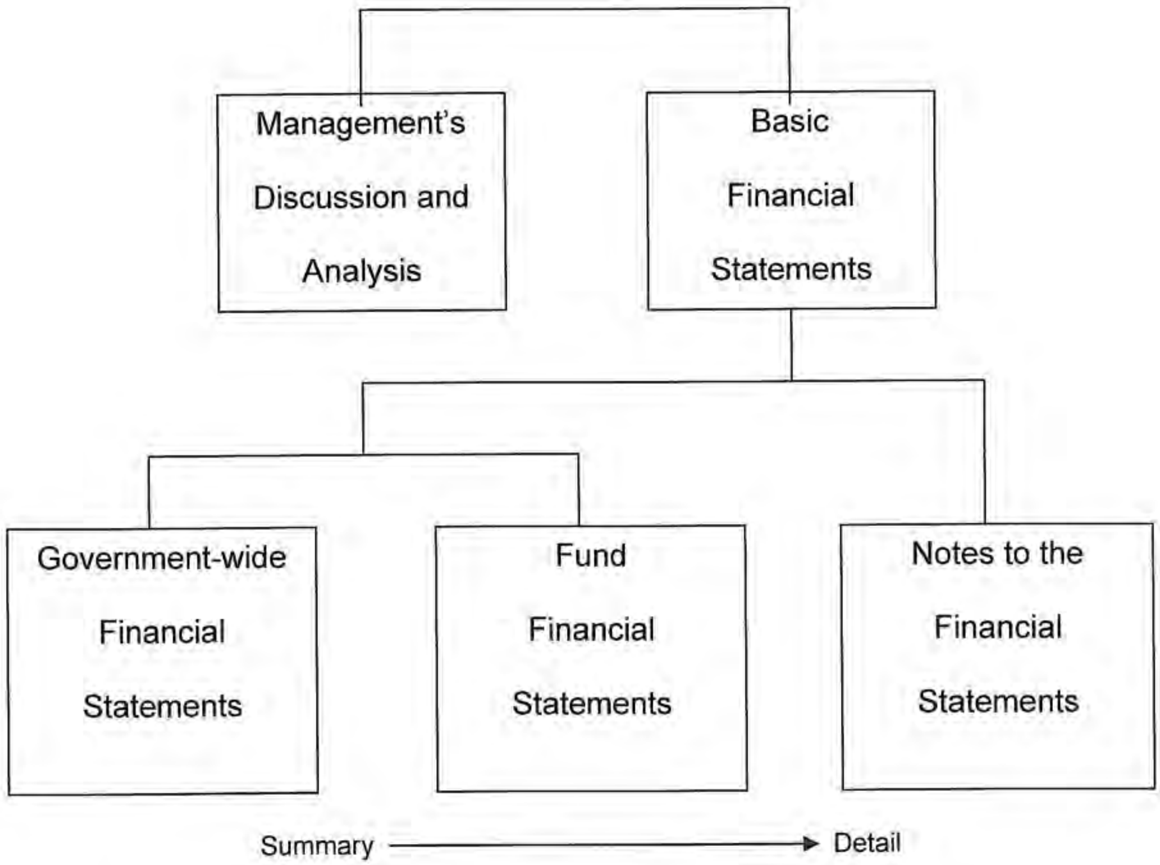
- The City of Murphy's total bonded debt increased by \$14,235,000 or 53% during the current fiscal year. The key factor in this increase was the issuance of \$9,500,000 in certificate of obligations and \$7,915,000 in general obligation bonds of which \$1,635,000 was used to pay off 1998 certificates of obligation.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Murphy's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). 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.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 19 - 21) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Pages 22 - 31) 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 budgetary comparison statements; and 3) the proprietary fund 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 those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide 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 permits finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City of Murphy. The final category is the component unit.

The government-wide financial statements are on pages 19, 20 and 21 of this report.

Fund Financial Statements

The fund financial statements (see pages 22 - 31) 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 all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Murphy adopts an annual 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement. The Governmental Fund financial statements can be found on pages 22-25 of this report.

Proprietary Funds – The City of Murphy has one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Murphy uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 29 - 31 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 36 - 54 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Murphy's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 57 of this report.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended September 30, 2009 continue the implementation of a new standard of financial reporting for the City of Murphy, and many other units of government across the United States. Prior to the year 2004, the City of Murphy maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City of Murphy. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the City of Murphy's financial reports as well as those of many other units of government. While the City of Murphy was required to implement these changes for the fiscal year ended September 30, 2004, other units were required to implement Statement 34 in 2002 and 2003.

The City of Murphy's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 11,329,118	$ 4,722,839	$ 11,263,269	$ 3,102,797	$ 22,592,387	$ 7,825,636
Capital assets	67,363,996	64,371,531	29,037,558	29,408,044	96,401,554	93,779,575
Total assets	78,693,114	69,094,370	40,300,827	32,510,841	118,993,941	101,605,211
Long-term liabilities outstanding	32,979,667	26,500,410	8,312,794	510,575	41,292,461	27,010,985
Other Liabilities	971,131	625,730	663,545	723,747	1,634,676	1,349,477
Total liabilities	33,950,798	27,126,140	8,976,339	1,234,322	42,927,137	28,360,462
Net assets:						
Invested in capital assets, net of related debt	41,606,563	37,749,814	28,568,383	28,918,044	70,174,946	66,667,858
Restricted	1,033,590	1,884,281	921,219	2,279,583	1,954,809	4,163,864
Unrestricted	2,102,163	2,334,135	1,834,886	78,892	3,937,049	2,413,027
Total net assets	$ 44,742,316	$ 41,968,230	$ 31,324,488	$ 31,276,519	$ 76,066,804	$ 73,244,749

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of the City of Murphy exceeded liabilities by $76,066,804 as of September 30, 2009. The City's net assets increased by $3,275,457, excluding prior period adjustments, for the fiscal year ended September 30, 2009. However, a large portion, 92%, reflects the City's 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. An additional portion of the City of Murphy's net assets, 2.57%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,937,049 is unrestricted.

Several particular aspects of the City's financial operations positively influenced the increase of the total governmental net assets:

- Property taxes increased 16% from the previous year.
- Sales taxes and franchise taxes increased 25% from the previous year.

Note: The CDC and the EDC are included in the amounts for 2008. Starting in 2009 the CDC and the EDC were presented as discretely presented component units.

The City of Murphy's Changes in Net Assets

Figure 3

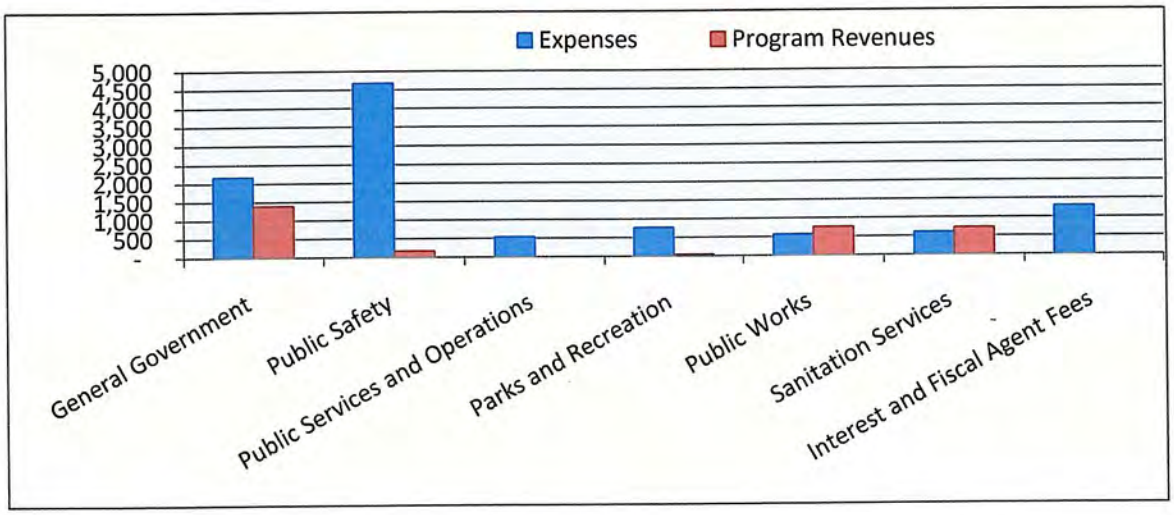
	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUE:						
Program Revenues:						
Charge for Services	$ 2,166,558	$ 1,209,876	$ 4,751,524	$ 5,884,321	$ 6,918,082	$ 7,094,197
Grants and contributions	163,728	314,042	-	-	163,728	314,042
General Revenues:						
Property Taxes including P&I	7,413,773	6,229,450	-	-	7,413,773	6,229,450
Franchise Taxes	809,385	666,481	-	-	809,385	666,481
Fines and Forfeitures	478,776	576,373	-	-	478,776	576,373
Sales Tax Collected	795,139	1,237,613	-	-	795,139	1,237,613
Licenses and Permits	439,936	848,234	-	-	439,936	848,234
Investment Income	115,096	173,235	32,901	68,216	147,997	241,451
Donations	236,933	1,302,523	25,547	197,967	262,480	1,500,490
Impact Fees	-	-	548,680	-	548,680	-
Miscellaneous	50,380	157,314	56,309	13,163	106,689	170,477
Total Revenues	12,669,704	12,715,141	5,414,961	6,163,667	18,084,665	18,878,808
EXPENDITURES:						
Program Expenses:						
General Government	2,168,636	2,831,983	-	-	2,168,636	2,831,983
Public Safety	4,678,452	4,324,267	-	-	4,678,452	4,324,267
Public Works	560,445	999,560	-	-	560,445	999,560
Public Services and Operations	535,605	708,362	-	-	535,605	708,362
Parks and Recreation	768,086	917,352	-	-	768,086	917,352
Interest and Fiscal Agent Fees	1,300,118	1,281,977	-	-	1,300,118	1,281,977
Economic Development	-	416,901	-	-	-	416,901
Community Development	-	293,800	-	-	-	293,800
Environmental Waste Services	608,010	603,612	-	-	608,010	603,612
Water and Sewer	-	-	4,189,856	5,034,881	4,189,856	5,034,881
Total Expenditures	10,619,352	12,377,814	4,189,856	5,034,881	14,809,208	17,412,695
Increase in Net Assets before Transfers and Extraordinary expenditure	2,050,352	337,327	1,225,105	1,128,786	3,275,457	1,466,113
Transfers	853,543	1,289,005	(853,543)	(1,289,005)	-	-
Extraordinary expenditure	-	(590,000)	-	-	-	(590,000)
Increase in Net Assets	2,903,895	1,036,332	371,562	(160,219)	3,275,457	876,113
Net Assets, October 1	40,569,211	39,187,517	31,276,519	32,618,449	71,845,730	71,805,966
Prior Period Adjustments	1,269,210	345,362	(323,593)	(1,181,711)	945,617	(836,349)
Net Assets, September 30	$44,742,316	$40,569,211	$31,324,488	$31,276,519	$76,066,804	$71,845,730

Note: The CDC and the EDC are included in the amounts for 2008. Starting in 2009 the CDC and the EDC were presented as discretely presented component units.

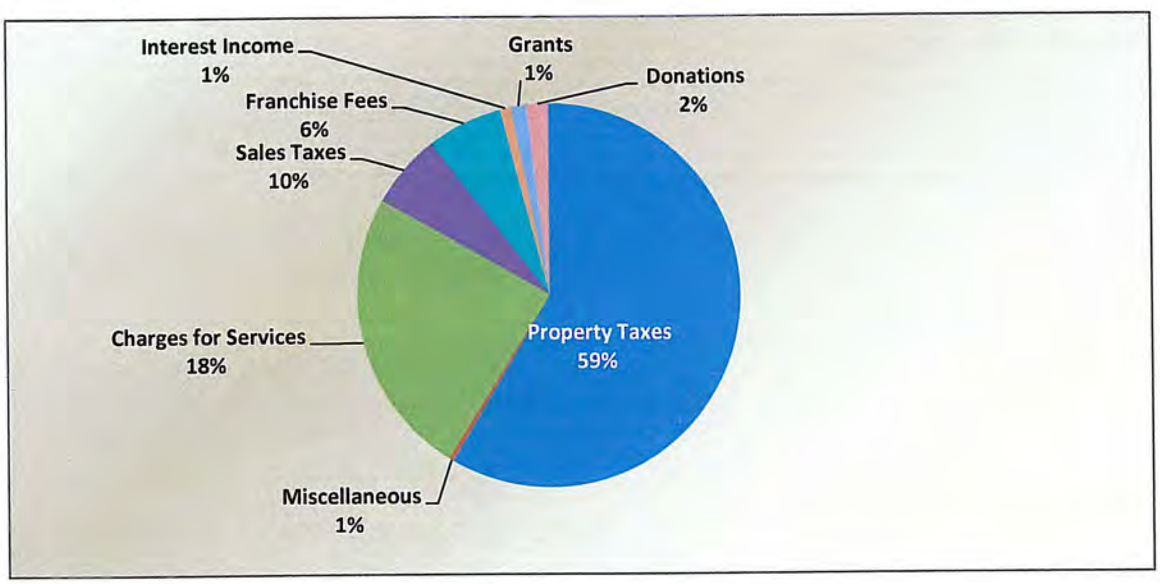
Governmental-type activities - The general revenues increased the City's net assets by $2,903,895 excluding prior period adjustments. Key elements of this increase are as follows:

Property tax revenues increased by 16% due in large part to increased property valuations and addition of property throughout the City. The assessed value of the property increased by $174 million (12%) to prior year.
Sales tax and franchise taxes increased by $491,502 (25%).

