



Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2019

City of Taylor, TX | 400 Porter Street | Taylor, TX 76574

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***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Taylor, Texas

**For the Year Ended
September 30, 2019**

Prepared by:
Finance Department

Jeffrey B. Wood
Director of Finance



City of Taylor, Texas

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September 30, 2019

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INTRODUCTORY SECTION





March 18, 2020

To the Honorable Mayor, Members of the City Council and Citizens of the City of Taylor:

Texas state law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, and such statements be presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. Pursuant to that requirement and the requirement of Section 10.3 of the City Charter, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Taylor for the fiscal year ended September 30, 2019.

This report is published to provide the Mayor and City Council, city staff, our Citizens, representatives of financial institutions, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for the accuracy of the data and the fairness of its presentation rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Because the cost of internal controls should not outweigh their benefits, the City of Taylor's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City of Taylor's financial statements have been audited by the certified public accountants of BrooksWatson & Company, PLLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic

financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Taylor, incorporated in 1876, is in eastern Williamson County in the central region of the State of Texas. It is located approximately 29 miles northeast of Austin and 7 miles east of State Highway 130 and 17 miles east of Interstate Highway 35. State Highway 95 and U.S. Highway 79 intersect in downtown Taylor. The City currently occupies a land area of 19.13 square miles and services approximately 17,642 residents. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Taylor operated under a Commission-Manager form of government from 1926 to 2001. In an election held on May 5, 2001, a charter amendment was approved changing the designation to a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and four Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and Municipal Court Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve three-year staggered terms. The three-year election cycle consists of two members being elected in consecutive years and a single member being elected in the third year of the cycle. Four of the Council members are elected by district with the remaining council member being elected at-large. After each election, the five members of the Council select one of the members to serve as Mayor until the next election.

The City of Taylor provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; and development services. Solid waste collection and water treatment are outsourced to Waste Connection of Texas and Brazos River Authority (BRA), respectively. Wastewater collection and treatment is provided by the City. In addition, the City of Taylor is also financially accountable for a legally separate economic development corporation, which is reported separately with the City of Taylor's financial statements. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

Local Economy

The local economy is expanding as evidenced by increasing sales tax collections and new construction activity. This expansion has been driven in part by the City's location in Central Texas. Affordable housing and business incentives are major factors that have contributed to the City's economic growth. In 2019, the City issued a total of 811 building permits with a total valuation of 53,457,536. This is an increase in valuation by \$17,357,079 from the previous year.

For many years, the City's economy has been largely based in agriculture and manufacturing. These industries are still with the City today, however, the Taylor Economic Development Corporation actively recruits companies that add to the diversity of the City's local industry while providing residents with good employment.

Anticipated growth is expected for the east Williamson County region, especially along Chandler Road and State Highway 79. Continued improvements to both corridors will improve the overall connectivity and mobility to and within Taylor and will bring growth and new development to the area.

The average rate for unemployment in Williamson County for 2019 was 2.8%, which is lower than the national average unemployment rate of 3.6%. The job growth rate is 3.9% with future job growth over the next ten years predicted to be 51.5%. Williamson County remains among the fastest growing counties in Texas.

Long –Term Financial Planning

During the 2018-19 fiscal year, the City issued a Combination Tax & Revenue Certificate of Obligations, Series 2019 to fund multiple street, utilities, and drainage projects. Proceeds were also allocated for improvements to the Animal Shelter, and for the acquisition of land and design of a new justice center.

The City of Taylor utilizes long-term revenue and expenditure forecasts and a Capital Improvements Schedule to plan for projects and initiatives that promote the City's strategic pillars. These planning tools are utilized to focus on improvements in the following areas: Neighborhoods/Diversity & Population Size, Public Safety, Infrastructure/Transportation/City Facilities, Economic Vitality/Financial Health, Community Engagement, Customer Service, Arts, and Parks, Trails, & Open Spaces.

The City's fund balance/operating position continues to be an important factor in policy decisions. The City's Fund Balance Policy dictates that the minimum unassigned fund balance is an amount equal to 25% of annual general fund operating expenditures. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

Major Initiatives

In 2018 the City of Taylor was approved and received a Non-Urban Outdoor Grant of \$500,000 on a 50/50 reimbursement match basis, and this work continued during 2019. The funds are earmarked for the Taylor Regional Park and Sports Complex Phase II and Doak Street Park enhancement projects. Proposed developments for TRPSC include:

- ❖ Installation of lighted soccer field
- ❖ Walking trails bordered with native plants and educational signage
- ❖ A fishing pier
- ❖ Shaded picnic structures
- ❖ Batting cages
- ❖ Renovation of an existing football field into a multi-purpose sports field

The Doak Street Park improvements will include building a new playground.

Other major initiatives started during 2019 is an update to the Comprehensive Plan for Land Use, a Master Drainage Plan, a complete street condition assessment, and a public utilities master plan. Although these plans were put in motion in 2019, most of the funding for these projects will be included in the fiscal year 2019-20 budget.

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the City of Taylor operates. City Council has adopted three strategic pillars:

- ❖ Quality of Life
- ❖ Economic Vitality
- ❖ Streets and Infrastructure

The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City's roadways, downtown area, drainage systems, water/wastewater systems, municipal airport and parks.

Other Information

Fund Accounting: The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity. A description of the various major funds and fund types is contained in the Notes of the financial statements. A description of each individual non-major fund is contained at the beginning of its related combined financial statement.

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting where revenue is recognized when it is earned, and expenses are recognized when they incur.

Budgetary Control: The annual budget serves as the foundation for the City of Taylor's financial planning and control. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Funds, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control

device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council.

All units and departments of the City of Taylor are required to submit requests for appropriations to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to Council for review in June. The Council is required to hold a public hearing on the proposed budget and then adopt the final budget no later than September 15th.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may authorize transfers of appropriations within a department and between departments within a fund. Increases or decreases of appropriations to a fund, however, requires approval of the City Council in the form of an ordinance that formally amends the adopted budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of the report.

Internal Control: City Management is responsible for establishing and maintaining a system of internal controls. This system is designed to provide a reasonable assurance that: (1) City assets are protected from loss, theft or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgments by management.

Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Taylor for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. This was the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a local government must publish a CAFR that is easy to read and well organized, as well as meeting both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the requirements of the Certificate of Achievement Program and we will submit it to the GFOA for certification.

The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department and all department directors. I would like to express my appreciation to all members of the City departments that assisted and contributed to the preparation of this report. I would also like to thank the Mayor and the City Council for their continued support for maintaining the highest standards of professionalism in the management of the City of Taylor financial operations.

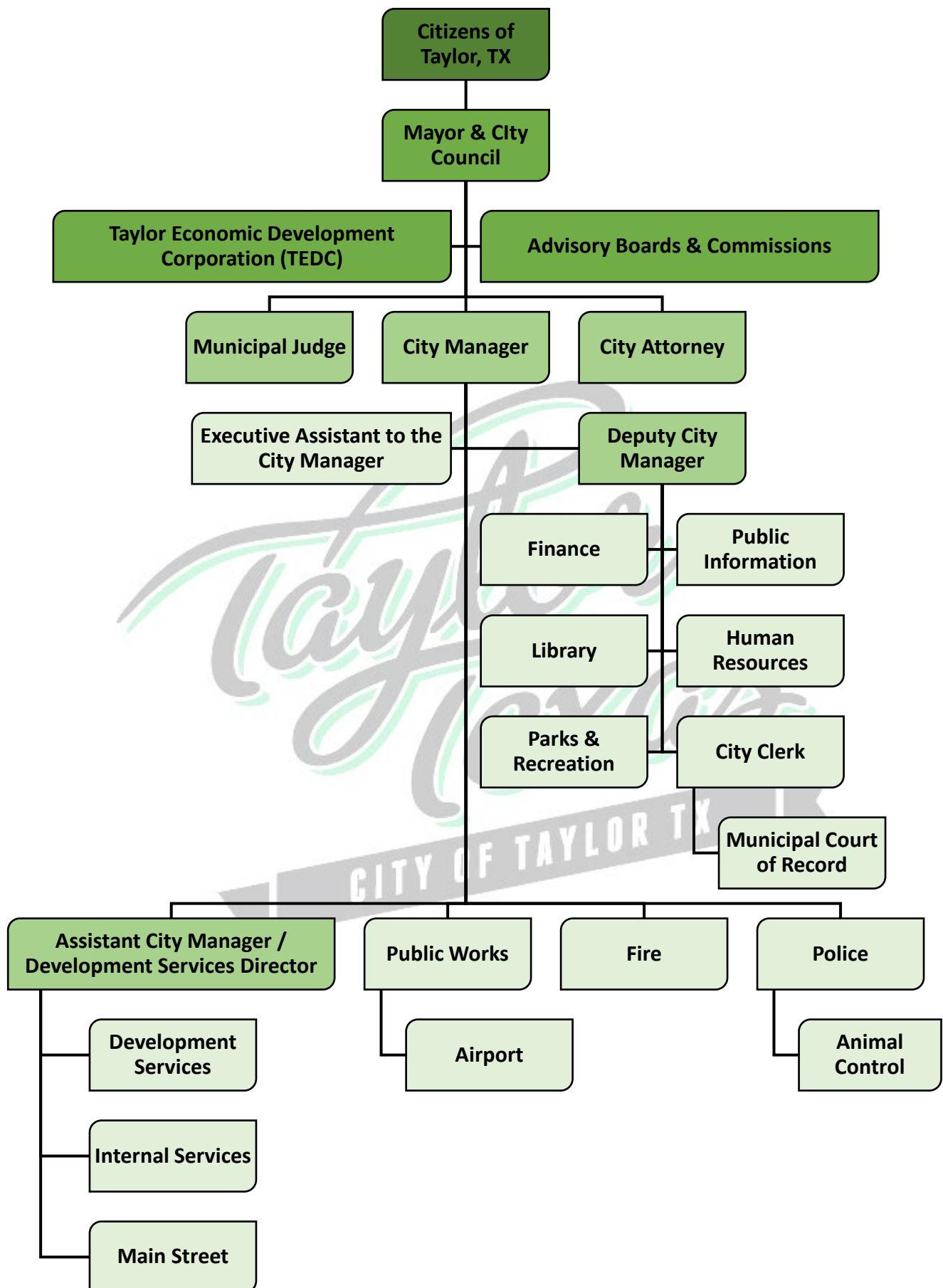
Furthermore, I would like to acknowledge the work of the independent auditors from BrooksWatson & Company, PLLC, which is greatly appreciated.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jeffrey B. Wood". The signature is written in a cursive style, with the first name "Jeffrey" being more stylized and the last name "Wood" being more legible.