Expenses and Program Revenues - Governmental Activities
(amounts expressed in thousands)



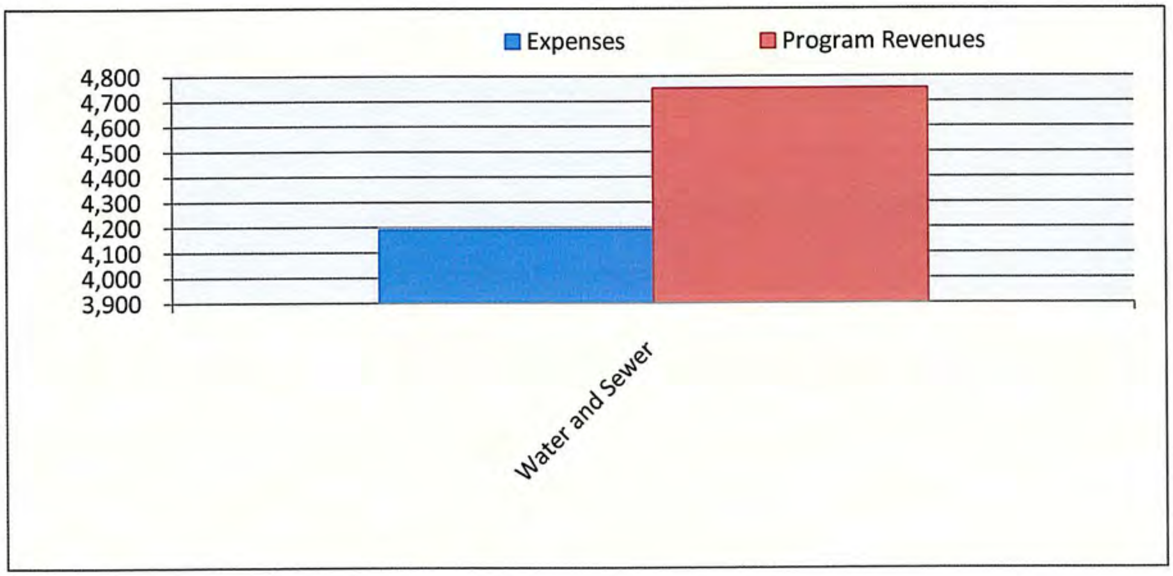
Revenues By Source - Governmental Activities



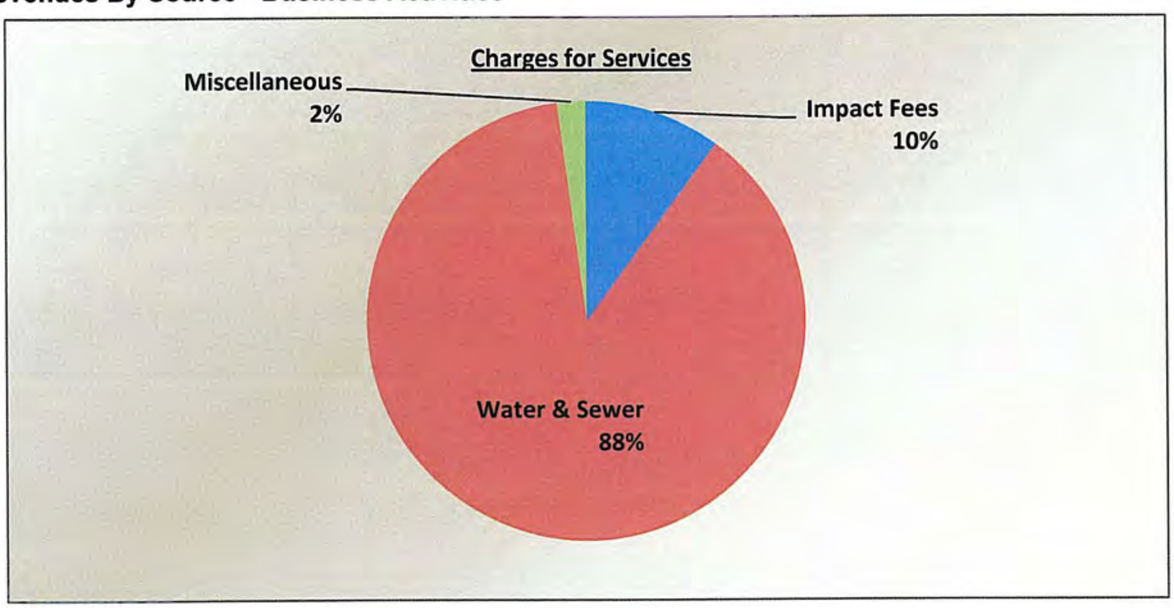
Business-type Activities - Proprietary fund activities increased the City of Murphy's net assets by $371,562, excluding prior period adjustments. A key element of this increase is as follows:

Water and Sewer revenues were 13% more than the Water and Sewer expenditures.

Expenditures and Program Revenues - Business Activities
(amounts expressed in thousands)



Revenues By Source - Business 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 of Murphy'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 of Murphy's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Murphy. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was $1,647,613. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved, undesignated fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 19% of total General Fund expenditures.

At September 30, 2009, the governmental funds of the City of Murphy reported a combined fund balance of $10,281,192, a 37% increase over last year, excluding prior period adjustments. The City reserved $8,147,035 during the year ended September 30, 2009 of which $7,108,057 is for capital outlays. This affects the availability of fund resources for future use.

At September 30, 2009, the debt service fund had a total fund balance of $935,695 and was reserved for the payment of debt. An increase of $97,633, in fund balance during the current year was due to higher property tax revenue. The increase in the debt service fund balance was within the budget plan.

At September 30, 2009, the capital projects fund had a total fund balance of $7,584,649. The issuance of new debt is the key factor of the increase in fund balance. Most of the projects have a long duration due to construction phases. Major expenditures incurred during the current year include: Gables Park and Murphy Road.

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

Revenues were slightly less than the budgeted amounts mainly in the areas of sales taxes and fine revenue. Property tax revenue collected was more than the budgeted amount. However, expenditures were generally in line with budgeted amounts.

Proprietary Funds - The City of Murphy's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Utility Fund at the end of the fiscal year amounted to $1,834,886 and $28,568,383 invested in net assets less related debt. Other factors concerning the finances of these funds have already been addressed in the discussion of the City business-type activities.

Capital assets - The City of Murphy's investment in capital assets for its governmental and business-type activities as of September 30, 2009, totals $96,401,554 (net of accumulated depreciation). This investment in capital assets includes buildings, roads and bridges, land, machinery and equipment.

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

- Land in the amount of $2,019,276 was donated by developers and citizens
- Differences in infrastructure and buildings is due to reclassifications. The City has spent significant amount of time updating their assets

Figure 4

City of Murphy
Capital Assets
As of September 30, 2009
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 10,166,465	$ 8,147,189	$ -	$ -	$ 10,166,465	$ 8,147,189
Buildings	19,202,486	19,293,879	-	29,155,737	19,202,486	48,449,616
Infrastructure	36,906,915	36,359,770	28,691,246	-	65,598,161	36,359,770
Machinery & Equipment	486,458	570,693	209,485	252,307	695,943	823,000
Construction in progress	601,672		136,827		738,499	-
Total	$ 67,363,996	$ 64,371,531	$ 29,037,558	$ 29,408,044	$ 96,401,554	$ 93,779,575

More detailed information about the City's capital assets is presented in Note E to the financial statements on pages 40 and 41.

Long-term Debt - As of September 30, 2009, the City of Murphy had total long-term debt outstanding of $41,010,000. This debt represents bonds secured by specified revenue sources (i.e., revenue bonds) and increase in net assets.

City of Murphy
Outstanding Bonds
As of September 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds and Certificates of Obligation (backed by tax revenues and net Water/Sewer revenues	$ 32,365,000	$ 25,750,000	$ 8,000,000	$ -	$ 40,365,000	$ 25,750,000
Refunding Bonds (backed by tax revenues)	370,000	535,000	-	-	370,000	535,000
Revenue Bonds (backed by Water/Sewer revenues)	-	-	275,000	490,000	275,000	490,000
Total	$ 32,735,000	$ 26,285,000	$ 8,275,000	$ 490,000	$ 41,010,000	$ 26,775,000

The City of Murphy's bonded debt increased by $14,235,000 (53%) during the past fiscal year.

More detailed information about the City's long-term liabilities is presented in Note F to the financial statements on pages 41 - 43.

Economic Factors and Next Year's Budgets and Rates

The FY 2010 budget maintains the same M&O tax rate as FY 2009 at $0.334089 per $100 valuation. The tax rate for the debt service fund increases by $0.020105 to $0.204316 due to the issuance of $6.4M of the $16M bond package overwhelmingly approved by the voters in November 2008.

The 2010 budget will raise more total property taxes than last year's budget by $581,658, 7.94%, and of that amount $431,004 is tax revenue to be raised from new property added to the roll this year.

The projected increase in the City's Utility Fund of 10.4% or $493,200 is due to the restructuring of the City's water and sewer rates per the rate study that was conducted in November and December 2008. The new five-year rate structure for water and sewer was approved by Council effective April 1st of each year through 2013.

The City staff is not requesting any pay increase in the next fiscal year.

Requests 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 requests for additional financial information should be addressed to the City of Murphy, Finance Department, 206 N. Murphy Rd., Murphy, TX 75094.

CITY OF MURPHY

BASIC FINANCIAL STATEMENTS

CITY OF MURPHY

CITY OF MURPHY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
ASSETS				
Cash and Cash Equivalents	$ 2,262,181	$ 1,494,107	$ 3,756,288	$ 867,428
Receivables (net of allow for uncollectibles)	408,287	541,998	950,285	133,293
Prepaid Items	11,150	-	11,150	-
Deferred Charges	231,630	188,259	419,889	-
Restricted Assets:				
Cash and Cash Equivalents	8,415,870	9,038,905	17,454,775	-
Capital Assets not being depreciated:				
Land	10,166,465	-	10,166,465	-
Construction in progress	601,672	136,827	738,499	-
Capital Assets net of accumulated depreciation:				
Infrastructure	36,906,915	28,691,246	65,598,161	-
Buildings and Improvements	19,202,486	-	19,202,486	-
Machinery and Equipment	486,458	209,485	695,943	-
Total Assets	78,693,114	40,300,827	118,993,941	1,000,721
LIABILITIES				
Accounts Payable	485,432	207,437	692,869	23,741
Accrued Expenditures	188,482	24,106	212,588	2,169
Accrued Interest Payable	248,491	89,318	337,809	-
Customer Deposits	-	307,363	307,363	-
Unearned Revenues	-	32,003	32,003	-
Other Liabilities	48,726	3,318	52,044	-
Noncurrent Liabilities:				
Due within one year:				
Compensated Absences	53,257	6,582	59,839	-
Bonds Payable	1,598,180	226,820	1,825,000	-
Due in more than one year:				
Compensated Absences	135,972	17,058	153,030	163
Bonds Payable	31,192,258	8,062,334	39,254,592	-
Total Liabilities	33,950,798	8,976,339	42,927,137	26,073
NET ASSETS				
Investment in capital assets, net of related debt	41,606,563	28,568,383	70,174,946	-
Restricted for:				
Debt Service	930,307	-	930,307	-
Use of Impact fees	-	911,488	911,488	-
Capital Improvements	-	9,731	9,731	-
Court	103,283	-	103,283	-
Unrestricted	2,102,163	1,834,886	3,937,049	974,648
Total Net Assets	$ 44,742,316	$ 31,324,488	$ 76,066,804	$ 974,648

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

CITY OF MURPHY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary Government				
Governmental Activities:				
General Government	$ 2,168,636	$ 1,386,276	$ -	$ -
Public Safety	4,678,452	165,113	19,876	10,552
Public services and operations	535,605	-	-	-
Parks and recreation	768,086	39,996	-	133,300
Public works	560,445	763,893	-	-
Sanitation Services	608,010	729,992	-	-
Interest on Long-Term Debt	1,300,118	-	-	-
Total governmental activities	10,619,352	3,085,270	19,876	143,852
Business-type Activities:				
Water and sewer	4,189,856	4,751,524	-	-
Total business-type activities	4,189,856	4,751,524	-	-
Total primary government	14,809,208	7,836,794	19,876	143,852
Component units:				
Community Development Corporation	571,385	-	-	-
Economic Development Corporation	656,322	-	-	-
Total component units	$ 1,227,707	$ -	$ -	$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Investment income
Impact Fees
Donations
Miscellaneous
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior Period Adjustment
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Activities	Total	Component Units
$ (782,360)	$ -	$ (782,360)	$ -
(4,482,911)	-	(4,482,911)	-
(535,605)	-	(535,605)	-
(594,790)	-	(594,790)	-
203,448	-	203,448	-
121,982	-	121,982	-
(1,300,118)	-	(1,300,118)	-
(7,370,354)	-	(7,370,354)	-
-	561,668	561,668	-
-	561,668	561,668	-
(7,370,354)	561,668	(6,808,686)	-
-	-	-	(571,385)
-	-	-	(656,322)
$ -	$ -	$ -	$ (1,227,707)
$ 7,413,773	$ -	$ 7,413,773	$ -
795,139	-	795,139	791,071
809,385	-	809,385	-
115,096	32,901	147,997	12,104
-	548,680	548,680	-
236,933	25,547	262,480	-
50,380	56,309	106,689	161
853,543	(853,543)	-	-
10,274,249	(190,106)	10,084,143	803,336
2,903,895	371,562	3,275,457	(424,371)
40,569,211	31,276,519	71,845,730	1,399,019
1,269,210	(323,593)	945,617	-
$ 44,742,316	$ 31,324,488	$ 76,066,804	$ 974,648