Jeffrey B. Wood
Director of Finance

CITY ORGANIZATION CHART



City of Taylor, Texas

PRINCIPAL OFFICIALS

September 30, 2019

City Council

Brandt Rydell.....	Mayor	Term Expires May 2021
Dwayne Ariola.....	Mayor Pro Tem	Term Expires May 2020
Robert Garcia.....	Council Member	Term Expires May 2022
Mitchell Drummond.....	Council Member	Term Expires May 2021
Gerald Anderson.....	Council Member	Term Expires May 2022

City Staff

Brian LaBorde.....	City Manager
Jeffery Jenkins.....	Deputy City Manager
Rocio Lopez	Executive Assistant to the City Manager
Ted Hejl.....	City Attorney
Dianna Barker.....	City Clerk
Jeffrey Wood.....	Director of Finance
Daniel Baum.....	Fire Chief
Karen Ellis.....	Library Director
Tom Yantis.....	Asst. City Mgr./Director of Development Services
Kim Peterson.....	Director of Human Resources
James Gray.....	Director of Public Works
Lisa Thompson.....	Director of Internal Services
Vacant.....	Public Information Officer
Henry Fluck.....	Police Chief
Jan Harris.....	Main Street Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Taylor
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Taylor, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.H to the financial statements, the City restated the beginning fund balance of the capital improvements fund and beginning net position of a discretely presented component unit due to accounting errors occurring in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, the budgetary comparison, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, slightly stylized font.

Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 18, 2020



***MANAGEMENT'S DISCUSSION
AND ANALYSIS***



City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2019

As management of the City of Taylor, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2019 by \$70,731,258.
- The City's total net position increased by \$2,843,943. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$19,240,931 at September 30, 2019, an increase of \$7,256,502 from the prior fiscal year; this includes an increase of \$502,781 in the general fund, an increase of \$2,252,064 in the capital improvements fund, an increase of \$71,670 in the I&S fund, and an increase in the transportation user fee fund of \$4,267,667.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$3,932,229 or 28% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable increased by \$9,220,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$58,680,000.
- The City's net pension liability totaled \$6,720,870 as of year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City'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) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2019

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer, airport, and cemetery operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Taylor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-27 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2019

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital improvements fund, the I&S for CO bonds fund, and the transportation user fee fund (a special revenue fund), which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, I&S for CO bonds, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 28-33 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its public utilities, airport and cemetery operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance and purchase of equipment.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 36-45 of this report.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2019

Component Units

The City maintains the accounting and financial statements for two component units. The Taylor Economic Development Corporation and the Tax Increment Financing Funds are discretely presented component units displayed on the government-wide financial statements.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 47-94 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's changes in net pension liability and employer contributions to the plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets exceed liabilities by \$70,731,258 as of September 30, 2019, in the primary government.

The largest portion of the City's net position, \$61,633,379, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 22,369,289	\$ 12,675,895	\$ 35,045,184	\$ 15,684,375	\$ 6,472,813	\$ 22,157,188
Capital assets, net	68,265,282	39,335,540	107,600,822	67,052,969	39,914,537	106,967,506
Total Assets	90,634,571	52,011,435	142,646,006	82,737,344	46,387,350	129,124,694
Deferred Outflows of Resources	2,099,923	893,989	2,993,912	989,991	766,116	1,756,107
Other liabilities	5,214,133	2,626,466	7,840,599	4,522,530	2,587,899	7,110,429
Long-term liabilities	39,691,171	27,265,416	66,956,587	30,973,980	23,978,143	54,952,123
Total Liabilities	44,905,304	29,891,882	74,797,186	35,496,510	26,566,042	62,062,552
Deferred Inflows of Resources	95,533	15,941	111,474	797,816	133,118	930,934
Net Position:						
Net investment						
in capital assets	44,930,166	16,703,213	61,633,379	45,342,543	16,205,762	61,548,305
Restricted	3,241,616	-	3,241,616	3,580,816	-	3,580,816
Unrestricted	(438,125)	6,294,388	5,856,263	(1,490,350)	4,248,544	2,758,194
Total Net Position	\$ 47,733,657	\$ 22,997,601	\$ 70,731,258	\$ 47,433,009	\$ 20,454,306	\$ 67,887,315

Governmental activities current assets increased by \$6,684,914 due to a significant increase in cash reserves, which is primarily attributable to the issuance of \$8,165,000 Tax and Revenue Certificates of Obligation bonds. Business-type activities current assets increased by \$6,203,082 due to a significant increase in cash reserves, which is primarily attributable to the issuance of \$4,425,000 Tax and Revenue Certificates of Obligation bonds and overall increased net position over the course of the year.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2019

Statement of Activities:

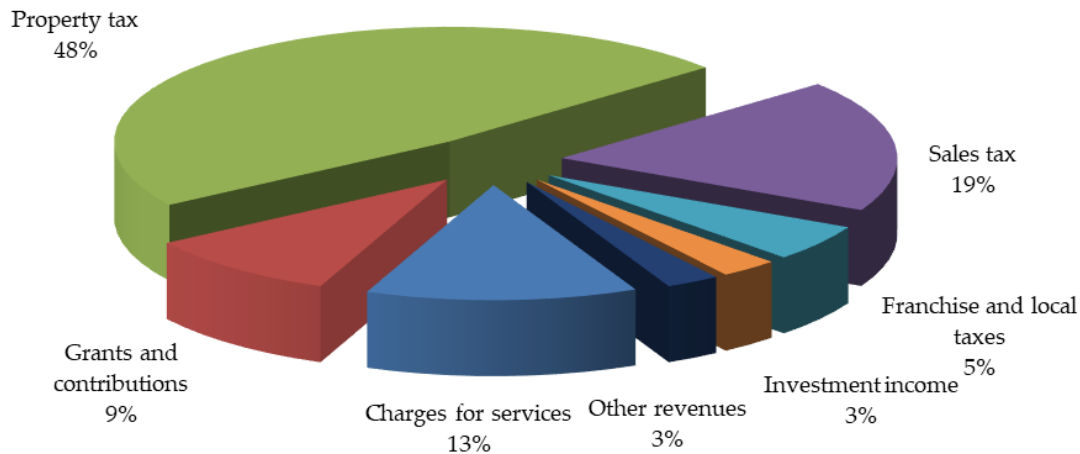
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2019			For the Year Ended September 30, 2018		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,415,512	\$ 12,368,236	\$ 14,783,748	\$ 2,207,755	\$ 11,936,977	\$ 14,144,732
Operating grants	527,698	-	527,698	204,610	-	204,610
Capital grants	1,238,407	156,197	1,394,604	1,319,107	2,263,131	3,582,238
General revenues:						
Property tax	8,885,991	-	8,885,991	8,270,706	-	8,270,706
Sales tax	3,438,534	-	3,438,534	3,244,108	-	3,244,108
Franchise and local taxes	958,665	-	958,665	1,001,000	-	1,001,000
Investment income	518,264	128,330	646,594	259,866	48,199	308,065
Other revenues	476,896	138,273	615,169	495,695	139,829	635,524
Total Revenues	18,459,967	12,791,036	31,251,003	17,002,847	14,388,136	31,390,983
Expenses						
General government	5,012,235	-	5,012,235	3,365,998	-	3,365,998
Culture and recreation	1,359,674	-	1,359,674	1,252,029	-	1,252,029
Community development	1,371,973	-	1,371,973	833,796	-	833,796
Public safety	6,924,255	-	6,924,255	6,404,119	-	6,404,119
Public works	3,915,394	-	3,915,394	3,230,070	-	3,230,070
Interest and fiscal charges	1,013,513	882,959	1,896,472	983,114	891,073	1,874,187
Public utility	-	5,918,157	5,918,157	-	5,418,007	5,418,007
Airport	-	405,680	405,680	-	369,772	369,772
Cemetery operating	-	175,801	175,801	-	160,970	160,970
Sanitation	-	1,427,419	1,427,419	-	1,403,324	1,403,324
Total Expenses	19,597,044	8,810,016	28,407,060	16,069,126	8,243,146	24,312,272
Change in Net Position Before Transfers	(1,137,077)	3,981,020	2,843,943	933,721	6,144,990	7,078,711
Transfers	1,437,725	(1,437,725)	-	1,873,913	(1,873,913)	-
Total	1,437,725	(1,437,725)	-	1,873,913	(1,873,913)	-
Change in Net Position	300,648	2,543,295	2,843,943	2,807,634	4,271,077	7,078,711
Beginning Net Position	47,433,009	20,454,306	67,887,315	44,625,375	16,183,229	60,808,604
Ending Net Position	\$ 47,733,657	\$ 22,997,601	\$ 70,731,258	\$ 47,433,009	\$ 20,454,306	\$ 67,887,315

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

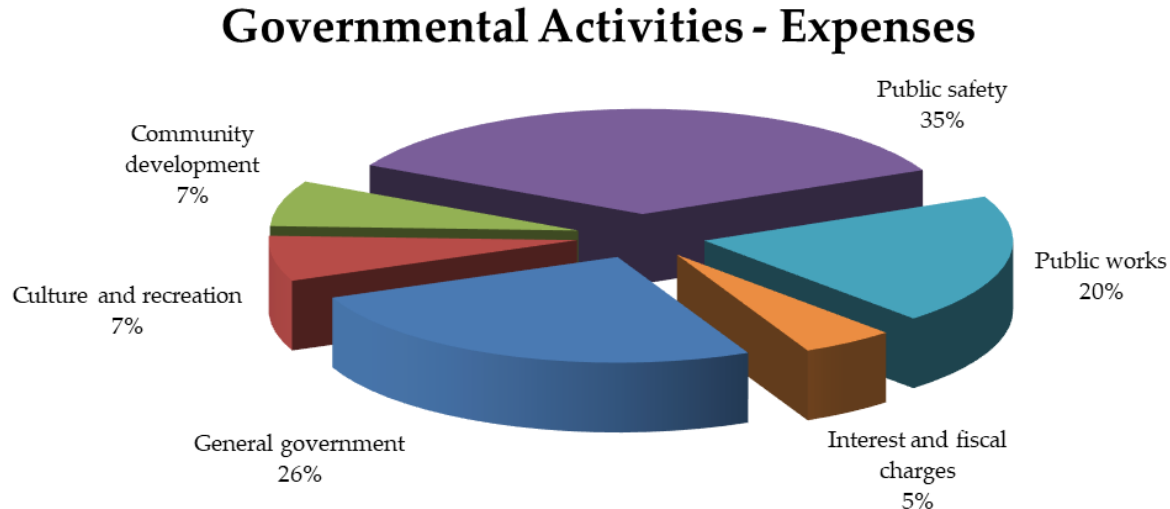
Governmental Activities - Revenues



For the year ended September 30, 2019, revenues from governmental activities totaled \$18,459,967. Property tax, charges for services and sales tax are the City's largest general revenue sources. Overall revenue increased \$1,457,120 or 9% from the prior year. Property tax revenue increased \$615,285 due to an increase in property values and a growing tax base. Sales tax revenue increased by \$194,426 due to increasing economic growth within the City. Charges for services increased \$207,757 due to an increase in building permit revenue. Investment income increased by \$258,398 due to greater interest-bearing cash accounts. All other revenues remained relatively stable when compared to the previous year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