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

CITY OF MURPHY, TEXAS
BALANCE SHEET - GOVERNMENT FUNDS
SEPTEMBER 30, 2009

	General Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and Investments	$ 1,963,361	$ -	$ 298,821	$ 2,262,182
Receivables (net of allowances for uncollectibles)	369,870	38,417	-	408,287
Prepaid Items	11,150	-	-	11,150
Cash - restricted	103,283	930,307	$7,382,280	8,415,870
Total Assets	2,447,664	968,724	7,681,101	11,097,489
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	388,981	-	96,452	485,433
Accrued Expenditures	188,482	-	-	188,482
Deferred Revenues	60,628	33,029	-	93,657
Other Liabilities	48,725	-	-	48,725
Total Liabilities	686,816	33,029	96,452	816,297
FUND BALANCES				
Reserved for:				
Debt Service	-	935,695	-	935,695
Court	103,283	-	-	103,283
Capital Improvements	-	-	7,108,057	7,108,057
Unreserved, designated for, reported in:				
Capital Improvements	-	-	476,592	476,592
Seizure Funds	9,952	-	-	9,952
Unreserved-Undesignated	1,647,613	-	-	1,647,613
Total Fund Balances	1,760,848	935,695	7,584,649	10,281,192
Total Liabilities and Fund Balances	$ 2,447,664	$ 968,724	$7,681,101	$ 11,097,489

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Total fund balances - governmental funds	$ 10,281,192
Amounts reported for governmental activities in the statement of net assets are different because:	
Costs associated with the issuance of governmental long term debt are expenses capitalized and amortized over the life of the debt	231,630
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	76,886,315
Accumulated depreciation has not been included in the governmental fund financial statements	(9,522,320)
Bonds payable and contractual obligations have not included in the governmental fund financial statements	(32,735,000)
Premiums on issuance of debt were not recognized on the balance sheet for governmental funds	(55,438)
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet	(248,491)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements	(189,229)
Revenue reported as deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements	93,657
Net assets of governmental activities - statement of net assets	$ 44,742,316

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

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUE				
Property Taxes including P&I	$4,790,766	$2,636,183	$ -	$ 7,426,949
Franchise Taxes	809,385	-	-	809,385
Fines and Forfeitures	478,776	-	-	478,776
Sales Tax Collected	795,139	-	-	795,139
Charge for Services	1,311,058	-	-	1,311,058
Licenses and Permits	439,936	-	-	439,936
Grant Revenue	30,428	-	133,300	163,728
Intergovernmental Income	301,000	-	-	301,000
Donations	10,095	-		10,095
Investment Income	15,034	83,785	16,277	115,096
Miscellaneous	50,380	-	-	50,380
Total Revenues	9,031,997	2,719,968	149,577	11,901,542
EXPENDITURES				
Current operating:				
General Government	2,069,509	-	-	2,069,509
Public Safety	4,452,410	-	154,760	4,607,170
Public Works	223,039	-	330,846	553,885
Public Services and Operations	555,939	-	-	555,939
Parks and Recreation	751,781	-	663,982	1,415,763
Sanitation Services	609,288	-	-	609,288
Debt Service:				-
Principal Retirement	-	2,965,000	-	2,965,000
Interest and Fiscal Agent Fees	-	1,149,652	-	1,149,652
Capital Outlay:				-
Public Safety	87,900	-	-	87,900
Parks and Recreation	15,246	-	349,802	365,048
Total Expenditures	8,765,112	4,114,652	1,499,390	14,379,154
Excess (deficiency) of revenues over (under) expenditures	266,885	(1,394,684)	(1,349,813)	(2,477,612)
Other Revenues and Financing Sources (uses)				
Debt Issuance	-	3,015,000	6,400,000	9,415,000
Bond Issuance Costs	-	(26,226)	(150,000)	(176,226)
Transfers	549,000	(1,496,457)	1,801,000	853,543
Total Other Financing Sources (uses)	549,000	1,492,317	8,051,000	10,092,317
Net Change in Fund Balances	815,885	97,633	6,701,187	7,614,705
Fund Balances/Equity, October 1	1,034,129	876,362	883,462	2,793,953
Prior Period Adjustments	(89,166)	(38,300)	-	(127,466)
Fund Balances/Equity, September 30	$1,760,848	$ 935,695	$7,584,649	$ 10,281,192

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

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds	$ 7,614,705
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2009 capital outlays is to increase net assets.	2,107,901
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 assets.	(632,116)
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities, the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense	226,838
Current year long term debt principal payments on bonds payable are expenditures in the fund financial statements but are shows as reduction in long term debt in the government-wide financial statements	2,965,000
Current year bond proceeds are other finance sources in the fund financial statements but are shown as an increase in the liabilities government-wide financial statements	(9,415,000)
Premium and discounts 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	176,191
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(150,486)
Changes to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net assets	24,038
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements	(13,176)
Change in net assets of governmental activities - statement of activities	$ 2,903,895

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

CITY OF MURPHY, TEXAS
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Property Taxes including P&I	$ 4,776,000	$ 4,775,500	$ 4,790,766	$ 15,266
Franchise Taxes	689,500	806,600	809,385	2,785
Fines and Forfeitures	632,945	483,445	478,776	(4,669)
Sales Tax Collected	1,228,900	800,000	795,139	(4,861)
Grant Revenue	36,200	30,300	30,428	128
Charge for Services	1,235,900	1,305,200	1,311,058	5,858
Licenses and Permits	582,000	441,700	439,936	(1,764)
Intergovernmental Revenue	-	-	301,000	301,000
Donations	-	7,800	10,095	2,295
Investment Income	54,000	15,000	15,034	34
Miscellaneous	10,250	50,500	50,380	(120)
Total Revenues	9,245,695	8,716,045	9,031,997	315,952

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

CITY OF MURPHY, TEXAS
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
City Administration:				
Personnel Services	231,150	231,150	230,383	767
Materials and Supplies	11,100	11,100	9,801	1,299
Other Services	122,350	122,350	116,225	6,125
Total City Administration	364,600	364,600	356,409	8,191
Human Resources				
Personnel Services	81,100	81,100	81,287	(187)
Materials and Supplies	34,800	34,800	39,746	(4,946)
Other Services	12,800	12,800	3,530	9,270
Total Human Resources	128,700	128,700	124,563	4,137
Information Technology				
Personnel Services	155,900	155,900	145,108	10,792
Materials and Supplies	32,100	32,100	25,691	6,409
Other Services	9,700	9,700	7,983	1,717
Total Information Technology	197,700	197,700	178,782	18,918
City Council				
Materials and Supplies	1,000	1,000	821	179
Other Services	613,300	283,300	268,712	14,588
Total City Council	614,300	284,300	269,533	14,767
City Secretary				
Personnel Services	148,950	148,950	147,976	974
Materials and Supplies	8,500	8,500	14,716	(6,216)
Other Services	46,150	58,150	48,757	9,393
Total City Secretary	203,600	215,600	211,449	4,151
Finance				
Personnel Services	211,350	224,350	222,659	1,691
Materials and Supplies	53,000	53,000	47,872	5,128
Other Services	72,950	76,950	79,485	(2,535)
Total Finance	337,300	354,300	350,016	4,284
Fire Department				
Personnel Services	1,575,800	1,527,050	1,510,389	16,661
Materials and Supplies	147,850	129,850	103,470	26,380
Other Services	243,950	224,950	227,270	(2,320)
Capital Outlay	100,600	87,300	86,618	682
Total Fire Department	2,068,200	1,969,150	1,927,747	41,403
Public Works				
Materials and Supplies	28,100	28,100	21,507	6,593
Other Services	249,500	209,500	201,532	7,968
Capital Outlay	18,000	18,000	-	18,000
Total Public Works	295,600	255,600	223,039	32,561

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

CITY OF MURPHY, TEXAS
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Facilities				
Personnel Services	79,050	47,750	46,499	1,251
Materials and Supplies	21,400	12,100	4,358	7,742
Other Services	320,700	288,600	274,101	14,499
Total Facilities	421,150	348,450	324,958	23,492
Community Development				
Personnel Services	364,150	364,150	356,136	8,014
Materials and Supplies	18,300	15,800	5,598	10,202
Other Services	189,400	129,400	125,800	3,600
Total Community Development	571,850	509,350	487,534	21,816
Police Department				
Personnel Services	2,277,100	2,223,100	2,216,286	6,814
Materials and Supplies	174,300	152,800	131,147	21,653
Other Services	357,700	276,700	263,848	12,852
Capital Outlay	66,700	1,700	1,282	418
Total Police Department	2,875,800	2,654,300	2,612,563	41,737
Animal Control				
Personnel Services	61,700	61,700	27,577	34,123
Materials and Supplies	11,700	11,700	6,118	5,582
Other Services	8,500	8,500	13,968	(5,468)
Capital Outlay	25,200	25,200	20,742	4,458
Total Animal Control	107,100	107,100	68,405	38,695
Parks and Recreation				
Personnel Services	624,800	614,800	585,627	29,173
Materials and Supplies	94,400	79,400	68,159	11,241
Other Services	103,950	78,950	97,995	(19,045)
Capital Outlay	-	-	15,246	(15,246)
Total Parks and Recreation	823,150	773,150	767,027	6,123
Municipal Court				
Personnel Services	153,750	153,750	144,316	9,434
Materials and Supplies	4,700	4,700	1,858	2,842
Other Services	85,650	112,150	107,625	4,525
Total Municipal Court	244,100	270,600	253,799	16,801
Waste Management				
Other Services	660,000	610,000	609,288	712
Total Waste Management	660,000	610,000	609,288	712
Total Expenditures	9,913,150	9,042,900	8,765,112	277,788
Excess (deficiency) of revenues over (under) expenditures	(667,455)	(326,855)	266,885	593,740
Other Financing Sources (Uses)				
Transfers	850,000	850,000	549,000	(301,000)
Total Other Financing Sources (uses)	850,000	850,000	549,000	(301,000)
Net change in Fund Balances	182,545	523,145	815,885	292,740
Fund Balances/Equity, October 1	1,034,129	1,034,129	1,034,129	
Prior Period Adjustments	(89,166)	(89,166)	(89,166)	
Fund Balances/Equity, September 30	$ 1,127,508	$ 1,468,108	$ 1,760,848	

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

CITY OF MURPHY, TEXAS
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Water & Sewer
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,494,107
Receivables (net of allow for uncollectibles)	541,998
Total Current Assets	2,036,105
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	9,038,905
Deferred Charges	188,259
Capital Assets:	
Infrastructure	33,992,283
Machinery & Equipment	460,498
Construction in Progress	136,827
Less Accumulated Depreciation	(5,552,050)
Total Capital Assets (net of accumulated depreciation)	29,037,558
Total noncurrent assets	38,264,722
Total Assets	40,300,827
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts Payable	207,437
Accrued Interest Payable	89,318
Other Accrued Liabilities	24,106
Compensated Absences	6,582
Customer Deposits	307,363
Other Liabilities	3,318
Deferred Revenues	32,003
Revenue Bonds Payable - current	226,200
Total Current Liabilities	896,327
Noncurrent Liabilities:	
Compensated Absences	17,058
Revenue Bonds Payable	8,062,954
Total Noncurrent Liabilities	8,080,012
Total Liabilities	8,976,339
NET ASSETS	
Investment in Capital Assets, net of related debt	28,568,383
Restricted for:	
Use of Impact fees	911,488
Capital Improvements	9,731
Unrestricted	1,834,886
Total Net Assets	$ 31,324,488

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

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Water & Sewer
OPERATING REVENUES:	
Charges for sales and services:	
Service charges	$ 5,300,204
Miscellaneous	56,309
Total Operating Revenues	5,356,513
OPERATING EXPENSES:	
Personnel Services	707,778
Supplies and Materials	159,677
Maintenance and Repair	43,471
Contractual Services	3,053,459
Depreciation	209,268
Total Operating Expenses	4,173,653
Operating Income (Loss)	1,182,860
NON-OPERATING REVENUES (EXPENSES):	
Investment Income	32,901
Donations	25,547
Interest Expense	(16,203)
Total Non-Operating Revenues (Expenses)	42,245
Income before transfers	1,225,105
Transfers	(853,543)
Change in Net Assets	371,562
Net Assets - beginning	31,276,519
Prior period Adjustment	(323,593)
Net Assets - ending	$ 31,324,488

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

CITY OF MURPHY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

		Business-Type Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$	5,410,825
Cash Received from Other Sources		56,307
Cash Paid to Employees		(704,714)
Cash Paid to Suppliers		(3,712,757)
Net Cash Provided by Operating Activities		1,049,661
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest Expense		61,666
Principal Payments		(215,000)
Debt Issuance Fees		(188,259)
Debt Issuance		8,000,000
Cost of Debt Issuance		14,154
Transfers from Primary Government		(853,543)
Net Cash Provided by Non-capital Financing Activities		6,819,018
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or Construction of Capital Assets		161,219
Net Cash Used for Capital & Related Financing Activities		161,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income		32,901
Net Cash Provided by Non-capital Financing Activities		32,901
Net Increase (Decrease) in Cash and Cash Equivalents		8,062,799
Cash and Cash Equivalents at Beginning of Year		2,470,213
Cash and Cash Equivalents at End of Year	$	10,533,012
Reconciliation of Operating Income to Net Cash Provided by Operation Activities:		
Operating Income (Loss)	$	1,182,860
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		209,268
Prior period adjustment		(323,593)
Donations		25,547
Change in Assets and Liabilities		
Decrease (Increase) in Receivables		90,588
Increase (Decrease) in Accounts Payable		29,240
Increase (Decrease) in Accrued Expenses		(164,682)
Increase (Decrease) in Customer Deposits		(4,939)
Increase (Decrease) in Deferred Revenues		(576)
Increase (Decrease) in Other Liabilities		2,883
Increase (Decrease) in Compensated Absences		3,065
Total Adjustments		(133,199)
Net Cash Provided (Used) by Operating Activities	$	1,049,661

The notes to the financial statements are an integral part of these financial statements

CITY OF MURPHY

CITY OF MURPHY, TEXAS
STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2009

	Governmental Activities		
	Murphy Community Development Corporation	Murphy Economic Development Corporation	Total
ASSETS			
Cash and Cash Equivalents	$ 522,627	$ 344,801	$ 867,428
Receivables (net of allow for uncollectibles)	66,647	66,646	133,293
Total Assets	589,274	411,447	1,000,721
LIABILITIES			
Accounts Payable	18,974	4,767	23,741
Accrued Expenditures	502	1,667	2,169
Compensated Absences	82	81	163
Total Liabilities	19,558	6,515	26,073
NET ASSETS			
Unrestricted	569,716	404,932	974,648
Total Net Assets	$ 569,716	$ 404,932	$ 974,648

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

CITY OF MURPHY, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental Activities				
Community Development Corporation	$ 571,385	$ -	$ -	$ -
Economic Development Corporation	656,322	-	-	-
Total component units	$ 1,227,707	$ -	$ -	$ -

General revenues:
Sales taxes
Investment income
Miscellaneous
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	
$	(571,385)
	(656,322)
$	(1,227,707)
$	791,071
	12,104
	161
	803,336
	(424,371)
	1,399,019
$	974,648

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

A. Summary of Significant Accounting Policies

The City of Murphy, Texas (the "City") is a municipal Corporation governed by an elected mayor and a six-member council and provides the following services to the citizens of the City as authorized by its charter: public safety, (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant account principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2009.

1. Reporting Entity

The basic financial statements are prepared in confirmity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurment focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expenses 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 utilitized 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.

Under GASB 14, 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. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

A. Summary of Significant Accounting Policies
1. Reporting Entity (continued)

Discretely presented component units. The City has two component units, the Murphy Community Development Corporation ("CDC") and the Murphy Economic Development Corporation ("EDC"). The CDC was incorporated July 28, 2003, and the EDC was incorporated July 17, 2003. The CDC is governed by a seven member board and the EDC is governed by a five member board, both appointed and serving at the pleasure of the City Council. The funding for the CDC and EDC occurs by the City transferring 1/4 of sales tax revenue collected by the City respectively to each corporation. Adding the creation of the CDC and EDC to the resources currently available will more than double the current ability to assist economic and community development in the community. All of the CDC and EDC 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 organizations 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 EDC.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements. The major governmental funds are the general fund, debt service, and capital improvements funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

Proprietary fund 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

A. Summary of Significant Accounting Policies
  2. Basis of Presentation, Basis of Accounting (continued)
    b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board and all pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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 agreement 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.

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

A. Summary of Significant Accounting Policies
2. Basis of Presentation, Basis of Accounting
b. Measurement Focus, Basis of Accounting (continued)

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen not to apply future FASB standards.

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.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at fund level.

A. Summary of Significant Accounting Policies

3. Financial Statement Amounts

c. Property Taxes (continued)

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 no prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the fiscal year September 30, 2009, the City had a tax rate of $0.5183 per $100 assessed valuation based upon the maximum rates described above.

d. Prepaid Items and Deferred Charges

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

Deferred charges reported at the government-wide level and in proprietary funds are comprised of the balance of unamortized debt issuance costs. Issuance costs are amortized over the life of the related debt using a straight-line method.

e. Restricted Assets

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

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

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

A. Summary of Significant Accounting Policies
3. Financial Statement Amounts (continued)

f. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance 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-like activities is 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
Buildings	25 - 40
Machinery and Vehicles	5 - 10

g. Compensated absences

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

h. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

i. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balances represent management plans that are subject to change and are approved on an annual basis by the City Council.

j. Comparative Data/Reclassification

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

A. Summary of Significant Accounting Policies

3. Financial Statement Amounts (continued)

k. 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. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

l. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

m. Program Revenues

Certain revenues such as charges for services and impact fees are included in program revenues.

n. Program Expenses

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

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

Fund Name	Deficit Amount
None reported	Not applicable

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget appears on page 26 and other informational budgets are presented in the combining and individual fund statements.

B. Compliance and Accountability

3. Budgets and Budgetary Accounting (continued)

The following procedures are followed in establishing the budgetary data:

- 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.

- Public hearings are conducted to obtain taxpayer comments.

- 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.

- Budget for the General Fund and Debt Service Fund are legally adopted on a basis consistent with GAAP. The majority of the City's Capital Projects Funds are budgeted on an annual basis.

- 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 reappropriated as part of the following year budget.

C. 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 pledged 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 depository banks dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At September 30, 2009, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $22,078,492 and the bank balance was $22,311,209. The City's cash deposits at September 30, 2009 and during the year ended September 30, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The amount of deposits covered by collateralized securities was $19,459,169. Cash and investments as of September 30, 2009 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Primary Government	
Cash and cash equivalents	$ 3,756,288
Restricted assets-cash and cash equivalents	17,454,775
Total cash and cash equivalents	$21,211,063
Governmental - Unrestricted Cash	$ 2,262,181
Business-type - Unrestricted Cash	1,494,107
Total Unrestricted Cash	$ 3,756,288
Governmental - Restricted Cash	
Municipal Court - technology, building security, juvenile mgr	$ 103,283
Capital Improvements	7,382,280
Debt	930,307
	$ 8,415,870

C. Deposits and Investments

Cash Deposits (continued)

Business-type - Restricted Cash	
Customer Deposits	$ 307,363
Impact fees	911,563
Capital Improvements	7,819,979
	$ 9,038,905
Total Restricted Cash	$ 17,454,775

Investments

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

Investment Accounting Policy

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

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

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

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 provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledge securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2009 the City's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized. In August 2008, the City's credit rating was upgraded from an A- to A+ by Standard and Poor.

D. Receivables

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

	General	Proprietary	Debt Service	Total
Receivables:				
Taxes	$ 345,767	$ -	$ 42,673	$ 388,440
Fees and Charges	955,613	554,183	-	1,509,796
Gross Receivables	1,301,380	554,183	42,673	1,898,236
Less: allowance for uncollectibles	(931,510)	(12,185)	(4,256)	(947,951)
Net Total Receivables	$ 369,870	$ 541,998	$ 38,417	$ 950,285

E. Capital Assets

Capital asset activity for the period ended September 30, 2009 was as follows:

	Beginning Balances	Prior Period Adjustments	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 8,147,189	$ 1,797,438	$ 221,838	$ -	$ 10,166,465
Construction in progress	-	-	601,672		601,672
Total capital assets, not being depreciated:	8,147,189	1,797,438	823,510	-	10,768,137
Capital assets, being depreciated:					
Buildings & Improvements	21,582,117	9,050	-	-	21,591,167
Infrastructure	41,752,065	(516,646)	1,394,237	-	42,629,656
Vehicles & Equipment	1,878,662	-	116,992	(98,298)	1,897,356
Total capital assets being depreciated	65,212,844	(507,596)	1,511,229	(98,298)	66,118,179
Less accumulated depreciation for:					
Buildings & Improvements	(2,288,238)	-	(100,443)	-	(2,388,681)
Infrastructure	(5,392,295)	-	(330,446)	-	(5,722,741)
Vehicles & Equipment	(1,307,969)	-	(201,227)	98,298	(1,410,898)
Total accumulated depreciation	(8,988,502)	-	(632,116)	98,298	(9,522,320)
Total capital assets, being depreciated, net	56,224,342	(507,596)	879,113	-	56,595,859
Governmental activities capital assets, net	$64,371,531	$ 1,289,842	$ 1,702,623	$ -	$67,363,996

E. Capital Assets (continued)

	Beginning Balances	Prior Period Adjustments	Additions	Decreases	Ending Balances
Business-type Activities					
Capital assets, not being depreciated:					
Construction in progress	$ -	$ -	$ 136,827	$ -	$ 136,827
Total capital assets, not being depreciated:	-	-	136,827	-	136,827
Capital assets, being depreciated:					
Buildings and Systems	34,290,330	(323,593)	25,545	-	33,992,282
Vehicles and Equipment	460,499	-	-	-	460,499
Total capital assets being depreciated	34,750,829	(323,593)	25,545	-	34,452,781
Less accumulated depreciation for:					
Buildings and Systems	(5,134,591)	-	(166,446)	-	(5,301,037)
Vehicles and Equipment	(208,191)	-	(42,822)	-	(251,013)
Total accumulated depreciation	(5,342,782)	-	(209,268)	-	(5,552,050)
Total capital assets, being depreciated, net	29,408,047	(323,593)	(183,723)	-	28,900,731
Business-type activities capital assets, net	$29,408,047	$ (323,593)	$ (46,896)	$ -	$29,037,558

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

Governmental activities:	
General Government	$ 100,443
Public Safety	177,697
Public Works, including depreciation of general infrastructure assets	337,406
Public Service	3,190
Culture and Recreation	13,380
Total depreciation expense - governmental activities	$ 632,116
Business-type activities:	
Water Sewer	$ 209,268
Total depreciation expense - business-type activities	$ 209,268

F. Long-Term Obligations

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2009, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds & certificates of obligation	$25,750,000	$ 9,415,000	$ 2,800,000	$32,365,000	$ 1,428,180
Refunding bonds	535,000	-	165,000	370,000	170,000
	26,285,000	9,415,000	2,965,000	32,735,000	1,598,180
Plus deferred amounts:					
For insurance premium	-	84,504	-	84,504	4,225
For issuance discounts	-	(29,066)	-	(29,066)	(1,453)
Total bonds payable	26,285,000	9,470,438	2,965,000	32,790,438	1,600,952
Compensated absences	215,410	35,245	61,426	189,229	53,257
Governmental activity Long-term debt	$26,500,410	$ 9,505,683	$ 3,026,426	$32,979,667	$ 1,654,209
Business-type Activities					
Water & Sewer					
Revenue bonds	$ 490,000	$ -	$ 215,000	$ 275,000	$ 50,000
Certificates of obligation	-	8,000,000	-	8,000,000	176,820
	490,000	8,000,000	215,000	8,275,000	226,820
Plus deferred amounts:					
For insurance premium	-	54,995	-	54,995	2,750
For issuance discounts	-	(40,841)	-	(40,841)	(2,042)
Total bonds payable	490,000	8,014,154	215,000	8,289,154	227,528
Compensated absences	20,575	4,392	1,327	23,640	6,582
Business-type activity Long-term debt	$ 510,575	$ 8,018,546	$ 216,327	$ 8,312,794	$ 234,110

Changes in Governmental Bonded Debt

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding 2008	Issued	Retired	Amounts Outstanding 2009	Due Within One Year
1998 Series CO	4.4%-5.25%	$ 2,500,000	$ 1,635,000	$ -	$ 1,635,000	$ -	$ -
2001 Series CO	4.75%-5.75%	3,500,000	2,765,000	-	150,000	2,615,000	160,000
2001 GO Refund	4.5%-5.75%	1,155,000	535,000	-	165,000	370,000	170,000
2002 Series CO	4.5%-5.75%	3,500,000	2,835,000	-	145,000	2,690,000	150,000
2002A Series CO	3.5%-4.75%	5,000,000	3,955,000	-	205,000	3,750,000	215,000
2003 Series CO	3.5% - 5%	6,700,000	5,640,000	-	270,000	5,370,000	285,000
2004 Series CO	4.125%-4.875%	10,000,000	8,920,000	-	395,000	8,525,000	410,000
2009 Series CO	2.5%-4.625%	1,500,000	-	1,500,000	-	1,500,000	33,180
2009 Series GO	2.5%-4.725%	7,915,000	-	7,915,000	-	7,915,000	175,000
Total Debt Payable		$41,770,000	$26,285,000	$ 9,415,000	$ 2,965,000	$32,735,000	$ 1,598,180

F. Long-Term Obligations (continued)

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2010	1,598,180	1,504,115	3,102,295
2011	1,852,950	1,296,081	3,149,031
2012	1,936,110	1,222,435	3,158,545
2013	1,912,690	1,148,315	3,061,005
2014	1,990,850	1,072,375	3,063,225
2015 - 2018	9,072,570	3,445,310	12,517,880
2019 - 2023	10,554,690	2,079,856	12,634,546
2024 - 2029	3,816,960	464,669	4,281,629
Totals	$32,735,000	$12,233,156	$44,968,156

$3,500,000 Series 2001 certificates of obligation, issued for the purpose of drainage improvements, acquisition of land and preparation for future city facilities, including city hall, a fire station and public safety building.

$1,155,000 Series 2001, general obligation refunding bonds, issued for the purpose of refinancing general obligation Series 1990, Series 1992 and Series 1993.

$3,500,000 Series 2002, certificate of obligation, issued for the purpose of purchasing land for park improvements and municipal complex, street improvements, construction of new fire station, municipal complex and park improvements.

$5,000,000 Series 2002A, certificate of obligation, issued for the purpose of constructing a municipal complex to include a fire station, city hall, police and court building, and public works maintenance building.

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

$10,000,000 Series 2004, certificate of obligation, issued for the purpose of constructing a municipal complex to include a fire station, city hall, police and court building, and public works maintenance building, street improvements, improvements to water/sewer systems and purchase land for park improvements.