This graph shows the governmental function expenses of the City:

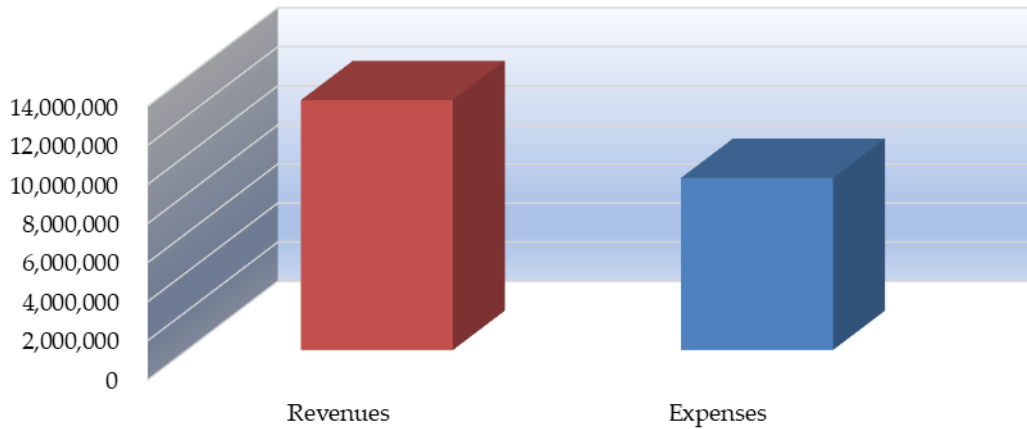


For the year ended September 30, 2019, expenses for governmental activities totaled \$19,597,044. This represents an increase of \$3,527,918 or 22% from the prior year. The City's largest functional expense is public safety totaling \$6,924,255. Public safety increased \$520,136 or 8% when compared to the prior year due to salaries and employee benefits and contract service expenses. General government expenses increased by \$1,646,237 or 49% primarily due to increased salaries for city management employees and an overall increase in the city's net pension liability, resulting in greater employee benefit expenses. Community development increased by \$538,177 or 65% primarily as a result of increased salaries and recognition of depreciation expenses in the current year. Annual depreciation was not recognized within the community development department in the prior year. Public works expense increased by \$685,324 or 21% primarily due to increased personnel and engineering service expenses. All remaining expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2019, charges for services by business-type activities totaled \$12,368,236. This is an increase of \$431,259, or 4%, from the previous year. This increase directly relates to an increase in the utility billing rates charged to customers. The City completed a utility rate study in November of 2015 which examined the future operating and capital financing requirements of the utility system and determine the adequacy of existing rates to meet the related requirements. The study recommended increases in both water and sewer rates which are to be phased in through fiscal year 2019.

The estimated increased revenues are noted in the following excerpt from the study:

YEAR	WATER	SEWER	COMBINED
2016	9.0%	34.0%	19.0%
2017	11.0%	18.0%	14.1%
2018	8.0%	12.0%	9.9%
2019	3.0%	3.0%	3.0%
2020	0.0%	0.0%	0.0%

Grants and contributions decreased \$2,106,934 due to nonrecurring capital contributions of airport assets from TXDOT in the prior year.

Total expenses increased \$566,870 or 7% to a total of \$8,810,016. Public utility expenses totaled \$6,757,232 while airport, cemetery operations, and sanitation totaled \$449,564, \$175,801, and \$1,427,419,

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

respectively. The largest increase in expenses was seen in public utility expenses. This increase was mainly attributed to personnel costs, treated water contract expenses, and supplies expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2019, the City's governmental funds reported combined fund balances of \$19,240,931, an increase of \$7,256,502 in comparison with the prior year. Approximately 20% of this amount, \$3,932,229, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted* or *committed* to indicate that it is 1) not in spendable form \$688,074, 2) committed \$5,823,561 or 3) restricted for particular purposes \$8,797,067.

As of the end of the year the general fund reflected a total fund balance of \$5,950,121. Of this, \$1,557,807 is considered restricted and \$3,932,229 is unassigned. General fund balance increased by \$502,781. This increase can be attributed to transfers from other funds as well as greater than anticipated revenues for the year ended.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$3,932,229 is 28% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of \$6,243,525 as of yearend. Total fund balance increased by \$2,252,064 from the prior year due to capital financing exceeding total capital outlay expenditures. During the year, the City expended \$3,840,916 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$647,756 at September 30, 2019, an increase of \$71,670 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$2,416,379 and property tax revenue of \$2,164,309. The increase in fund balance was a direct result of intergovernmental revenue received from the TIF fund in the current year.

The transportation user fee fund had an ending fund balance of \$5,152,227 at September 30, 2019, an increase of \$4,267,667 when compared to the prior year. The increase is a direct result of \$3,985,000 in bond proceeds received in the current year.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2019

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the public utility fund, totaled \$17,283,430. Unrestricted net position at the close of the fiscal year amounted to \$4,931,997, a total increase of \$2,356,560 from the previous year. Total investment in capital assets, net of related debt of was \$12,351,433, and capital assets, net of depreciation totaled \$33,495,858.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$294,859 and increasing total revenues by \$692,137 resulting in a net increase in budgeted fund balance of \$352,250. The primary reasons for the budget revision were due to higher than expected sales and franchise taxes. Expenditures were amended to account for general revisions to reflect actual operating results. Total budgeted revenues of \$12,724,546 were less than actual revenues of \$12,837,991, resulting in a total positive revenue variance of \$113,445. Total budgeted expenditures of \$13,879,998 were less than actual expenditures of \$13,900,625, resulting in a total negative expenditure variance of \$20,627. The general government, culture and recreation, and community development were over budget for the fiscal year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$68,265,282 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$2,685,023. The City's business-type activities funds had invested \$39,335,540 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset additions during the current year include the following:

- Heritage Park improvements of \$871,437.
- Taylor Skate Park improvements of \$754,163.
- Radio replacement project for \$511,254.
- Purchase of new vehicles for governmental activities totaling \$326,321.
- Computer aided dispatch for \$243,955.
- Mustang Creek Tributary improvements of \$223,783.
- Givens Community Center improvements of \$69,398.
- Murphy Pool improvements of \$130,811.
- Moody Museum storage improvements of \$56,100.
- Animal shelter remodel for \$58,033.
- 2019 infrastructure improvements totaling \$273,447.
- Wastewater treatment plant improvements for \$375,283
- Other water and sewer line improvements for \$134,715.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable net of all premiums and discounts increased by \$10,143,665 or 20% from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$61,595,921, net of all premiums and discounts. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy is expanding as evidenced by increasing sales tax collections and new construction activity. In 2019, the City issued a total of 811 building permits with a total valuation of \$53,457,536. This is an increase in valuation by \$17,357,079 from the previous year. While growth brings additional revenue to the City, it also increases the demands on City services. The FY2020 budget will include funding to plan for future growth by updating the City's Comprehensive Plan, by completing a public utilities assessment, and completing a comprehensive drainage improvements plan. The FY2020 budget also continues to address its aging infrastructure through a series of improvements that are funded by a combination of utility revenues and debt proceeds.

Meeting the challenges created by growth takes financial resources, a Council vision, and budgetary constraint. The Avery Glen residential development began construction in early 2019 and will continue to build out for the next two years. The Grove residential development will begin construction in early 2020 and will build out over the next two to three years. Both developments could seek approval for additional builds if the economy continues to grow. In addition, a new mixed residential development received initial approval and could break ground in the second half of 2020. On the commercial side, Hart Components was approved for a manufacturing facility within the City limits and anticipates the start of production in the first half of 2020. Hart Components will provide both property tax and sales tax revenues. In addition, RCR Taylor Logistics Park, a master planned rail-served logistic & industrial park broke ground in 2019.

For many years, the City's economy has been largely based in agriculture and manufacturing. These industries are still with the City today, however, the Taylor Economic Development Corporation actively recruits companies that add to the diversity of the City's local industry while providing residents with good employment. A major industry that is located within the City of Taylor is the Electric Reliability Council of Texas (ERCOT), which manages the flow of electric power to

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

approximately 25 million Texas customers, or about 90 percent of the state's electric load. ERCOT is the City's largest employer, while the Taylor Independent School District (TISD) is the second largest employer in the City.

The City's Fund Balance Policy requires that the General Fund maintains a minimum of three months of operating expenditures as unassigned reserves, which currently equates to \$3,475,156. At the end of fiscal year 2019, unassigned fund balance in the General Fund is \$3,932,229. It is intended that the available fund balance beyond the minimum be used for capital outlay, unbudgeted personnel expenses and emergency expenditures. For the fiscal year 2019-20, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenue plus extraordinary unbudgeted expenditures.

The property tax rate for fiscal year 2019-20 is \$0.809215 per \$ 100 valuation. Of this tax rate 75 percent or \$0.611551 is utilized for General Fund activities. The remaining 25 percent or \$0.197664 is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2019-20 is estimated to be \$7,142,000. Sales tax revenue for fiscal year 2019-20 is budgeted at \$3,395,000.

The largest revenue source for the Utility Fund is water sales at \$5,626,553. A water and sewer rate study was completed and adopted by Council during fiscal year 2014-2015 and rate increases were implemented beginning in fiscal year 2015-16 and increased annually for the next four years, ending in 2019. There is not a budgeted rate increase for water or sewer services in fiscal year 2019-20. The water and sewer rate increases are to fund future projects and build up reserves in the Public Utilities Fund. The new rate system, which focuses on water conservation, implements an increasing tier rate which charges a higher price for water at higher levels of consumption. The second largest revenue source is sewer charges at \$4,400,000 based on the fiscal year 2019-20 base rate of \$28.84 plus \$6.91 per 1,000 gallons.

The City Council approved an ordinance establishing a Transportation User Fee (TUF) that applied to businesses and residents within the City of Taylor city limits. The new rate took effect in June of 2016. A flat fee of \$8.00 per residential unit was assessed, with commercial customers being assessed at 6 distinct tier rates that ranged from \$25 to \$133 per month. The total annual revenue generated from the TUF is projected to be \$793,698 for the fiscal year 2019-20. The TUF was designed to address a portion of the street repair and maintenance expenses for Taylor's aged infrastructure but is not enough to meet the demands of all the lower rated streets.

The sanitation fee for residential garbage is a base charge of \$ 12.04 per month. There is no change in rates in the budget for the fiscal year 2019-20.

The City Council approved a residential curbside recycling program in December of 2017. The program's initial cost was \$2.50 per month per resident with the City paying \$.75 per month per resident for the first year of service. After the first year, the cost share ended and the rate increased to \$3.25 per month. There is no rate increase budgeted for fiscal year 2019-20.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2019

The drainage fee for a single-family dwelling remains at \$3.00 per month in fiscal year 2019-20.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 400 Porter St., Taylor Texas 76574 or call (512) 352-5997.