$1,500,000 Series 2009, certificate of obligation, issued for the purpose of street improvements, emergency services equipment, supplies and radio communications system

$7,915,000 Series 2009, general obligation bonds, issued for the purpose of refinancing 1998 certificate of obligations, remodel and renovation of community center, park construction and improvements, land purchase, street improvements and other infrastructure improvements, and beautification

Changes in Business-type Bonded Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2008	Issued	Retired	Amounts Outstanding September 30 2009	Due Within One Year
1976A Revenue	5.60%	$ 570,000	$ 70,000	$ -	$ 70,000	$ -	$ -
1976B Revenue	5.60%	835,000	100,000	-	100,000	-	-
1994 Revenue	5.7%-6.25%	700,000	320,000	-	45,000	275,000	50,000
2009 Series CO	2.5%-4.625%	8,000,000	-	8,000,000	-	8,000,000	176,820
Total Bonds Payable		$10,105,000	$ 490,000	$ 8,000,000	$ 215,000	$ 8,275,000	$ 226,820

F. Long-Term Obligations (continued)

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2010	$ 226,820	$ 384,660	$ 611,480
2011	492,050	299,862	791,912
2012	513,890	284,328	798,218
2013	527,310	266,997	794,307
2014	544,150	248,975	793,125
2015-2018	1,612,430	841,423	2,453,853
2019-2023	1,730,310	768,169	2,498,479
2024-2029	2,628,040	372,986	3,001,026
Totals	$ 8,275,000	$ 3,467,400	$11,742,400

$570,000 Series 1976A, revenue bond, issued for the purpose of improving the water/ sewer systems.

$835,000 Series 1976B, revenue bond, issued for the purpose of improving the water/ sewer systems.

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

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

G. Bond Issuance Costs

The City incurred various bond issuance fees upon issuance of the 2009 bonds. These fees are amortized over the life of the bonds. The following is a schedule of these fees:

General Fund	Fees	Prior Years Amortization Expense	Current Year Amortization Expense	Balance	Due Within One Year
2009 GO bond issue fees	$ 200,580	$ -	$ -	$ 200,580	$ 10,029
2009 CO bond issue fees	31,050	-	-	31,050	1,553
Totals	$ 231,630	$ -	$ -	$ 231,630	$ 11,582

Proprietary Fund	Fees	Prior Years Amortization Expense	Current Year Amortization Expense	Balance	Due Within One Year
2009 CO bond issue fees	$ 188,259	$ -	$ -	$ 188,259	$ 9,413
Totals	$ 188,259	$ -	$ -	$ 188,259	$ 9,413

H. Pension Plan

1. Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS. Benefits depend upon the sum of the employees contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employees accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employees accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employees salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P O Box 149153, Austin TX 78714-9153 or by calling 800.924.8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

Deposit Rate:	7%
Matching Ratio (City to Employee):	2-1
A member is vested after	5 yrs

Members can retire at certain ages, based on the years of service with the City.
The Service Retirement Eligibilities for the City are: 5 yrs/age 60, 20 yrs/any age.

Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

2. Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves at the basis of the rate and the calendar year when the rate goes into effect.

H. Pension Plan

2. Contributions (continued)

City of Murphy
Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date		12/31/06	12/31/07	12/31/08
Actuarial Value of Assets		$ 2,599,165	$ 3,227,636	$ 4,051,192
Actuarial Accrued Liability		3,509,632	5,519,638	6,679,956
Percentage Funded		74.1%	58.5%	60.6%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)		910,467	2,292,002	2,628,764
Annual Covered Payroll		4,111,974	4,464,231	5,071,787
UAAL as a Percentage of Covered Payroll		22.1%	51.3%	51.8%
Net Pension Obligation (NPO) at the Beginning of Period		$ -	$ -	$ -
Annual Pension Cost:				
Annual required contribution (ARC)	Plus	332,089	440,620	503,187
Contributions Made	Less	(332,089)	(440,620)	(503,187)
NPO at the end of the period		$ -	$ -	$ -
Actuarial cost method		Unit Credit	Unit Credit	Unit Credit
Amortization method		Level %	Level %	Level %
Asset Valuation method		Amortized Cost	Amortized Cost	Amortized Cost
Amortization period		25 years-open	25 years-open	25 years-open
Actuarial assumptions:				
Investment rate of return		7%	7%	7%
Inflation rate		3.50%	3.00%	3.00%
Projected salary increase		N/A	Varies by age and service	Varies by age and service

3. Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

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

I. Health Care Coverage

During the year ended September 30, 2009, employees of the City were covered by a health insurance plan (the "Plan"). The City contributed $385 per month per employee and 65% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay additional contributions for dependents. All contributions were paid to AETNA. The Plan was authorized by article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

J. Insurance Coverage

Below is a schedule of insurance in force.

Company	Entity Number	Description of Coverage	Amount of Coverage	Period Covered	Premium		Deductible	
Liability Coverage:								
TX Municipal League Joint Self Ins Fund	00903	General	1,000,000 per occurrence	10/01/08 to 10/01/09	$	14,248	$	1,000
TX Municipal League Joint Self Ins Fund	00903	Automotive	1,000,000 per occurrence	10/01/08 to 10/01/09	$	15,047	$	1,000
TX Municipal League Joint Self Ins Fund	00903	Law Enforcement	1,000,000 per claim	10/01/08 to 10/01/09	$	10,882	$	1,000
TX Municipal League Joint Self Ins Fund	00903	Public Employee Dishonesty	250,000	10/01/08 to 10/01/09	$	581		-
TX Municipal League Joint Self Ins Fund	00903	Errors & Omissions	1,000,000 per claim	10/01/08 to 10/01/09	$	20,670	$	1,000
Property Coverage:								
TX Municipal League Joint Self Ins Fund	00903	Real and Personal	Replacement Cost	10/01/08 to 10/01/09	$	17,661	$	2,500
TX Municipal League Joint Self Ins Fund	00903	Mobile Equipment	Replacement Cost	10/01/08 to 10/01/09	$	1,176	$	1,000
TX Municipal League Joint Self Ins Fund	00903	Automobile-Phys. Damage	Comprehensive Scheduled	10/01/08 to 10/01/09	$	8,627	$	1,000
TX Municipal League Joint Self Ins Fund	00903	Boiler and Machinery	Comprehensive Scheduled	10/01/08 to 10/01/09		included	$	2,500

In accordance with state statute, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2008, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

K. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for 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 settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

M. Litigation

There were three threatened or pending litigations against the City at fiscal year end. It is believed that all of these cases will be ruled in the City's favor.

N. Additional Water and Sewer Information

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

Gallons Pumped	1,114,932,000
Gallons Billed	1,058,636,900

N. Additional Water and Sewer Information (continued)

The City purchases all of its water from the North Texas Municipal Water District. The cost for water purchases is calculated based upon the previous year's usage. The City currently pays $1.23 per thousand for water for this fiscal year. There was a slight increase in cost of water purchased of $139,342 (10%) over the previous year.

O. Restricted Assets

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

Customer deposits	$ 307,363
Impact fees	911,563
Capital Improvement	7,819,979
Total Restricted Assets	$ 9,038,905

P. Construction Commitments

The City has active construction projects as of September 30, 2009. The projects include park infrastructure and improvements, street infrastructure, and water/wastewater infrastructure improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Murphy Road	$ 340,191	$ 1,124,653
Gables Park-Phase II	16,251	472,030
Public Safety Radio System	154,760	1,317,190
Street Infrastructure	63,609	1,987,352
Community Center	26,861	461,420
Elevated Storage Tank	136,827	2,211,328
	$ 738,499	$ 7,573,973

Q. Interfund Transactions

Major Funds	Transfers Out	Transfers In
General Fund	$ -	$ 1,985,410
Debt Fund	7,746,492	-
Capital Projects Fund	-	6,614,625
Water Sewer Fund	853,543	-
Total Major Funds	$ 8,600,035	$ 8,600,035

Transfers are used to 1) reclassify projects from the capital fund to the general and utility funds 2) and transfer utility's portion of expenses, such as salaries of the City Manager, Finance Director and Assistant City Manager, and a portion of the municipal complex expenses.

R. Prior Period Adjustment

The City of Murphy had prior period adjustments in the General Fund of $1,269,210 which was made up of adjustments to record prior year land donations and correct improvements to infrastructure. The Water Sewer Fund had prior period an adjustment of ($323,593) to correct improvements to infrastructure in the previous year.

S. Pronouncements

In May 2004, GASB issued Statement No. 43, Financial *Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 43 addresses the financial reporting for other postemployment benefits plans. This statement is effective for the City's financial statements for periods beginning after December 15, 2008. The adoption of this statement has no impact on the City's financial statements.

S. Pronouncements (continued)

In August 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation of SGAS 34 and after December 15, 2008, for governments that were phase 3 for the implementation of SGAS 34. The City is in the process of reviewing and evaluating this statement and its potential impact on the City's financial statements.

In June of 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. GASB No. 47 gives accounting and reporting guidance for early retirement incentives, severance payments for involuntary terminations and termination benefits affecting defined benefit postemployment benefits. The adoption of this statement has no impact on the City's financial statements.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007. The City does not have any pollution remediation to report at this time.

In May 2007, GASB issued Statement No. 50, *Pension Disclosures.* This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007, except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007. The City is currently complying with this statement.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The City does not have intangible assets to report at this time.

In November 2007, GASB issued Statement No. 52, *"Land and Other Real Estate Held as Investments by Endowments"*, requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2008. The City does not have any real estate as investments by endowments at this time.

In June 2008, GASB issued Statement No. 53. *"Accounting and Financial Reporting for Derivative Instruments"*. This statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2009. The City does not invest in derivative instruments.

In March 2009, GASB issued Statement No. 54. *"Fund Balance Reporting and Governmental Fund Type Definitions"*. This statements is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The City is in the process of reviewing and evaluating this statements and its potential impact on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MURPHY

CITY OF MURPHY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

SCHEDULE OF PENSION TRUST - TMRS FUNDING PROGRESS AND CONTRIBUTIONS
LAST FOUR FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	(Over-funded) Actuarial Accrued Liability UAAL	Funded Percent	Annual Covered Payroll	UAAL as Percent of Covered Payroll	Annual Required Contributions	Actual Contributions	Percent Contributed
2006	12/31/2005	$ 1,961,232	$ 2,741,909	$ 780,677	71.53%	$ 3,107,397	25.12%	$ 243,513	$ 243,513	100.00%
2007	12/31/2006	2,599,165	3,509,632	910,467	74.06%	4,111,974	22.14%	332,089	332,089	100.00%
2008	12/31/2007	3,227,636	5,519,638	2,292,002	58.48%	4,464,231	51.34%	440,620	440,620	100.00%
2009	12/31/2008	4,051,192	6,679,956	2,628,764	60.65%	5,071,787	51.83%	503,187	503,187	100.00%

CITY OF MURPHY

SUPPLEMENTARY INFORMATION

CITY OF MURPHY

CITY OF MURPHY, TEXAS
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Property Taxes including P&I	$ 2,670,000	$ 2,670,000	$ 2,636,183	$ (33,817)
Investment Income	24,000	-	83,785	83,785
Total Revenues	2,694,000	2,670,000	2,719,968	49,968
EXPENDITURES				
Debt Service:				
Principal payments	1,455,000	1,455,000	2,965,000	(1,510,000)
Interest Expense	1,147,200	1,147,200	1,149,652	(2,452)
Total Expenditures	2,602,200	2,602,200	4,114,652	(1,512,452)
Excess (deficiency) of revenues over (under) expenditures	91,800	67,800	(1,394,684)	(1,462,484)
Other Revenues and Financing Sources (uses)				
Debt Issuance	-	-	3,015,000	3,015,000
Bond Issuance Costs	-	-	(26,226)	(26,226)
Transfers	-	-	(1,496,457)	(1,496,457)
Total Other Financing Sources (uses)	-	-	1,492,317	1,492,317
Net Change in Fund Balances	91,800	67,800	97,633	29,833
Fund Balances/Equity, October 1	876,362	876,362	876,362	
Prior Period Adjustments	(38,300)	(38,300)	(38,300)	
Fund Balances/Equity, September 30	$ 929,862	$ 905,862	$ 935,695	

CITY OF MURPHY, TEXAS
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Grant Revenue	$ 115,000	$ 115,000	$ 133,300	$ 18,300
Investment Income	18,000	27,600	16,277	(11,323)
Total Revenues	133,000	142,600	149,577	6,977
EXPENDITURES				
Public Works	-	380,000	330,846	49,154
Park and Recreation	787,100	787,200	663,982	123,218
Capital Outlay:				
Public Safety	-	210,000	154,760	55,240
Park Improvements	105,000	660,000	349,802	310,198
Total Expenditures	892,100	2,037,200	1,499,390	537,810
Excess (deficiency) of revenues over (under) expenditures	(759,100)	(1,894,600)	(1,349,813)	544,787
Other Revenues and Financing Sources (uses)				
Debt Issuance	-	6,400,000	6,400,000	-
Bond Issuance Costs	-	(150,000)	(150,000)	-
Transfers	301,000	301,000	1,801,000	1,500,000
Total Other Financing Sources (uses)	301,000	6,551,000	8,051,000	1,500,000
Net change in Fund Balances	(458,100)	4,656,400	6,701,187	2,044,787
Fund Balances/Equity, October 1	883,462	883,462	883,462	
Fund Balances/Equity, September 30	$ 425,362	$ 5,539,862	$ 7,584,649	

CITY OF MURPHY, TEXAS
BALANCE SHEET - COMPONENT UNIT
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2009

		Community Development Corporation
ASSETS		
Cash and Investments	$	522,628
Receivables (net of allowances for uncollectibles)		66,647
Total Assets		589,275
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable		18,975
Accrued Expenditures		502
Total Liabilities		19,477
FUND BALANCES		
Unreserved-Undesignated		569,798
Total Fund Balances		569,798
Total Liabilities and Fund Balances	$	589,275