FINANCIAL STATEMENTS

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2) September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 16,055,813	\$ 10,617,347	\$ 26,673,160
Investments	4,398,262	497,862	4,896,124
Restricted cash-customer deposits	-	450,162	450,162
Receivables, net	1,712,629	1,236,345	2,948,974
Due from primary government	-	-	-
Internal balances	202,585	(202,585)	-
Inventories	-	76,764	76,764
Total Current Assets	22,369,289	12,675,895	35,045,184
Land held for investment	-	-	-
Capital assets:			
Non-depreciable	5,347,840	1,465,393	6,813,233
Net depreciable capital assets	62,917,442	37,870,147	100,787,589
Noncurrent Assets	68,265,282	39,335,540	107,600,822
Total Assets	90,634,571	52,011,435	142,646,006
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	306,812	594,805	901,617
Pension contributions	636,649	106,226	742,875
OPEB contributions	3,751	626	4,377
Pension investment earnings	1,152,711	192,332	1,345,043
Total Deferred Outflows of Resources	2,099,923	893,989	2,993,912

Component Units		
Taylor	Tax Increment	
EDC	Financing	
\$ 2,511,885	\$ 600,293	
-	-	
-	-	
206,052	-	
4,975	-	
-	-	
-	-	
<u>2,722,912</u>	<u>600,293</u>	
384,512	-	
-	-	
44,000	-	
<u>428,512</u>	<u>-</u>	
<u>3,151,424</u>	<u>600,293</u>	
-	-	
-	-	
-	-	
-	-	
<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,559,827	315,238	1,875,065
Due to component unit	4,975	-	4,975
Customer deposits	-	450,162	450,162
Compensated absences, current	1,033,120	26,856	1,059,976
Accrued interest payable	166,342	139,210	305,552
Long-term debt due within one year	2,449,869	1,695,000	4,144,869
Total Current Liabilities	5,214,133	2,626,466	7,840,599
Noncurrent liabilities:			
Net pension liability	5,759,831	961,039	6,720,870
OPEB liability	1,033,716	60,428	1,094,144
Compensated absences, noncurrent	114,790	2,984	117,774
Debt due in more than one year	32,782,834	26,240,965	59,023,799
	39,691,171	27,265,416	66,956,587
Total Liabilities	44,905,304	29,891,882	74,797,186
<u>Deferred Inflows of Resources</u>			
OPEB (gains) losses	12,169	2,031	14,200
OPEB assumption changes	2,678	447	3,125
Pension (gains) losses	80,686	13,463	94,149
Total Deferred Inflows of Resources	95,533	15,941	111,474
<u>Net Position</u>			
Net investment in capital assets	44,930,166	16,703,213	61,633,379
Restricted for:			
Debt service	647,756	-	647,756
Capital projects	635,760	-	635,760
Community development	-	-	-
Cemetery land purchase	92,094	-	92,094
Moody museum	251,446	-	251,446
Library bequest funds	283,357	-	283,357
Cemetery - nonexpendable	688,074	-	688,074
Municipal court	104,605	-	104,605
Other purposes	538,524	-	538,524
Unrestricted	(438,125)	6,294,388	5,856,263
Total Net Position	\$ 47,733,657	\$ 22,997,601	\$ 70,731,258

See Notes to Financial Statements.

Component Units	
Taylor EDC	Tax Increment Financing
17,448	2,599
-	-
-	-
10,566	-
-	-
-	-
28,014	2,599
-	-
-	-
1,174	-
-	-
1,174	-
29,188	2,599
-	-
-	-
-	-
-	-
44,000	-
-	-
-	-
3,078,236	597,694
-	-
-	-
-	-
-	-
-	-
-	-
-	-
\$ 3,122,236	\$ 597,694

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 5,012,235	\$ 1,589,404	\$ 527,698	\$ -
Culture and recreation	1,359,674	-	-	-
Community development	1,371,973	-	-	1,238,407
Public safety	6,924,255	335,026	-	-
Public works	3,915,394	491,082	-	-
Interest and fiscal charges	1,013,513	-	-	-
Total Governmental Activities	<u>19,597,044</u>	<u>2,415,512</u>	<u>527,698</u>	<u>1,238,407</u>
Business-Type Activities				
Public Utility	6,757,232	10,118,130	-	-
Airport	449,564	419,847	-	156,197
Cemetery Operating	175,801	197,994	-	-
Sanitation	1,427,419	1,632,265	-	-
Total Business-Type Activities	<u>8,810,016</u>	<u>12,368,236</u>	<u>-</u>	<u>156,197</u>
Total Primary Government	<u>\$ 28,407,060</u>	<u>\$ 14,783,748</u>	<u>\$ 527,698</u>	<u>\$ 1,394,604</u>
Component Units				
Taylor Economic Development Corporation	\$ 685,851	\$ -	\$ -	\$ -
Tax Increment Financing	403,538	-	-	-
Total Component Units	<u>\$ 1,089,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes
 Property tax
 Sales tax
 Franchise and local taxes
 Investment income
 Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Taylor EDC	Tax Increment Financing
\$ (2,895,133)	\$ -	\$ (2,895,133)	\$ -	\$ -
(1,359,674)	-	(1,359,674)	-	-
(133,566)	-	(133,566)	-	-
(6,589,229)	-	(6,589,229)	-	-
(3,424,312)	-	(3,424,312)	-	-
(1,013,513)	-	(1,013,513)	-	-
(15,415,427)	-	(15,415,427)	-	-
-	3,360,898	3,360,898	-	-
-	126,480	126,480	-	-
-	22,193	22,193	-	-
-	204,846	204,846	-	-
-	3,714,417	3,714,417	-	-
(15,415,427)	3,714,417	(11,701,010)	-	-
			(685,851)	-
			-	(403,538)
			(685,851)	(403,538)
8,885,991	-	8,885,991	-	149,619
3,438,534	-	3,438,534	1,148,085	-
958,665	-	958,665	-	-
518,264	128,330	646,594	781	23,300
476,896	138,273	615,169	489,831	72,728
1,437,725	(1,437,725)	-	-	-
15,716,075	(1,171,122)	14,544,953	1,638,697	245,647
300,648	2,543,295	2,843,943	952,846	(157,891)
47,433,009	20,454,306	67,887,315	2,169,390	755,585
\$ 47,733,657	\$ 22,997,601	\$ 70,731,258	\$ 3,122,236	\$ 597,694

City of Taylor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2019

	General	Capital Improvements	I & S For CO Bonds
<u>Assets</u>			
Cash and cash equivalents	\$ 1,836,787	\$ 6,608,984	\$ 645,602
Investments	3,659,815	-	-
Receivables, net	1,051,758	484,975	49,094
Due from other funds	162,532	-	2,154
Total Assets	\$ 6,710,892	\$ 7,093,959	\$ 696,850
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 603,074	\$ 850,434	\$ -
Due to other funds	2,154	-	-
Due to component unit	4,975	-	-
Total Liabilities	610,203	850,434	-
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	150,568	-	49,094
Total Deferred Inflows of Resources	150,568	-	49,094
<u>Fund Balances</u>			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	647,756
Capital projects	635,760	6,243,525	-
Library donation fund	283,357	-	-
Roadway impact fund	246,334	-	-
Special revenue	-	-	-
Other purposes	392,356	-	-
Committed for:			
Drainage	10,785	-	-
ERCOT	275,000	-	-
Givens Community Center	150,000	-	-
Cattainer	24,300	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	3,932,229	-	-
Total Fund Balances	5,950,121	6,243,525	647,756
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,710,892	\$ 7,093,959	\$ 696,850

See Notes to Financial Statements.

Transportation User Fee	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,072,945	\$ 460,940	\$ 14,625,258
-	738,447	4,398,262
79,708	47,094	1,712,629
-	203,945	368,631
<u>\$ 5,152,653</u>	<u>\$ 1,450,426</u>	<u>\$ 21,104,780</u>
\$ 426	\$ 40,592	\$ 1,494,526
-	162,532	164,686
-	-	4,975
<u>426</u>	<u>203,124</u>	<u>1,664,187</u>
-	-	199,662
<u>-</u>	<u>-</u>	<u>199,662</u>
-	688,074	688,074
-	-	647,756
-	-	6,879,285
-	-	283,357
-	-	246,334
-	347,979	347,979
-	-	392,356
-	211,249	222,034
-	-	275,000
-	-	150,000
-	-	24,300
5,152,227	-	5,152,227
-	-	3,932,229
<u>5,152,227</u>	<u>1,247,302</u>	<u>19,240,931</u>
<u>\$ 5,152,653</u>	<u>\$ 1,450,426</u>	<u>\$ 21,104,780</u>

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City of Taylor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2019

Fund Balances - Total Governmental Funds	\$ 19,240,931
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	5,240,026
Capital assets - net depreciable	60,340,233

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	199,662
---	---------

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Deferred charge on refunding	306,812
Pension contributions	624,707
OPEB contributions	3,681
Pension investment earnings	1,131,089
OPEB assumption changes	(2,628)
OPEB (gains) losses	(11,941)

Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position - governmental activities	429,951
--	---------

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension (gains) losses	(79,172)
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Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension liability	(5,651,789)
OPEB liability-Supplemental Death Fund	(355,372)
OPEB liability-Retiree Healthcare	(671,551)
Accrued interest	(166,342)
Bond premium	(1,598,985)
Bond discount	2,310
Compensated absences	(1,142,965)
Non-current liabilities due in one year	(1,845,000)
Non-current liabilities due in more than one year	(28,260,000)

Net Position of Governmental Activities	\$ 47,733,657
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See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General	Capital Improvements	I & S For CO Bonds
<u>Revenues</u>			
Property tax	\$ 6,721,682	\$ -	\$ 2,164,309
Sales tax	3,438,534	-	-
Franchise and local taxes	864,192	-	-
License and permits	492,187	-	-
Charges for services	306,720	-	-
Fines and forfeitures	316,238	-	-
Intergovernmental	169,020	1,238,407	343,678
Investment income	243,606	137,767	37,347
Other revenues	285,812	-	-
Total Revenues	12,837,991	1,376,174	2,545,334
<u>Expenditures</u>			
Current:			
General government	3,188,967	-	-
Culture and recreation	1,332,652	-	-
Community development	927,181	-	-
Public safety	6,748,051	-	-
Public works	1,703,774	-	-
Debt service:			
Principal retirement	-	-	1,655,000
Interest and fiscal charges	-	-	761,379
Bond issuance costs	-	60,887	-
Capital outlay	-	3,840,916	-
Total Expenditures	13,900,625	3,901,803	2,416,379
Excess of Revenues Over (Under) Expenditures	(1,062,634)	(2,525,629)	128,955
<u>Other Financing Sources (Uses)</u>			
Transfers in	1,634,200	176,807	145,411
Transfers (out)	(68,785)	(9,112)	(202,696)
Bond issuance	-	4,180,000	-
Bond premium	-	429,998	-
Total Other Financing Sources (Uses)	1,565,415	4,777,693	(57,285)
Net Change in Fund Balances	502,781	2,252,064	71,670
Beginning fund balances	5,447,340	3,991,461	576,086
Ending Fund Balances	\$ 5,950,121	\$ 6,243,525	\$ 647,756

See Notes to Financial Statements.

Transporation User Fee	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,885,991
-	-	3,438,534
-	94,473	958,665
-	-	492,187
781,969	499,610	1,588,299
-	18,788	335,026
-	15,000	1,766,105
43,376	14,250	476,346
-	13,788	299,600
825,345	655,909	18,240,753
-	164,144	3,353,111
-	-	1,332,652
-	-	927,181
-	-	6,748,051
757,367	-	2,461,141
-	-	1,655,000
-	-	761,379
60,044	-	120,931
-	-	3,840,916
817,411	164,144	21,200,362
7,934	491,765	(2,959,609)
-	8,185	1,964,603
(111,351)	(337,630)	(729,574)
3,985,000	-	8,165,000
386,084	-	816,082
4,259,733	(329,445)	10,216,111
4,267,667	162,320	7,256,502
884,560	1,084,982	11,984,429
\$ 5,152,227	\$ 1,247,302	\$ 19,240,931

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City of Taylor, 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, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 7,256,502
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,840,031
Depreciation expense	(2,242,300)

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.

Pension expense	(202,105)
OPEB expense	(25,746)
Compensated absences	(51,384)
Other post employment benefits	(35,758)
Accrued interest	(61,132)
Amortization of deferred charges on refunding	(49,973)
Amortization of bond premium and discounts	95,847

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	1,655,000
Bonds issued	(8,165,000)
Premiums on debt issued	(816,082)

Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

102,748

Change in Net Position of Governmental Activities	\$ 300,648
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See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2019

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 9,060,743	\$ 1,107,136	\$ 224,687
Investments	497,862	-	-
Restricted cash:			
Customer deposits	450,162	-	-
Receivables, net	1,001,393	10,460	13,690
Due from other funds	-	1,360	-
Inventories	76,764	-	-
Total Current Assets	11,086,924	1,118,956	238,377
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	605,560	859,833	-
Net depreciable capital assets	32,890,298	4,972,324	7,525
Total Noncurrent Assets	33,495,858	5,832,157	7,525
Total Assets	44,582,782	6,951,113	245,902
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	591,922	2,883	-
Pension contributions	97,459	3,560	5,207
OPEB contributions	574	21	31
Pension investment earnings	176,459	6,446	9,427
Total Deferred Outflows of Resources	866,414	12,910	14,665

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 224,781	\$ 10,617,347	\$ 1,430,555
-	497,862	-
-	450,162	-
210,802	1,236,345	-
-	1,360	8,213
-	76,764	-
<u>435,583</u>	<u>12,879,840</u>	<u>1,438,768</u>
-	1,465,393	107,814
-	37,870,147	2,577,209
<u>-</u>	<u>39,335,540</u>	<u>2,685,023</u>
<u>435,583</u>	<u>52,215,380</u>	<u>4,123,791</u>
-	594,805	-
-	106,226	11,942
-	626	70
-	192,332	21,622
<u>-</u>	<u>893,989</u>	<u>33,634</u>

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2019

Business-Type Activities

Enterprise Funds

Liabilities

Current Liabilities

	Public Utilities	Airport	Cemetery Operating
Accounts payable	155,633	4,855	12,336
Customer deposits	450,162	-	-
Current maturities of long-term debt	1,665,000	30,000	-
Compensated absences, current	26,856	-	-
Due to other funds	-	-	203,945
Accrued interest	133,159	6,051	-
Total Current Liabilities	2,430,810	40,906	216,281

Noncurrent Liabilities

Long-term debt	24,780,180	1,460,785	-
Compensated absences, noncurrent	2,984	-	-
OPEB liability	55,441	2,025	2,962
Net pension liability	881,726	32,207	47,106
Total Liabilities	28,151,141	1,535,923	266,349

Deferred Inflows of Resources

OPEB (gains) losses	1,863	68	100
Pension (gains) losses	12,352	451	660
OPEB assumption changes	410	15	22
Total Deferred Inflows of Resources	14,625	534	782

Net Position

Net investment in capital assets	12,351,433	4,344,255	7,525
Unrestricted	4,931,997	1,083,311	(14,089)
Total Net Position	\$ 17,283,430	\$ 5,427,566	\$ (6,564)

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
142,414	315,238	65,301
-	450,162	-
-	1,695,000	604,869
-	26,856	4,451
-	203,945	9,573
-	139,210	-
142,414	2,830,411	684,194
-	26,240,965	2,926,159
-	2,984	494
-	60,428	6,793
-	961,039	108,042
142,414	30,095,827	3,725,682
-	2,031	228
-	13,463	1,514
-	447	50
-	15,941	1,792
-	16,703,213	688,022
293,169	6,294,388	(258,071)
\$ 293,169	\$ 22,997,601	\$ 429,951

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Operating Revenues</u>			
Water revenue	\$ 5,626,553	\$ -	\$ -
Sewer revenue	4,491,577	-	-
Airport services	-	419,847	-
Cemetery services	-	-	197,994
Sanitation	-	-	-
Other income	52,198	-	1,415
Charges for services	-	-	-
State grants	-	-	-
Rents and royalties	84,660	-	-
Total Operating Revenues	10,254,988	419,847	199,409
<u>Operating Expenses</u>			
Personnel services	1,535,657	81,695	110,397
Contractual services	2,526,601	192,632	59,362
Material and supplies	555,282	5,313	5,540
Depreciation	1,233,400	126,040	502
Total Operating Expenses	5,850,940	405,680	175,801
Operating Income (Loss)	4,404,048	14,167	23,608
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	104,839	23,491	-
Interest expense	(839,075)	(43,884)	-
Bond issuance costs	(67,217)	-	-
Total Nonoperating Revenues (Expenses)	(801,453)	(20,393)	-
Income Before Transfers & Capital Contributions	3,602,595	(6,226)	23,608
<u>Transfers and Capital Contributions</u>			
Capital grants and contributions	-	156,197	-
Transfers in	3,965	-	12,510
Transfers (out)	(1,250,000)	(15,000)	(25,000)
Change in Net Position	2,356,560	134,971	11,118
Beginning net position	14,926,870	5,292,595	(17,682)
Ending Net Position	\$ 17,283,430	\$ 5,427,566	\$ (6,564)

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ -	\$ 5,626,553	\$ -
-	4,491,577	-
-	419,847	-
-	197,994	-
1,632,265	1,632,265	-
-	53,613	20,811
-	-	1,205,948
-	-	156,485
-	84,660	-
1,632,265	12,506,509	1,383,244
-	1,727,749	171,834
1,427,419	4,206,014	599,481
-	566,135	-
-	1,359,942	637,850
1,427,419	7,859,840	1,409,165
204,846	4,646,669	(25,921)
-	128,330	41,918
-	(882,959)	(115,945)
-	(67,217)	-
-	(821,846)	(74,027)
204,846	3,824,823	(99,948)
-	156,197	-
-	16,475	202,696
(164,200)	(1,454,200)	-
40,646	2,543,295	102,748
252,523	20,454,306	327,203
\$ 293,169	\$ 22,997,601	\$ 429,951

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 10,263,460	\$ 419,923	\$ 189,559
Payments to suppliers and contractors	(3,155,854)	(215,029)	(56,049)
Payments to employees for salaries and benefits	(1,500,109)	(80,397)	(108,497)
Net Cash Provided (Used) by Operating Activities	5,607,497	124,497	25,013
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	3,965	-	12,510
Transfer (out)	(1,250,000)	(15,000)	(25,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,246,035)	(15,000)	(12,490)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	(549,096)	(75,652)	-
Proceeds from capital debt	4,713,251	-	-
Principal paid on capital debt	(1,515,000)	(60,000)	-
Bond issuance costs	(67,217)	-	-
Interest paid on capital debt	(823,960)	(45,560)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	1,757,978	(181,212)	-
<u>Cash Flows from Investing Activities</u>			
Purchase of investments	(2,754)	-	-
Interest on investments	104,839	23,491	-
Net Cash Provided by Investing Activities	102,085	23,491	-
Net Increase (Decrease) in Cash and Cash Equivalents	6,221,525	(48,224)	12,523
Beginning cash and cash equivalents	3,289,380	1,155,360	212,164
Ending Cash and Cash Equivalents	\$ 9,510,905	\$ 1,107,136	\$ 224,687

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 1,616,079	\$ 12,489,021	\$ 1,383,244
(1,423,835)	(4,850,767)	(572,700)
-	(1,689,003)	(167,478)
192,244	5,949,251	643,066
-	16,475	202,696
(164,200)	(1,454,200)	-
(164,200)	(1,437,725)	202,696
-	(624,748)	(1,252,432)
-	4,713,251	192,000
-	(1,575,000)	(574,102)
-	(67,217)	-
-	(869,520)	(120,334)
-	1,576,766	(1,754,868)
-	(2,754)	-
-	128,330	41,918
-	125,576	41,918
28,044	6,213,868	(867,188)
196,737	4,853,641	2,297,743
<u>\$ 224,781</u>	<u>\$ 11,067,509</u>	<u>\$ 1,430,555</u>

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 4,404,048	\$ 14,167	\$ 23,608
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,233,400	126,040	502
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(10,984)	76	(9,850)
Due from other funds	-	(12,700)	-
Deferred Outflows of Resources:			
Pension contributions	(6,822)	(249)	(365)
OPEB contributions	(40)	(2)	(2)
Pension investment earnings	(263,610)	(9,629)	(14,083)
Pension assumption changes	2,154	79	115
Increase (Decrease) in:			
Accounts payable	(137,155)	(4,384)	8,853
Customer deposits	19,456	-	-
Net pension liability	322,437	11,778	17,226
OPEB liability	(1,823)	(67)	(97)
Deferred Inflows of Resources:			
OPEB gains/losses	3,608	132	193
OPEB assumption changes	410	15	22
Investment experience	1,863	68	100
Actual experience vs. assumption	(22,629)	(827)	(1,209)
Net Cash Provided (Used) by Operating Activities	\$ 5,607,497	\$ 124,497	\$ 25,013
<u>Schedule of Non-Cash Capital and Related</u>			
<u>Financing Activities</u>			
Capital contributions	\$ -	\$ 156,197	\$ -
Total	\$ -	\$ 156,197	\$ -

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 204,846	\$ 4,646,669	\$ (25,921)
-	1,359,942	637,850
(16,186)	(36,944)	-
-	(12,700)	-
-	(7,436)	(836)
-	(44)	(5)
-	(287,322)	(32,301)
-	2,348	264
3,584	(129,102)	26,781
-	19,456	-
-	351,441	39,510
-	(1,987)	(224)
-	3,933	442
-	447	50
-	2,031	228
-	(24,665)	(2,772)
<u>\$ 192,244</u>	<u>\$ 5,949,251</u>	<u>\$ 643,066</u>
\$ -	\$ 156,197	\$ -
<u>\$ -</u>	<u>\$ 156,197</u>	<u>\$ -</u>

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City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

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

B. Reporting Entity

The City of Taylor, Texas is a municipal corporation incorporated under *Article XI, Section 5* of the *Constitution of the State of Texas (Home Rule Amendment)* in 1914. The City operates under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Taylor Economic Development Corporation (the "TEDC") and the Tax Increment Financing Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Taylor Economic Development Corporation

The Taylor Economic Development Corporation (the "TEDC") serves all citizens of the City and is governed by a five member board of directors appointed by the Taylor City Council. An Executive Director is appointed by the TEDC board to carry out the Board's administrative and policy initiatives. The TEDC is a 4A Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the TEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separately issued audited financial statements are available from TEDC, 316 North Main, Taylor, TX 76574.