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

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2009

Total fund balances - governmental funds	$ 569,798
Amounts reported for governmental activities in the statement of net assets are different because:	
Accrued liabilities for compensated absences have not been reflected in the fund financial statements	(82)
Net assets of governmental activities - statement of net assets	$ 569,716

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPONENT UNIT
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Community Development Corporation
REVENUE	
Sales Tax	$ 395,700
Investment Income	6,339
Total Revenues	402,039
EXPENDITURES	
Administration	164,425
Capital Outlay - Public Works	407,949
Total Expenditures	572,374
Excess (deficiency) of revenues over (under) expenditures	(170,335)
Fund Balances/Equity, October 1	740,133
Fund Balances/Equity, September 30	$ 569,798

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

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds	$ (170,335)
Amounts reported for governmental activities in the statement of activities are different because:	
Changes to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net assets	989
Change in net assets of governmental activities - statement of activities	$ (169,346)

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

CITY OF MURPHY, TEXAS
BALANCE SHEET - COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2009

	Economic Development Corporation
ASSETS	
Cash and Investments	$ 344,801
Receivables (net of allowances for uncollectibles)	66,647
Total Assets	411,448
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	4,768
Accrued Expenditures	1,667
Total Liabilities	6,435
FUND BALANCES	
Unreserved-Undesignated	405,013
Total Fund Balances	405,013
Total Liabilities and Fund Balances	$ 411,448

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

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2009

Total fund balances - governmental funds	$	405,013
Amounts reported for governmental activities in the statement of net assets are different because:		
Accrued liabilities for compensated absences have not been reflected in the fund financial statements		(81)
Net assets of governmental activities - statement of net assets	$	404,932

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

CITY OF MURPHY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Community Development Corporation
REVENUE	
Sales Tax	$ 395,533
Investment Income	5,764
Total Revenues	401,297
EXPENDITURES	
Administration	207,311
Capital Outlay - Public Works	450,000
Total Expenditures	657,311
Excess (deficiency) of revenues over (under) expenditures	(256,014)
Fund Balances/Equity, October 1	661,027
Fund Balances/Equity, September 30	$ 405,013

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

CITY OF MURPHY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds	$ (256,014)
Amounts reported for governmental activities in the statement of activities are different because:	
Changes to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net assets	989
Change in net assets of governmental activities - statement of activities	$ (255,025)

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

CITY OF MURPHY, TEXAS
COMMUNITY DEVELOPMENT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales Tax	$ 607,000	$ 395,000	$ 395,700	$ 700
Investment Income	12,500	5,700	6,339	639
Total Revenues	619,500	400,700	402,039	1,339
EXPENDITURES				
Administration	301,600	244,023	164,425	79,598
Capital Outlay - Public Works	381,000	408,000	407,949	51
Total Expenditures	682,600	652,023	572,374	79,649
Excess (deficiency) of revenues over (under) expenditures	(63,100)	(251,323)	(170,335)	80,988
Fund Balances/Equity, October 1	740,133	740,133	740,133	
Fund Balances/Equity, September 30	$ 677,033	$ 488,810	$ 569,798	

CITY OF MURPHY, TEXAS
ECONOMIC DEVELOPMENT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Sales Tax	$ 607,000	$ 395,000	$ 395,536	$ 536
Investment Income	12,500	5,700	5,761	61
Total Revenues	619,500	400,700	401,297	597
EXPENDITURES				
Administration	346,225	(196,551)	207,311	(403,862)
Capital Outlay-Public Works	-	450,600	450,000	600
Total Expenditures	346,225	254,049	657,311	(403,262)
Excess (deficiency) of revenues over (under) expenditures	273,275	146,651	(256,014)	(402,665)
Fund Balances/Equity, October 1	661,027	661,027	661,027	
Fund Balances/Equity, September 30	$ 934,302	$ 807,678	$ 405,013	

STATISTICAL SECTION (UNAUDITED)

CITY OF MURPHY

STATISTICAL SECTION

(unaudited)

This part of the City of Murphy's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents	**Table #s**
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1,2,3,4,5
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, property and sales taxes.	6,7,8,9
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10,11,12,13,14,15
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	16,17
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	18,19,20

Source: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning that year.

CITY OF MURPHY

CITY OF MURPHY, TEXAS
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 1

	FISCAL YEAR					
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Governmental activities						
Invested in capital assets, net of related debt	$ 20,724	$ 31,431	$ 35,636	$ 35,217	$ 37,750	$ 41,606
Restricted	409	488	564	737	1,884	1,034
Unrestricted	8,798	5,442	5,080	4,633	2,334	2,102
Total governmental activities net assets	29,931	37,361	41,280	40,587	41,968	44,742
Business-type activities						
Invested in capital assets, net of related debt	24,419	26,921	29,992	29,979	28,918	28,568
Restricted	-	361	-	-	2,280	921
Unrestricted	1,761	2,472	2,867	2,640	79	1,835
Total business-type activities net assets	26,180	29,754	32,859	32,619	31,277	31,324
Primary government						
Invested in capital assets, net of related debt	45,143	58,352	65,628	65,196	66,668	70,174
Restricted	409	849	564	737	4,164	1,955
Unrestricted	10,559	7,914	7,947	7,273	2,413	3,937
Total primary government net assets	$ 56,111	$ 67,115	$ 74,139	$ 73,206	$ 73,245	$ 76,066

Note: Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented. Additional amounts will be added each year until ten years are reported

CITY OF MURPHY, TEXAS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
EXPENSES						
Government activities:						
General government	$ 1,389	$ 1,074	$ 1,995	$ 3,372	$ 2,832	$ 2,169
Public Safety	2,420	2,386	3,132	4,275	4,324	4,678
Public Service	-	-	-	-	-	536
Public Works	2,260	2,152	2,191	3,049	1,708	560
Sanitation Services	350	490	565	629	604	608
Parks and recreation	67	110	227	256	917	768
Development *	-	-	-	-	711	-
Interest Expense	1,232	1,522	1,331	1,260	1,282	1,300
Total governmental activities expenses	7,718	7,734	9,441	12,841	12,378	10,619
Business-type activities:						
Water and Sewer	3,137	3,314	3,944	4,860	5,035	4,190
Total business-type activities expenses	3,137	3,314	3,944	4,860	5,035	4,190
Total primary government expenses	10,855	11,048	13,385	17,701	17,413	14,809
PROGRAM REVENUES						
Governmental activities:						
Charge for services:						
General government	1,477	1,574	2,226	1,629	600	1,386
Public Safety	191	245	661	702	16	165
Public Works	-	80	-	31	1,316	764
Parks and recreation	-	-	-	-	-	40
Sanitation Services	549	624	728	724	704	730
Operating grants and contributions	4	-	49	87	34	20
Capital grants and contributions	180	6,312	2,914	370	280	144
Total governmental activities program revenues	2,401	8,835	6,578	3,543	2,950	3,249
Business-type activities						
Charge for services:						
Water and Sewer	4,196	5,077	6,221	5,240	5,884	4,752
Capital grants and contributions	-	2,615	1,026	84	-	-
Total business-type activities program revenues	4,196	7,692	7,247	5,324	5,884	4,752
Total primary government program revenues	6,597	16,527	13,825	8,867	8,834	8,001
NET (EXPENSE) REVENUES						
Governmental activities	(5,317)	1,101	(2,863)	(9,298)	(9,428)	(7,370)
Business-type activities	1,059	4,378	3,303	464	849	562
Total primary government program net expenses	$ (4,258)	$ 5,479	$ 440	$ (8,834)	$ (8,579)	$ (6,808)

(continued)

* Prior to the year 2008 Development was included in Parks and recreation, in 2009 they were reported as discretely presented component units.

CITY OF MURPHY, TEXAS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 2
(continued)

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Government activities:						
Taxes:						
Property	$ 2,901	$ 3,765	$ 4,580	$ 5,487	$ 6,229	$ 7,414
Sales **	828	1,173	1,016	1,170	1,238	795
Franchise	344	388	503	601	667	809
Investment Income	144	150	312	342	173	115
Donations	-	-	-	-	-	237
Extraordinary Revenue	-	-	-	-	713	-
Miscellaneous	31	41	15	155	155	50
Transfers	2,196	850	356	850	1,289	854
Total governmental activities	6,444	6,367	6,782	8,605	10,464	10,274
Business-type activities:						
Investment Income	19	37	149	145	69	33
Impact Fees	-	-	-	-	-	549
Donations	-	-	-	-	-	25
Extraordinary Revenue	-	-	-	-	198	-
Miscellaneous	24	18	9	-	13	57
Transfers	(2,196)	(850)	(356)	(850)	(1,289)	(854)
Total business-type activities	(2,153)	(795)	(198)	(705)	(1,009)	(190)
Total primary government revenues	4,291	5,572	6,584	7,900	9,455	10,084
CHANGE IN NET ASSETS						
Governmental activities	1,127	7,468	3,919	(693)	1,036	2,904
Business-type activities	(1,094)	3,583	3,105	(241)	(160)	372
Total primary government program net expenses	$ 33	$ 11,051	$ 7,024	$ (934)	$ 876	$ 3,276

Note: Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented. Additional amounts will be added each year until ten years are reported

** Prior to 2009 the CDC and the EDC sales tax revenue were included in this amount.

CITY OF MURPHY

CITY OF MURPHY, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Table 3

(Accrual basis of accounting)
(Amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax*	Franchise Tax	Total
2000	$ 998	$ 319	$ 83	$ 1,400
2001	1,140	345	126	$ 1,611
2002	1,478	395	231	$ 2,104
2003	2,336	343	300	$ 2,979
2004	2,901	828	344	$ 4,073
2005	3,765	1,173	388	$ 5,326
2006	4,580	1,016	503	$ 6,099
2007	5,487	1,171	601	$ 7,259
2008	6,229	1,238	667	$ 8,134
2009	7,414	795	809	$ 9,018

Note: Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented.

* Prior to 2009 sales tax included the CDC and EDC portion.

CITY OF MURPHY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

				FISCAL	YEAR
	2000	**2001**	**2002**	**2003**	**2004**
General Fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	950	1,192	1,066	16	796
Total General Fund	950	1,192	1,066	16	796
All Other Government Funds					
Reserved	46	196	276	380	716
Unreserved, reported in:					
Capital Projects Fund	2,424	2,051	8,638	12,680	7,877
Total all other governmental funds	$ 2,470	$ 2,247	$ 8,914	$ 13,060	$ 8,593

(continued)

Table 4
(continued)

2005	2006	2007	2008	2009
$ -	$ -	$ -	$ 93	$ 103
1,145	2,183	1,696	941	1,658
1,145	2,183	1,696	1,034	1,761
1,360	2,034	2,187	2,614	8,044
3,639	1,620	713	547	477
$ 4,999	$ 3,654	$ 2,900	$ 3,161	$ 8,521

CITY OF MURPHY, TEXAS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

				FISCAL		
	2000	2001	2002	2003	2004	2005
REVENUES						
Property Taxes*	$ 1,395	$ 1,604	$ 2,104	$ 2,979	$ 2,901	$ 3,765
Sales Taxes**	-	-	-	-	828	1,173
Franchise Taxes	-	-	-	-	344	388
Charges for Services	201	350	489	823	1,463	1,545
License and permits	671	846	912	934	450	656
Fines/Court	105	100	120	178	150	187
Investment Income	153	175	90	154	144	150
Grant revenue	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-
Donations	421	131	164	205	4	6,393
Miscellaneous	76	35	27	82	366	95
Total Revenues	3,022	3,241	3,906	5,355	6,650	14,352
EXPENDITURES						
General government	312	372	2,468	2,480	1,311	963
Public Safety	644	1,073	1,290	1,936	2,391	2,320
Public Works	560	520	608	1,553	1,490	1,301
Public Services	-	-	-	-	-	-
Sanitation	136	200	255	310	350	490
Cultural and Recreation	-	-	-	-	67	109
Capital Outlay	416	3,816	384	1,528	15,026	10,667
Debt Service						
Principal	319	330	375	632	880	996
Interest and other charges	255	238	445	786	1,351	1,507
Total Expenditures	2,642	6,549	5,825	9,225	22,866	18,353
OTHER FINANCING SOURCES (USES):						
Note/Bond Proceeds	27	3,531	8,460	6,716	10,257	-
Bond Issuance Costs	-	-	-	-	-	-
Extraordinary Revenue (Expense)	-	-	-	-	-	-
Capital Leases	(90)	-	-	-	72	-
Transfers	-	-	-	250	2,196	850
Total other financing sources (uses)	(63)	3,531	8,460	6,966	12,525	850
NET CHANGE IN FUND BALANCES	$ 317	$ 223	$ 6,541	$ 3,096	$ (3,691)	$ (3,151)
Debt service as a percentage of noncapital expenditures	25.79%	20.78%	15.07%	18.42%	28.46%	32.57%

*Prior to 2004 Sales taxes and Franchise taxes were included in Property taxes

** Beginning in 2009 the CDC and EDC were no longer reported in the Sales taxes revenue

(continued)

Table 5
(continued)

YEAR			
2006	2007	2008	2009
$ 4,580	$ 5,487	$ 6,229	$ 7,427
1,016	1,171	1,238	795
503	601	667	809
2,207	1,432	1,210	1,311
587	952	848	440
585	703	576	479
312	342	173	115
-	-	314	164
-	-	-	301
2,981	457	22	10
232	155	157	50
13,003	11,300	11,434	11,901
1,268	2,650	2,668	2,070
3,162	4,426	4,135	4,607
1,330	2,789	917	554
-	-	-	555
565	630	604	609
280	255	892	1,416
4,250	-	756	453
1,422	1,360	1,370	2,965
1,340	1,269	1,210	1,150
13,617	13,379	12,552	14,379
-	-	-	9,415
-	-	-	(176)
-	-	(590)	-
-	-	-	-
356	850	1,289	854
356	850	699	10,093
$ (258)	$ (1,229)	$ (419)	$ 7,615
29.49%	19.65%	21.87%	29.55%