Tax Increment Financing Fund

The Tax Increment Financing fund is legally separate from the City and was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board of Directors shall consist of at least five members, but no more than fifteen members including any members appointed by the participating taxing units, and that the Taylor Main Street Advisory Board is appointed to serve as the Board of Directors. The current Board is not primarily comprised of City Council members. Therefore, discrete presentation is appropriate. Separately issued audited financial statements are not available. However, the fund's government wide presentation represents a complete presentation of the entity's activity.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units and are shown in separate columns in the government-wide financial statements.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

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

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, and community development.

Capital Improvements Fund

The capital improvements fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

I&S for CO Bonds Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the I & S for CO Bonds fund is restricted exclusively for debt service expenditures.

Transportation User Fee Fund

The transportation user fee fund collects revenues used to fund street maintenance and reconstruction of streets related expenditures and projects.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

The government reports the following major enterprise funds:

Public Utilities Fund

Water and wastewater services provided by the City are accounted for in the public utilities fund. Activities of the fund include administration, operation and maintenance of the water and wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Airport

The Airport fund accounts for the administration, operation and maintenance of the municipal airport.

Cemetery Operating Fund

The Cemetery operating fund accounts for the administration, operation and maintenance of the cemetery.

Sanitation Fund

The Sanitation fund accounts for the operation and maintenance of the sanitation department.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the hotel/motel tax, Texas capital, main street revenue, cemetery land purchases, municipal court special fee, tax increment, drainage and transportation user fee funds.

Internal Service Funds

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service funds include the equipment services and equipment replacement funds.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

Permanent Fund

Chapter 6 Section 6-8 of the City Code establishes a cemetery trust fund subject to control of the City Council. Interest income from the investment of the permanent fund is to be used for beautification and upkeep of the cemetery. The City's only permanent fund is the cemetery permanent fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position

1. Deposits and Investments

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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). Inventories of supplies are reported at cost, whereas inventories held for resale are reported at lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of operating expenditures of that fund.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive the current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Williamson County Tax Appraisal District. The Appraisal District is

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. In the event of termination, resignation or retirement, all full-time employees, other than policeman and firemen, will be reimbursed for accrued vacation time up to 120 hours. Policeman and firemen, upon termination, resignation or retirement, will be reimbursed for accrued sick and vacation time according to civil service regulations. For all other employees, sick leave is not paid at termination or retirement.

All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 public utility fund, airport fund, cemetery operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, I&S for CO bonds, hotel/motel tax, main street revenue, municipal court security and technology, tax increment fund, drainage, transportation user fee, cemetery permanent, and enterprise funds. Capital project funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

A. Expenditures Over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	\$20,627
Hotel/motel tax	\$10,064
Drainage	\$4,738

B. Deficit Fund Balance

At September 30, 2019, the cemetery operating and the equipment services funds have a deficit fund balance/net position of \$6,564 and \$66,133, respectively. The deficits will be eliminated in the future with cemetery revenue or through reimbursements from other funds.

C. Restricted/Committed Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	<u>Restricted</u>	<u>Committed</u>
Debt service	\$ 647,756	\$ -
Capital projects	6,879,285	-
Cemetery land purchase	92,094	-
Municipal court	* 104,605	-
Moody museum	251,446	-
Library bequest funds	283,357	-
Roadway impact fees	246,334	-
PEG Fees	132,058	-
Public safety	8,852	-
Other purposes	151,280	-
ERCOT	-	275,000
Givens Community Center	-	150,000
Cattainer	-	24,300
Drainage	-	222,034
Road maintenance	-	5,152,227
Total	<u><u>\$ 8,797,067</u></u>	<u><u>\$ 5,823,561</u></u>

* Restricted by enabling legislation

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Municipal bonds	\$ 2,237,527	0.22	AAA
Federal Coupon Securities	1,669,247	0.51	AAA
Commercial paper	989,350	0.37	A-1
External investment pools	26,432,546	0.06	AAAm
Total fair value	<u>\$ 31,328,670</u>		
Portfolio weighted average maturity		0.11	

As of September 30, 2019, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
External investment pools	\$ 684,027	0.09	AAAm
Total fair value	<u>\$ 684,027</u>		
Portfolio weighted average maturity		0.09	

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2019, the City's investment in investment pools were rated AAAm by Standard & Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2019, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2019, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard &

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

MBIA is a participant of the Texas CLASS program. Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are remeasured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's financial instruments consist of cash and cash equivalents, investments in certificates of deposits maturing in greater than three months, and accounts receivable. The estimated fair value of cash, cash equivalents, investments, and accounts receivable approximate their carrying amounts due to the short-term nature of these instruments.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2019.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	\$ 2,237,527	\$ 2,237,527	\$ -	\$ -
Federal Coupon Securities	1,669,247	1,669,247	-	-
Commercial Paper	989,350	989,350	-	-
Total Assets at fair value	<u>\$ 4,896,124</u>	<u>\$ 4,896,124</u>	<u>\$ -</u>	<u>\$ -</u>

C. Receivables

The following comprise receivable balances of the primary government at year end:

	Governmental Activities					
	General	I&S for CO Bonds	Capital Improvements	Transportation User Fee	Nonmajor Governmental	Total
Property taxes	\$ 150,568	\$ 49,094	\$ -	\$ -	\$ -	\$ 199,662
Sales tax	609,207	-	-	-	-	609,207
Franchise taxes	230,212	-	-	-	-	230,212
Accounts	-	-	-	89,383	55,385	144,768
Other	61,771	-	484,975	-	311	547,057
Allowance	-	-	-	(9,675)	(8,602)	(18,277)
	<u>\$ 1,051,758</u>	<u>\$ 49,094</u>	<u>\$ 484,975</u>	<u>\$ 79,708</u>	<u>\$ 47,094</u>	<u>\$ 1,712,629</u>

Business-Type Activities					
	Public Utilities	Airport	Cemetery Operating	Sanitation	Total
Accounts	\$ 1,007,745	\$ 10,460	\$ 13,690	\$ 213,493	\$ 1,245,388
Allowance	(6,352)	-	-	(2,691)	(9,043)
	<u>\$ 1,001,393</u>	<u>\$ 10,460</u>	<u>\$ 13,690</u>	<u>\$ 210,802</u>	<u>\$ 1,236,345</u>

The Taylor Economic Development Corporation receivables consisted entirely of sales tax.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,557,024	\$ -	\$ -	\$ 2,557,024
Construction in progress	7,236,524	2,604,062	(7,157,584)	2,683,002
Construction in progress - internal service funds	-	107,814	-	107,814
Total capital assets not being depreciated	<u>9,793,548</u>	<u>2,711,876</u>	<u>(7,157,584)</u>	<u>5,347,840</u>
Capital assets, being depreciated:				
Streets and bridges	52,784,830	-	1,909,990	54,694,820
Parks and dams	13,145,947	17,595	4,036,407	17,199,949
Sidewalks, curbs and gutters	3,789,523	-	-	3,789,523
Buildings and improvements	9,705,323	-	1,211,187	10,916,510
Operating equipment	3,046,370	218,374	(53,270)	3,211,474
Equipment in internal service funds	5,047,894	1,144,618	-	6,192,512
Total capital assets being depreciated	<u>87,519,887</u>	<u>1,380,587</u>	<u>7,104,314</u>	<u>96,004,788</u>
Less accumulated depreciation				
Streets and bridges	17,175,905	1,351,751	-	18,527,656
Parks and dams	3,205,385	431,806	-	3,637,191
Sidewalks, curbs and gutters	584,234	94,738	-	678,972
Buildings and improvements	3,491,276	277,657	-	3,768,933
Operating equipment	2,826,213	86,348	(53,270)	2,859,291
Equipment in internal service funds	2,977,453	637,850	-	3,615,303
Total accumulated depreciation	<u>30,260,466</u>	<u>2,880,150</u>	<u>(53,270)</u>	<u>33,087,346</u>
Net capital assets being depreciated	<u>57,259,421</u>	<u>(1,499,563)</u>	<u>7,157,584</u>	<u>62,917,442</u>
Total Capital Assets	<u><u>\$ 67,052,969</u></u>	<u><u>\$ 1,212,313</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,265,282</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 222,576
Community development	431,806
Public safety	136,823
Public works	1,451,095
Internal service funds	637,850
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,880,150</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,317,035	\$ -	\$ -	\$ 1,317,035
Construction in progress	5,261,881	755,491	(5,869,014)	148,358
Total capital assets not being depreciated	<u>6,578,916</u>	<u>755,491</u>	<u>(5,869,014)</u>	<u>1,465,393</u>
Capital assets, being depreciated:				
Plant distribution and collection	46,932,096	-	2,789,472	49,721,568
Buildings	7,638,503	-	3,079,542	10,718,045
Runway	2,238,416	-	-	2,238,416
Equipment	808,829	25,454	-	834,283
Total capital assets being depreciated	<u>57,617,844</u>	<u>25,454</u>	<u>5,869,014</u>	<u>63,512,312</u>
Less accumulated depreciation				
Plant distribution and collection	19,536,604	1,084,269	-	20,620,873
Buildings	3,186,767	207,258	-	3,394,025
Runway	800,973	55,960	-	856,933
Equipment	757,879	12,455	-	770,334
Total accumulated depreciation	<u>24,282,223</u>	<u>1,359,942</u>	<u>-</u>	<u>25,642,165</u>
Net capital assets being depreciated	<u>33,335,621</u>	<u>(1,334,488)</u>	<u>5,869,014</u>	<u>37,870,147</u>
Total Capital Assets	<u><u>\$ 39,914,537</u></u>	<u><u>\$ (578,997)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,335,540</u></u>

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,233,400
Airport	126,040
Cemetery	502
Total Business-type Activities Depreciation Expense	<u><u>\$ 1,359,942</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

A summary of changes in discretely presented component unit capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets being depreciated				
Industrial building	\$ 2,553,506	\$ -	\$ (2,553,506)	\$ -
Leasehold improvements	26,795	-	-	26,795
Commercial sign	17,244	-	-	17,244
Office Equipment	35,723	-	-	35,723
Total capital assets being depreciated	<u>2,633,268</u>	<u>-</u>	<u>(2,553,506)</u>	<u>79,762</u>
Less accumulated depreciation				
Industrial building	186,194	-	(186,194)	-
Leasehold improvements	-	1,787	-	1,787
Commercial sign	3,592	1,724	-	5,316
Office Equipment	26,519	2,140	-	28,659
Total Accumulated Depreciation	<u>216,305</u>	<u>5,651</u>	<u>(186,194)</u>	<u>35,762</u>
Total Capital Assets, Net	<u><u>\$ 2,416,963</u></u>	<u><u>\$ (5,651)</u></u>	<u><u>\$ (2,367,312)</u></u>	<u><u>\$ 44,000</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2019. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension liabilities, respectively.