CITY OF MURPHY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In thousands of dollars)

Fiscal Year Ended Sept. 30	Real Property: Residential Property	Real Property: Commercial Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Gross Taxable Value	Assessed Value as a Percentage of Actual Value
2000	$ 138,143	$ 3,325	$ 5,509	$ 153,454	$ 0.5444	$ 83,540	100.00%
2001	$ 121,546	$ 14,397	$ 7,670	$ 238,028	$ 0.4140	$ 98,544	100.00%
2002	$ 281,512	$ 25,869	$ 9,912	$ 374,545	$ 0.3764	$ 140,979	100.00%
2003	$ 400,224	$ 27,692	$ 14,564	$ 526,038	$ 0.4200	$ 220,936	100.00%
2004	$ 525,384	$ 33,577	$ 17,238	$ 652,682	$ 0.4304	$ 280,914	100.00%
2005	$ 652,089	$ 43,097	$ 17,038	$ 779,231	$ 0.4683	$ 364,914	100.00%
2006	$ 793,662	$ 52,038	$ 19,023	$ 939,593	$ 0.4683	$ 440,011	100.00%
2007	$ 1,079,141	$ 72,523	$ 18,942	$ 1,108,984	$ 0.4683	$ 519,337	100.00%
2008	$ 1,243,105	$ 78,719	$ 29,409	$ 1,292,415	$ 0.4683	$ 605,238	100.00%
2009	$ 1,313,839	$ 76,480	$ 20,106	$ 1,410,425	$ 0.5183	$ 731,023	100.00%

Source: Collin County Appraisal District

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

CITY OF MURPHY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)

Table 7

	City Direct Rates			Overlapping Rates*			
Fiscal Year Ended Sept. 30	General Fund	General Obligation Debt Service	Total Direct	Plano Independent School District	Wylie Independent School District	Collin County	Collin County Community College
2000	$ 0.22960	$ 0.31480	$ 0.5444	$ 1.5792	$ 1.5700	$ 0.2500	$ 0.0967
2001	$ 0.1846	$ 0.2294	$ 0.4140	$ 1.5531	$ 1.5700	$ 0.2500	$ 0.0940
2002	$ 0.1615	$ 0.2149	$ 0.3764	$ 1.6285	$ 1.5609	$ 0.2500	$ 0.0928
2003	$ 0.1558	$ 0.2642	$ 0.4200	$ 1.7034	$ 1.6100	$ 0.2500	$ 0.0919
2004	$ 0.1459	$ 0.2845	$ 0.4304	$ 1.7334	$ 1.7200	$ 0.2500	$ 0.0919
2005	$ 0.1492	$ 0.3191	$ 0.4683	$ 1.7334	$ 1.8000	$ 0.2500	$ 0.0906
2006	$ 0.1839	$ 0.2844	$ 0.4683	$ 1.7334	$ 1.8170	$ 0.2500	$ 0.0894
2007	$ 0.2345	$ 0.2338	$ 0.4683	$ 1.2684	$ 1.3900	$ 0.2450	$ 0.0870
2008	$ 0.2688	$ 0.1945	$ 0.4633	$ 1.2684	$ 1.3900	$ 0.2450	$ 0.0870
2009	$ 0.3341	$ 0.1842	$ 0.5183	$ 1.3034	$ 1.5100	$ 0.2450	$ 0.0865

Source: Collin County Appraisal District / Plano ISD / Wylie ISD

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

CITY OF MURPHY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2009
(Amounts expressed in thousands)

Table 8

	2009			1999		
Taxpayer	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value	Assessed Taxable Value	Rank	Percentage of Assessed Taxable Value
Murphy Crossing Shopping Center Dallas TX LP	$ 9,478	1	0.67%			
Allen & Loucks Venture LP	9,184	2	0.65%			
Forestar (USA) Real Estate Group Inc	8,040	3	0.57%			
Murphy Storage Partners LLC	6,957	4	0.49%			
Wal-Mart Texas LP	6,443	5	0.46%			
McBirney #544 JV	6,265	6	0.44%			
ABS TX Investor LP	5,400	7	0.38%			
Shaddock Developers LTD	5,384	8	0.38%			
One Murphy Village LTD	4,311	9	0.31%			
Lowe's Home Centers Inc	4,178	10	0.30%			
Weingarten-Murphy LTD				$ 5,046	2	3.29%
Albertsons Inc				4,477	3	2.92%
Wal-Mart Stores East Inc				4,134	4	2.69%
Horton D R Texas LTD				3,899	5	2.54%
Horton D R Texas LTD				3,556	6	2.32%
U S Homes Corp				3,451	7	2.25%
D R Horton - Texas LTD				1,964	8	1.28%
Texas Utilities Electric Co.				1,960	9	1.28%
Shaddock Developers				1,828	10	1.19%
Totals	$ 65,642		4.65%	$ 30,316		19.76%

SOURCE: Collin County Appraisal District

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

Table 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: % of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: % of Levy
2000	$ 835,899	$ 827,456	98.99%	$ 8,230	$ 835,686	99.97%
2001	$ 985,436	$ 976,074	99.05%	$ 9,187	$ 985,261	99.98%
2002	$ 1,409,789	$ 1,393,294	98.83%	$ 16,341	$ 1,409,635	99.99%
2003	$ 2,209,361	$ 2,127,488	99.01%	$ 21,157	$ 2,208,645	99.97%
2004	$ 2,809,142	$ 2,778,140	98.90%	$ 29,554	$ 2,807,694	99.95%
2005	$ 3,649,295	$ 3,614,262	99.04%	$ 30,297	$ 3,644,559	99.87%
2006	$ 4,410,232	$ 4,341,691	98.45%	$ 68,541	$ 4,370,737	99.10%
2007	$ 5,309,158	$ 5,200,795	97.83%	$ 11,562	$ 5,212,357	98.18%
2008	$ 6,056,231	$ 5,917,192	97.70%	$ 105,054	$ 6,022,246	99.44%
2009	$ 7,314,637	$ 7,285,649	99.60%	$ 14,539	$ 7,300,188	99.80%

Sources: Collin County Appraisal District

CITY OF MURPHY, TEXAS **Table 10**
WATER AND SEWER REVENUES
LAST TEN FISCAL YEARS
(Amounts expressed in thousands)

Fiscal Year	Water		Sewer		Total	
2000	$	537	$	483	$	1,020
2001	$	743	$	695	$	1,438
2002	$	925	$	880	$	1,805
2003	$	1,538	$	1,124	$	2,662
2004	$	1,676	$	1,437	$	3,113
2005	$	2,234	$	1,573	$	3,807
2006	$	2,720	$	1,820	$	4,540
2007	$	2,239	$	2,027	$	4,266
2008	$	2,496	$	2,103	$	4,599
2009	$	2,820	$	1,790	$	4,610

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

Table 11

	Governmental Activities				Business-Type Activities					
FISCAL YEAR	Certificates of Obligation	Notes	Gen Oblig & Refunding Bonds	Capital Leases	Revenue Bonds	Certificates of Obligation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita (1)
2000	$ 4,435	$ 34	$ -	$ -	$ 1,220	$ -	$ 8	$ 5,697	1.33%	$ 1,642
2001	$ 7,695	$ 85	$ -	$ -	$ 1,130	$ -	$ 7	$ 8,917	0.89%	$ 1,779
2002	$ 15,865	$ 90	$ -	$ -	$ 1,040	$ -	$ 17	$ 17,012	0.44%	$ 2,540
2003	$ 21,995	$ 99	$ -	$ -	$ 940	$ -	$ 17	$ 23,051	0.36%	$ 2,885
2004	$ 30,010	$ 147	$ 1,245	$ 31	$ 940	$ -	$ 11	$ 32,384	0.28%	$ 2,944
2005	$ 29,270	$ 112	$ 1,040	$ 16	$ 835	$ -	$ 5	$ 31,278	0.35%	$ 2,606
2006	$ 28,150	$ 36	$ 825	$ 5	$ 725	$ -	$ -	$ 29,741	0.34%	$ 2,121
2007	$ 26,975	$ -	$ 680	$ -	$ 610	$ -	$ -	$ 28,265	0.36%	$ 1,949
2008	$ 25,750	$ -	$ 535	$ -	$ 490	$ -	$ -	$ 26,775	0.42%	$ 1,785
2009	$ 24,450	$ -	$ 8,285	$ -	$ 275	$ 8,000	$ -	$ 41,010	8.05%	$ 2,929

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 17 for personal income and population data.

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

Table 12

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2000	$ 4,435	$ 90	$ 4,345	4.08%	$ 1,253
2001	$ 7,695	$ 196	$ 7,499	2.83%	$ 1,496
2002	$ 15,865	$ 276	$ 15,589	3.15%	$ 2,327
2003	$ 21,995	$ 380	$ 21,615	4.16%	$ 2,705
2004	$ 31,255	$ 441	$ 30,814	4.11%	$ 2,801
2005	$ 30,310	$ 487	$ 29,823	4.72%	$ 2,595
2006	$ 28,975	$ 564	$ 28,411	3.08%	$ 2,415
2007	$ 27,655	$ 737	$ 26,918	2.08%	$ 2,288
2008	$ 25,750	$ 1,455	$ 24,295	5.32%	$ 1,620
2009	$ 30,865	$ 936	$ 29,929	5.21%	$ 2,138

Note: Estimated population is U.S. Census Bureau count; assessed values provided by
Colling County Appraisal District.
See Schedule of Assessed Value and Estimated Actual Value of Taxable Property-Table 7
Population data can be found in the Table 17

CITY OF MURPHY, TEXAS **Table 13**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Collin County	$ 381,985,227	1.97%	$ 7,525,109
Collin County Community College District	46,215,398	2.02%	933,551
Plano Independent School District	963,117,453	2.82%	27,159,912
Wylie Independent School District	232,337,553	10.65%	24,743,949
	$ 1,623,655,631		60,362,522
City of Murphy		100.00%	39,381,287
			$ 99,743,809
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			7.06%
Per capita overlapping bonded debt			$ 6,879

Source: Municipal Advisory Council of Texas

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

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

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

	FISCAL				
	2000	**2001**	**2002**	**2003**	**2004**
Debt Limit	$ 15,345	$ 23,803	$ 37,455	$ 52,604	$ 65,268
Total net obligation debt applicable to limit	4,435	7,695	15,865	21,995	31,255
Legal debt margin	$ 10,910	$ 16,108	$ 21,590	$ 30,609	$ 34,013
Total net obligations debt applicable to the limit as a percentage of debt limit	28.90%	32.33%	42.36%	41.81%	47.89%

(continued)

YEAR				
2005	**2006**	**2007**	**2008**	**2009**
$ 77,923	$ 93,959	$ 131,205	$ 132,643	$ 145,064
30,310	28,975	26,918	24,295	29,267
$ 47,613	$ 64,984	$ 104,287	$ 108,348	$ 115,797
38.90%	30.84%	20.52%	18.32%	20.18%

Legal Debt Margin Calculation of Fiscal Year 2009

Assessed Value	$ 1,430,531
Add back exempt real property	20,106
Total assessed value	$ 1,450,637
Debt limit (10% of total assessed value)	145,064
Debt applicable to limit:	
Long term bonds	30,865
Loss: Amount set aside for repayment of long term bonds	1,598
Total net debt applicable to limit	29,267
Legal debt margin	$ 115,797
	25.27%

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

Table 15

	Water and Sewer Revenue Bonds					
				Debt Service		
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2000	$ 3,554	$ 561	$ 2,993	$ 80	$ 83	$ 18
2001	$ 2,763	$ 788	$ 1,975	$ 80	$ 81	$ 12
2002	$ 2,157	$ 1,367	$ 790	$ 90	$ 71	$ 5
2003	$ 3,305	$ 2,013	$ 1,292	$ 90	$ 70	$ 8
2004	$ 4,239	$ 2,484	$ 1,755	$ 100	$ 61	$ 11
2005	$ 7,747	$ 2,720	$ 5,027	$ 105	$ 56	$ 31
2006	$ 7,405	$ 3,239	$ 4,166	$ 110	$ 51	$ 26
2007	$ 5,469	$ 3,951	$ 1,518	$ 115	$ 40	$ 10
2008	$ 5,966	$ 4,592	$ 1,374	$ 120	$ 36	$ 9
2009	$ 5,357	$ 4,174	$ 1,183	$ 215	$ 29	$ 5

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

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

Table 16

Fiscal Year	Estimated Population	Personal Income (Amounts expressed in thousands)	Per Capita Income [1]	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate [1]
2000	3,469	$ 76	$ 31,416	32.5	13.9	80,688	1.4%
2001	5,613	$ 80	$ 42,986	32.5	13.9	52,332	3.3%
2002	6,699	$ 76	$ 40,740	33.9	13.8	56,227	5.5%
2003	7,991	$ 84	$ 39,941	33.7	14.0	58,322	5.3%
2004	8,200	$ 90	$ 42,077	33.2	14.0	59,931	4.2%
2005	9,000	$ 111	$ 35,381	33.0	14.0	60,139	4.4%
2006	9,469	$ 102	$ 33,954	34.6	14.0	62,694	4.2%
2007	10,263	$ 103	$ 33,358	35.5	14.0	64,478	2.3%
2008	13,896	$ 112	$ 32,463	34.4	14.0	64,220	2.3%
2009	14,300	$ 112	$ 33,000	35.8	14.0	65,552	6.0%

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

CITY OF MURPHY

CITY OF MURPHY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

Table 17

	2009			1999		
Name of Employer	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
Murphy Middle School	175	1	1.17%			
Albertson's Food Center	130	2	0.87%			
Lowe's	109	3	0.73%			
City of Murphy	100	4	0.67%			
Walmart Neighborhood Market Store	95	5	0.63%			
Boggess Elementary School	77	6	0.51%			
Hunt Elementary	61	7	0.41%			
Tibbels Elementary	66	8	0.44%			
Chick-fil-A	55	9	0.37%			
What-a-Burger	55	10	0.37%			
Landmark Brick				22	1	0.82%
Lynn Rogers				9	2	0.34%
Parker Group				6	3	0.22%
Jon Lashbrook Insurance				5	4	0.19%
Classic Garden and Landscape				5	5	0.19%
Murphy Veterinary Hospital				4	6	0.15%
Mr. Video				2	7	0.07%

Source: City economic development records and employee records

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

	FISCAL					
Function / Program	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
General Government	5	5	8	18	9	17
Public Safety						
Police						
Officers	4	10	14	17	19	20
Civilians	-	-	-	2	3	2
Fire						
Firefighters and officers	-	-	-	3	5	5
Civilians	-	-	-	-	-	1
Animal Control	-	-	-	-	-	-
Public Services						
Municipal Court	-	-	-	-	-	-
Cultural and Recreation	-	-	4	6	7	7
Water/Wastewater						
Administration	-	-	-	-	-	-
Water	4.00	5.00	7	12	11	10
Wastewater	-	-	-	-	-	-
Total	13	20	33	58	54	62

(continued)

Source: Government Human Resource Department

Note: In prior years, some department information not available

Table 18
(continued)

YEAR			
2006	2007	2008	2009
22	18	27	24
19	25	24	22
6	6	8	9
7	14	18	18
2	2	2	2
-	1	-	-
-	2.5	-	-
8	11	12	12
-	6.5	-	-
10	12	9	9
-	1	-	-
74	99	100	96

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

	FISCAL					
Function/Program	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Police						
Physical Arrests	96	116	94	124	134	130
Traffic Violations	865	957	1,141	1,733	2,530	3,139
Fire						
Number of calls answered	286	318	353	392	449	556
Inspections	-	-	-	-	-	-
Water						
New Connections	-	-	379	532	443	534
Avg Daily Consumption (thousands of gallons)	780	1,200	1,800	2,003	2,162	2,971
Wastewater						
Avg daily sewage treatments (thousands of gallons)	440	1,174	1,313	795	1,113	1,114

(continued)

Sources: Various government departments and North Texas Municipal Water District

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

Table 19
(continued)

YEAR			
2006	2007	2008	2009
183	237	247	183
9,147	9,158	5,552	4,976
568	745	943	987
121	108	156	128
407	308	206	157
3,384	4,036	3,393	3,500
1,246	1,614	1,668	2,100

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

	FISCAL					
	2000	2001	2002	2003	2004	2005
Function/Program						
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol Units/CID Vehicles	n/a	n/a	n/a	n/a	n/a	12
Motorcyles	-	-	-	-	-	-
Fire Stations	1	1	1	1	1	1
Streets (miles)	n/a	n/a	n/a	n/a	72.3	73.2
Culture and Recreation						
Parks (acreage)	-	12.5	12.5	17.5	142	142
Parks	1	1	1	2	5	5
Water						
Water Mains (miles)	n/a	n/a	n/a	n/a	74.8	80.4
Fire Hydrants	n/a	n/a	n/a	n/a	646	791
Maximum Daily Capacity (thousands of gallons)	1,200	1,800	n/a	n/a	3,000	2,376
Sewer						
Sanitary Sewer (miles)	n/a	n/a	n/a	62.9	74	74

(continued)

Sources:
City departments, North Texas Water Municipal District

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

Table 20
(continued)

YEAR			
2006	2007	2008	2009
1	1	1	1
9	12	12	9
-	3	3	-
1	1	1	1
73.2	78	80	82.5
150	180	235	280
6	6	6	8
86.1	90	92	92.5
857	900	920	950
3,300	5,000	6,200	6,500
81.6	90	92	92.5

CITY OF MURPHY

CONTINUING DISCLOSURE SECTION
(Unaudited)

CITY OF MURPHY

CITY OF MURPHY, TEXAS **Table 1CD**
VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2009
(unaudited)

2008-09 Market Valuation Established by Collin County Appraisal District (excluding totally exempt property & Homestead Cap. Adj.)		$ 1,467,293,849 **
Less Exemptions/Reductions at 100% Market Value:		
Agricultural/Open Space Land Use	$ 14,082,385	
Over 65 and Disabled	37,545,229	
Disabled Veterans	446,500	
Disabled Persons	2,375,000	54,449,114
2008-2009 Taxable Assessed Valuation		$ 1,412,844,735 **
General Debt Payable from Ad Valorem Taxes		$ 1,578,293
General Interest and Sinking Fund as of September 30, 2009		$ 1,474,523
Ratio General Tax Debt to Taxable Assessed Valuation		0.11%

2009 Estimated Population	14,300
Per Capita Taxable Assessed Valuation	$ 98,800
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes	$ 103

****NOTE:** Collin County Appraisal District - 2008 Certified Roll - dated 9/1/09

CITY OF MURPHY, TEXAS
TAX RATE LEVY AND COLLECTION HISTORY
LAST TEN FISCAL YEAR
(unaudited)

Table 2CD

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Total Tax Levy	Current Tax Collections	% of Levy Collected	% of Total Tax Collections to Tax Levy
2000	$ 0.5444	$ 0.2296	$ 0.3148	$ 835,400	$ 827,456	99.05%	99.97%
2001	$ 0.4140	$ 0.1846	$ 0.2294	$ 985,440	$ 876,074	88.90%	99.98%
2002	$ 0.3764	$ 0.1615	$ 0.2149	$ 1,409,790	$ 1,393,294	98.83%	99.99%
2003	$ 0.4200	$ 0.1558	$ 0.2642	$ 2,209,360	$ 2,127,488	96.29%	99.97%
2004	$ 0.4304	$ 0.1459	$ 0.2845	$ 2,809,140	$ 2,778,140	98.90%	99.95%
2005	$ 0.4683	$ 0.1492	$ 0.3191	$ 3,649,140	$ 3,614,262	99.04%	99.87%
2006	$ 0.4683	$ 0.1839	$ 0.2844	$ 4,400,120	$ 4,341,691	98.67%	99.10%
2007	$ 0.4683	$ 0.2345	$ 0.2338	$ 6,052,380	$ 5,308,795	87.71%	97.83%
2008	$ 0.4682	$ 0.2688	$ 0.1994	$ 6,056,231	$ 5,917,192	97.70%	99.44%
2009	$ 0.5183	$ 0.3341	$ 0.1842	$ 7,314,636	$ 7,285,649	99.60%	99.80%

CITY OF MURPHY, TEXAS
GENERAL DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009
(unaudited)

Table 3CD

Fiscal Year	Outstanding Debt Principal	Interest	Total	% of Principal Retired
2010	$ 1,598,180	$ 1,504,115	$ 3,102,295	
2011	1,852,950	1,296,081	3,149,031	
2012	1,936,110	1,222,435	3,158,545	
2013	1,912,690	1,148,315	3,061,005	1.13%
2014	1,990,850	1,072,375	3,063,225	
2015	2,353,220	992,635	3,345,855	
2016	2,171,380	909,031	3,080,411	
2017	2,225,300	819,690	3,044,990	
2018	2,322,670	723,954	3,046,624	
2019	2,225,040	623,559	2,848,599	
2020	2,332,410	520,971	2,853,381	
2021	2,454,780	413,442	2,868,222	17.34%
2022	1,867,150	306,075	2,173,225	28.80%
2023	1,675,310	215,809	1,891,119	45.20%
2024	1,218,470	148,906	1,367,376	71.24%
2025	471,630	109,831	581,461	
2026	494,790	87,924	582,714	
2027	518,740	64,628	583,368	
2028	542,690	39,861	582,551	
2029	570,640	13,519	584,159	100.00%
	$ 32,735,000	$ 12,233,156	$ 44,968,156	

CITY OF MURPHY, TEXAS
GOVERNMENTAL FUND REVENUES AND EXPENDITURE HISTORY
LAST TEN FISCAL YEARS
(Amounts expressed thousands)

	FISCAL				
	2000	2001	2002	2003	2004
Revenues					
Taxes*	$ 1,395	$ 1,604	$ 2,104	$ 2,979	$ 4,078
Permits and Licenses	671	846	912	934	1,463
Charge for Services	201	350	489	823	450
Fines and Forfeitures	105	100	120	178	150
Investment Income	153	175	90	154	144
Grants	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Contributions	421	131	164	205	4
Miscellaneous	76	35	27	82	366
Total Revenues	3,022	3,241	3,906	5,355	6,655
Expenditures					
General Government	312	372	2,468	2,480	1,311
Public Safety	644	1,073	1,290	1,936	2,391
Public Works	560	520	608	1,553	1,490
Sanitation	136	200	255	310	350
Public Service and Operations	-	-	-	-	-
Cultural and Recreation	-	-	-	-	67
Capital Outlay	416	3,816	384	1,528	15,026
Debt Service	574	568	820	1,418	2,231
Total Expenditures	2,642	6,549	5,825	9,225	22,866
Excess (Deficiency) of revenues over Expenditures	380	(3,308)	(1,919)	(3,870)	(16,211)
Other Financing Sources (Uses)					
Bond Proceeds	-	3,531	8,460	6,716	10,127
Note Proceeds	27	-	-	-	130
Capital Leases	(90)	-	-	-	72
Debt Issuance Cost	-	-	-	-	-
Extraordinary Revenue(Expense)	-	-	-	-	-
Transfers	-	-	-	250	2,196
Total Other Sources (Uses)	(63)	3,531	8,460	6,966	12,525
Beginning Fund Balance	2,899	3,216	3,439	9,980	13,076
Prior Period Adjustment	-	-	-	-	-
Ending Fund Balance	$ 3,216	$ 3,439	$ 9,980	$ 13,076	$ 9,390

*Note: Prior to the year 2009 the CDC and the EDC were included. In 2009 the CDC and the EDC were reported as discretely presented component units.

YEAR				
2005	2006	2007	2008	2009
$ 5,269	$ 6,050	$ 7,249	$ 8,133	$ 9,031
1,545	2,207	1,432	848	440
656	587	952	1,210	1,311
187	585	703	576	479
150	312	342	173	115
-	-	-	314	164
-	-	-	-	301
6,393	2,981	457	21	10
95	232	155	157	50
14,295	12,954	11,290	11,432	11,901
963	1,268	2,650	2,668	2,070
2,320	3,162	4,426	4,190	4,607
1,301	1,330	2,789	226	554
490	565	630	603	609
-	-	-	774	555
109	280	257	1,508	1,416
10,667	4,250	-	-	453
2,503	2,762	2,629	2,580	4,115
18,353	13,617	13,381	12,549	14,379
(4,058)	(663)	(2,091)	(1,117)	(2,478)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,415
-	-	-	(590)	(176)
356	356	850	1,289	853
356	356	850	699	10,092
9,390	6,144	5,837	4,596	4,195
456	-	-	17	(1,528)
$ 6,144	$ 5,837	$ 4,596	$ 4,195	$ 10,281

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
2000	$ 319,220	38.21%	$ 0.2080	$ 92.02
2001	$ 344,756	34.98%	$ 0.1448	$ 69
2002	$ 394,606	27.99%	$ 0.1054	$ 59
2003	$ 343,471	15.55%	$ 0.0653	$ 43
2004	$ 724,370	25.79%	$ 0.3084	$ 66
2005	$ 1,149,662	31.51%	$ 0.4487	$ 96
2006	$ 1,014,410	23.05%	$ 0.3393	$ 72
2007	$ 1,160,260	19.17%	$ 0.3747	$ 80
2008	$ 1,185,721	19.58%	$ 0.3702	$ 79
2009	$ 1,586,211	21.40%	$ 0.1109	$ 111

CITY OF MURPHY, TEXAS **Table 6CD**
CASH AND INVESTMENTS FOR PRIMARY GOVERNMENT
SEPTEMBER 30, 2009
(unaudited)

Type of Investment		
Cash on hand	0.01%	$ 1,300
Money Markets	99.99%	22,077,192
	100.00%	$ 22,078,492

CITY OF MURPHY, TEXAS
ENTERPRISE FUNDS DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009
(unaudited)

Table 7CD

Fiscal	Outstanding Debt			% of
Year	Principal	Interest	Total	Principal Retired
2010	$ 226,820	$ 384,660	$ 611,480	
2011	492,050	299,862	791,912	
2012	513,890	284,328	798,218	
2013	527,310	266,997	794,307	
2014	544,150	248,975	793,125	3.32%
2015	496,780	230,511	727,291	
2016	513,620	215,355	728,975	
2017	294,700	202,862	497,562	
2018	307,330	192,695	500,025	
2019	319,960	180,917	500,877	
2020	332,590	167,866	500,456	
2021	345,220	154,310	499,530	
2022	357,850	140,070	497,920	
2023	374,690	125,006	499,696	
2024	391,530	108,958	500,488	
2025	408,370	91,756	500,126	
2026	425,210	73,519	498,729	
2027	446,260	54,124	500,384	
2028	467,310	33,335	500,645	
2029	489,360	11,294	500,654	100.00%
	$ 8,275,000	$ 3,467,400	$ 11,742,400	