	Beginning Balance	Additions	Payments/ Refunding	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 10,635,000	\$ -	\$ (955,000)	\$ 9,680,000	\$ 975,000
Combination Tax and Revenue Certificates of Obligation	12,960,000	8,165,000	(700,000)	20,425,000	870,000
Revenue Certificates of Obligation - ISF	2,050,000	-	(140,000)	1,910,000	190,000
Less deferred amounts:					
For discounts	(4,622)	-	2,312	(2,310)	-
For premiums	881,062	816,082	(98,159)	1,598,985	-
For premiums - ISF	52,670	-	(4,389)	48,281	-
Total Bonds Payable	26,574,110	8,981,082	(1,895,236)	33,659,956	2,035,000
Note Payable - internal service fund	582,657	-	(191,368)	391,289	180,849
Capital Lease - internal service fund	1,232,192	192,000	(242,734)	1,181,458	234,020
Total Governmental Activities	\$ 28,388,959	\$ 9,173,082	\$ (2,329,338)	\$ 35,232,703	\$ 2,449,869
Long-term liabilities due in more than one year				\$ 32,782,834	
Business-Type Activities:					
General Obligation Bonds	\$ 9,790,000	\$ -	\$ (685,000)	\$ 9,105,000	\$ 695,000
Combination Tax and Revenue Certificates of Obligation	14,025,000	4,425,000	(890,000)	17,560,000	1,000,000
Less deferred amounts:					
For discounts	(4,267)	-	2,134	(2,133)	-
For premiums	1,067,413	288,251	(82,566)	1,273,098	-
Total Bonds Payable	24,878,146	4,713,251	(1,655,432)	27,935,965	1,695,000
Total Business-Type Activities	\$ 24,878,146	\$ 4,713,251	\$ (1,655,432)	\$ 27,935,965	\$ 1,695,000
Long-term liabilities due in more than one year				\$ 26,240,965	
Component Unit Activities:					
Line of Credit	\$ 2,044,637	\$ -	\$ (2,044,637)	\$ -	\$ -
Total Component Unit Activities	\$ 2,044,637	\$ -	\$ (2,044,637)	\$ -	\$ -
Long-term liabilities due in more than one year				\$ -	

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Capital leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. The Taylor EDC has an unused line of credit totaling \$3,500,000. Assets under capital lease have a net book value of \$749,467 of year end.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$8,995,000 General Obligation Refunding Bonds, Series 2009, due in installments through 2029, interest at 2% to 4%	\$ 170,000	\$ 265,000	\$ 435,000
\$3,945,000 General Obligation Refunding Bonds, Series 2010, due in installments through 2022, interest at 1.5% to 4%	265,000	75,000	340,000
\$5,450,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2025, interest at 1% to 2.5%	2,960,000	740,000	3,700,000
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	2,185,000	1,600,000	3,785,000
\$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	5,065,000	8,010,000
\$3,020,000 General Obligation Refunding Bonds, Series 2017, due in installments through 2029, interest at 2% to 4%	1,155,000	1,360,000	2,515,000
Total General Obligation Bonds	\$ 9,680,000	\$ 9,105,000	\$ 18,785,000
Combination Tax and Revenue Certificates of Obligation:			
\$4,200,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, due in annual installments through 2026, interest at 4.45%	\$ -	\$ 3,600,000	\$ 3,600,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,595,000	5,780,000	8,375,000
\$8,780,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments through 2034, interest at 4.25% to 5%	100,000	95,000	195,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2032, interest at 4.25% to 5%	2,120,000	-	2,120,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,850,000	-	2,850,000
\$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	1,445,000	3,660,000	5,105,000
\$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	5,060,000	-	5,060,000
\$12,590,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, due in annual installments through 2044, interest at 2.75%	8,165,000	4,425,000	12,590,000
Total Combination Tax and Revenue/Certificates of Obligation	\$ 22,335,000	\$ 17,560,000	\$ 39,895,000

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	\$ 1,644,956	\$ 1,270,965	\$ 2,915,921
Notes Payable			
\$300,000 Note Payable to Citizens Bank, due in monthly installments of \$5,329 through June 2020, interest at 2.5%	47,461	-	47,461
\$320,000 Note Payable to Citizens Bank, due in annual installments of \$68,626 through August 2021, interest at 3.05%	131,128	-	131,128
\$354,000 Note Payable to Signature Bank, due in annual installments of \$75,167 through August 2022, interest at 2.98%	212,700	-	212,700
Capital Leases Payable:			
\$53,931 Capital lease payable to John Deere, due in monthly installments of \$4,733 through 2017, interest at 3.25%	35,165	-	35,165
\$27,372 Capital lease payable to John Deere, due in monthly installments of \$229 through 2018, interest at 3.25%	17,847	-	17,847
\$72,633 Capital lease payable to Wells Fargo, due in monthly installments of \$28,815 through 2017, interest at 3.25%	40,511	-	40,511
\$52,750 Capital lease payable to Wells Fargo, due in monthly installments of \$28,815 through 2017, interest at 3.25%	35,253	-	35,253
\$1,030,100 Capital lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	809,160	-	809,160
\$496,000 Capital lease payable to JP Morgan Chase, due in quarterly installments of \$103,218 through 2020, interest at 1.79%	92,598	-	92,598
\$192,000 Capital lease payable to Frost Bank, due in annual installments of \$41,076 through 2023, interest at 3.48%	150,924	-	150,924
Total Notes and Capital Leases Payable	<u>1,572,747</u>	<u>-</u>	<u>1,572,747</u>
Total Debt	<u><u>\$ 35,232,703</u></u>	<u><u>\$ 27,935,965</u></u>	<u><u>\$ 63,168,668</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

General Obligation Bonds

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 975,000	\$ 297,690	\$ 695,000	\$ 321,237
2021	1,135,000	273,485	505,000	301,537
2022	1,160,000	244,473	520,000	288,621
2023	1,205,000	214,856	515,000	275,276
2024	880,000	184,997	375,000	262,283
2025	735,000	162,842	535,000	252,060
2026	460,000	143,600	530,000	238,400
2027	150,000	125,200	1,255,000	217,200
2028	355,000	119,200	1,950,000	167,000
2029	400,000	105,000	330,000	89,000
2030	410,000	89,000	355,000	75,800
2031	430,000	72,600	360,000	61,600
2032	440,000	55,400	380,000	47,200
2033	465,000	37,800	395,000	32,000
2034	480,000	19,200	405,000	16,200
Total	\$ 9,680,000	\$ 2,145,343	\$ 9,105,000	\$ 2,645,414

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Combination Tax and Revenue Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 1,060,000	\$ 400,011	\$ 1,000,000	\$ 712,879
2021	1,175,000	382,817	1,295,000	621,539
2022	1,200,000	363,577	1,345,000	569,462
2023	1,245,000	342,037	1,420,000	514,188
2024	1,625,000	319,247	1,665,000	456,066
2025	1,835,000	293,786	1,585,000	389,578
2026	2,190,000	259,489	1,665,000	325,587
2027	2,255,000	218,005	1,025,000	255,952
2028	1,605,000	175,312	420,000	215,754
2029	1,425,000	144,994	430,000	200,424
2030	1,230,000	119,629	445,000	186,249
2031	930,000	98,267	460,000	171,584
2032	970,000	81,307	475,000	156,374
2033	675,000	63,597	495,000	140,674
2034	340,000	50,097	510,000	124,284
2035	350,000	43,297	525,000	107,404
2036	365,000	36,297	545,000	89,979
2037	385,000	28,997	565,000	71,919
2038	395,000	23,222	220,000	54,094
2039	405,000	17,297	225,000	47,494
2040	125,000	10,969	235,000	40,463
2041	130,000	8,938	240,000	32,825
2042	135,000	6,825	250,000	25,025
2043	140,000	4,631	255,000	16,900
2044	145,000	2,356	265,000	8,613
Total	\$ 22,335,000	\$ 3,495,001	\$ 17,560,000	\$ 5,535,307

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

The annual requirements to amortize capital leases outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2020	\$ 234,020	\$ 41,223	\$ 275,243
2021	146,452	34,418	180,870
2022	135,307	29,407	164,714
2023	113,282	24,917	138,199
2024	70,386	20,936	91,322
2025	73,054	18,268	91,322
2026	75,822	15,500	91,322
2027	78,696	12,626	91,322
2028	81,679	9,643	91,322
2029	84,774	6,548	91,322
2030	87,986	3,335	91,321
Total	\$ 1,181,458	\$ 216,820	\$ 1,398,278

The annual requirements to amortize notes and other obligations payable outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2020	\$ 180,849	\$ 10,907	\$ 191,757
2021	137,447	6,346	143,793
2022	72,992	2,175	75,167
Total	\$ 391,289	\$ 19,428	\$ 410,717

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,091,581	\$ 507,559	\$ (456,175)	\$ 1,142,965	\$ 1,028,669
Compensated Absences in internal service funds	4,945	5,882	(5,882)	4,945	4,451
Total Governmental Activities	<u>\$ 1,096,526</u>	<u>\$ 513,441</u>	<u>\$ (462,057)</u>	<u>\$ 1,147,910</u>	<u>\$ 1,033,120</u>
Business-Type Activities:					
Compensated Absences	\$ 29,840	\$ 31,941	\$ (31,941)	\$ 29,840	\$ 26,856
Total Business-Type Activities	<u>\$ 29,840</u>	<u>\$ 31,941</u>	<u>\$ (31,941)</u>	<u>\$ 29,840</u>	<u>\$ 26,856</u>
Component Unit Activities - Taylor EDC					
Compensated Absences	\$ 11,740	\$ 10,566	\$ (10,566)	\$ 11,740	\$ 10,566
Total Component Unit Activities	<u>\$ 11,740</u>	<u>\$ 10,566</u>	<u>\$ (10,566)</u>	<u>\$ 11,740</u>	<u>\$ 10,566</u>

G. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2009, 2010, 2012, 2015, 2016 and 2017 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$306,812 and \$594,805, respectively. Current year amortization expense for governmental and business-type activities totaled \$49,973 and \$65,658, respectively.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

H. Interfund Transactions

Transfers between the primary government funds during the 2019 year were as follows:

Transfer out:	Transfer In:							Total
	General	Capital Improvements	I&S for CO Bonds	Nonmajor Government	Public Utilities	Cemetery Operating	Equipment Replacement	
General	\$ -	\$ 56,100	\$ 9,500	\$ 3,185	\$ -	\$ -	\$ -	\$ 68,785
Capital Improvements	-	-	5,147	-	3,965	-	-	9,112
I&S for CO Bonds	-	-	-	-	-	-	202,696	202,696
Transportation	-	110,312	1,039	-	-	-	-	111,351
Nonmajor Governmental	180,000	10,395	129,725	5,000	-	12,510	-	337,630
Public Utilities	1,250,000	-	-	-	-	-	-	1,250,000
Airport	15,000	-	-	-	-	-	-	15,000
Cemetery Operating	25,000	-	-	-	-	-	-	25,000
Sanitation	164,200	-	-	-	-	-	-	164,200
Total	\$ 1,634,200	\$ 176,807	\$ 145,411	\$ 8,185	\$ 3,965	\$ 12,510	\$ 202,696	\$ 2,183,774

Transfers between funds were primarily to support capital projects and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2019 were as follows:

Payable Fund:	Receivable Fund:					Total
	General	I&S For CO Bonds	Nonmajor Governmental	Aiport	Equipment Service	
General	\$ -	\$ 2,154	\$ -	\$ -	\$ -	2,154
Cemetery operating	-	-	203,945	-	-	203,945
Nonmajor governmental	162,532	-	-	-	-	162,532
Equipment replacement	-	-	-	1,360	8,213	9,573
Total	\$ 162,532	\$ 2,154	\$ 203,945	\$ 1,360	\$ 8,213	\$ 378,204

Interfund receivables and payables related to negative cash positions in pooled cash equity and various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Commitments and Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Construction Commitments

In September 2018, The City of Taylor awarded a bid for a new skate park in the amount of \$597,143. As of September 30, 2019, this project had \$73,773 remaining. The City has a contract with an engineering firm that is providing oversight on this project in which the City pays on an hourly rate.

In March, 2019, the City of Taylor awarded a bid to spend \$143,679 on a Pedestrian Improvement Project to build a cross-walk on 4th Street near the Vance intersection. As of September 30, 2019, there was \$8,824 remaining.

In July, 2019, the City of Taylor awarded a bid for the construction of a gateway sign to be placed along Highway 79 near the jurisdictional boundary. The bid amount for the sign was \$280,244, of which \$280,244 remains as of September 30, 2019.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

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

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

	<u>Plan Year 2018</u>	<u>Plan Year 2017</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

Annuity increase (to retirees)	70% of CPI	70% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	132
Active employees	<u>153</u>
Total	<u>387</u>

3. Contributions

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

Employees for the City of Taylor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Taylor, Texas were 11.89% and 11.88% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$1,015,485, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Inflation	2.5% per year
Overall payroll growth	3.0%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	<u>5.0%</u>	7.75%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balance at 12/31/17	\$ 30,239,203	\$ 25,976,079	\$ 4,263,124
Changes for the year:			
Service cost	1,182,552	-	1,182,552
Interest	2,033,920	-	2,033,920
Difference between expected and actual experience	(21,953)	-	(21,953)
Changes of assumptions	-	-	-
Contributions – employer	-	963,711	(963,711)
Contributions – employee	-	567,366	(567,366)
Net investment income	-	(778,480)	778,480
Benefit payments, including refunds of emp. contributions	(1,396,663)	(1,396,663)	-
Administrative expense	-	(15,038)	15,038
Other changes	-	(786)	786
Net changes	1,797,856	(659,890)	2,457,746
Balance at 12/31/18	\$ 32,037,059	\$ 25,316,189	\$ 6,720,870

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 11,603,161	\$ 6,720,870	\$ 2,781,473

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$1,256,051. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	\$ 1,345,043	\$ -
Differences between expected and actual economic experience	-	(94,149)
Contributions subsequent to the measurement date	742,875	-
Total	\$ 2,087,918	\$ (94,149)

The City reported \$742,875 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Year ended December 31:

2019	\$	411,866
2020		152,870
2021		179,786
2022		506,372
2023		-
Thereafter		-
	<u>\$</u>	<u>1,250,894</u>

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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 offers supplemental death to:	Plan Year 2018	Plan Year 2017
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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.

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	24
Active employees	153
Total	249

The City's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were \$5,982, \$5,321 and \$4,664, respectively, which equaled the required contributions each year.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2017	0.06%	0.06%	100.0%
2018	0.07%	0.07%	100.0%
2019	0.07%	0.07%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2018, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
Discount rate	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.71%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

1% Decrease (2.71%)	Current Single Rate Assumption 3.71%	1% Increase (4.71%)
\$ 503,835	\$ 422,593	\$ 360,043

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/17	\$ 436,490
Changes for the year:	
Service Cost	24,316
Interest	14,756
Difference between expected and actual experience	(17,300)
Changes of assumptions	(29,995)
Benefit payments	(5,674)
Net changes	(13,897)
Balance at 12/31/18	\$ 422,593

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$36,601.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (14,200)
Change in assumptions	-	(3,125)
Contributions subsequent to measurement date	4,377	-
Total	\$ 4,377	\$ (17,325)

The City reported \$4,377 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2019	\$	(2,471)
2020		(2,471)
2021		(2,471)
2022		(4,993)
2023		(4,919)
Thereafter		-
	\$	(17,325)

E. Deferred Compensation Plan

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$100,898 for the year ended September 30, 2019.

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. This plan is considered a single-employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the fund is considered to be unfunded. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. The City will pay the full premiums for the HMO insurance coverage for any retiree who retired between January 1, 2000 and August 11, 2005 until the 5th anniversary date after retirement unless anyone of the three events listed below, also pertaining to retirements after August 11, 2005, occurs. Employees retiring after August 11, 2005, shall not receive full premium payment from the City. The City will pay only the premium amount paid by the City for its active employees provided the retiree pays the difference, if any, between the amount paid by the City for active employees and the full premium required for the retiree HMO insurance coverage.

Payments by the City will continue until the 5th anniversary date after retirement unless any one of the following three events occurs:

1. The retiree attains the age of 65 years, or;
2. The retiree becomes eligible for hospitalization and medical insurance coverage by virtue of other employment; or
3. The retiree becomes eligible for disability retirement provided by the Federal Government that is paid for less than a 100% disability of the retiree.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Deferred Retirement Benefits

Employees who terminate their employment but do not formally retire under the Texas Municipal Retirement System are not eligible for retiree health care benefits. An employee must be covered by the City of Taylor's health insurance plan at the time of retirement.

Duty Death in Service Retirement Benefits

With the passage of SM 872, the City of Taylor will be required to do the following:

1. To provide health benefit coverage to the surviving spouse of a peace officer or firefighter killed in the line of duty at the same rate paid by current employees;
2. Allows an eligible survivor up to 180 days to apply for health coverage;
3. To provide an eligible surviving spouse coverage until the surviving spouse becomes eligible for federal Medicare benefits;
4. To provide an eligible minor coverage until the minor turns 18.

Non-duty in Service Retirement Benefits

Survivors of employees who die while actively employed are not eligible for retiree health care benefits.

Duty and Non-duty Disabled Retirement Benefits

Employees who retire under a disability retirement are eligible for retiree health care benefits as long as they are covered on the health insurance plan at the time of retirement and meet the criteria as listed under the normal retirement benefits.

Benefits for Spouses of Retired Employees

Retiree may purchase retiree health care coverage for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired member's insurance coverage will terminate the end of the month the retiree dies.

Non-Medicare and Medicare-Eligible Provisions

City of Taylor coverage ceases when the retiree becomes eligible for Medicare coverage. Retirees are required to enroll in Medicare once they are eligible. Retiree pays full Medicare premiums.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Vision Coverage

Vision coverage is part of the health insurance plan at no extra cost.

Dental Coverage

City of Taylor does not offer dental coverage for retirees or their dependents. This is offered as Cobra insurance. If the retiree is interested then the retiree pays the premium.

Life Insurance Coverage

Life insurance coverage is part of the Pension plan at \$7,500 for retirees and one times the annual salary for active employees.

Retiree Opt-Out

Retirees who decide to opt-out of the retiree health care plan will not be eligible to opt back in when coverage from cobra or another entity ceases. There is no additional premium payment provided for those who opt out of the retiree health care plan.

Benefits Paid By the Plan

Retiree medical coverage is the same coverage provided to active City of Taylor employees in accordance with the term and conditions of the current City's health plan. Employees retiring after August 11, 2005 the City of Taylor will play only the premium amount paid by the City for its active employees provided the retiree pays the difference.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2019.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

1% Decrease (3.06%)	Current Single Rate Assumption 4.06%	1% Increase (5.06%)
\$ 615,706	\$ 671,551	\$ 732,252

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

Healthcare Cost Trend

1% Decrease (3.06%)	Current Healthcare Cost Trend	1% Increase (5.06%)
\$ 598,896	\$ 671,551	\$ 755,731

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2018	\$ 635,793
Changes for the year:	
Service Cost	44,401
Interest	25,128
Benefit payments	(33,771)
Net changes	35,758
Balance at 9/30/2019	\$ 671,551

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$69,529. There were no deferred inflows or outflows related to this plan.

Employees covered by benefit terms

At the September 30, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	2	-
Active employees	111	15
Total	113	15

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated and measured as of September 30, 2018 uses the mortality table: RPG 2014 Total Table with Projection MP-2019 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2018 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2019 and roll forward using a measurement date of September 30, 2019.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.06%
Inflation Rate	3.00%
Salary Growth	3.5%
Healthcare Cost Trend Rate (Initial/Ultimate)	5.0% for medical

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2019

G. Tax Abatement Disclosures

The City of Taylor negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2019:

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year Property Tax</u>
Construction of a 12,500sf food and entertainment venue to create positive economic benefits through employment and tax revenue.	90%	6,590
Construction and operation of a window manufacturing business create positive economic benefits through employment and tax revenue.	50%	4,795
Total		<u><u>\$ 11,385</u></u>

Each agreement was negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 380, Texas Local Gov't Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. The agreement is in accordance with Section 501.103, Texas Local Gov't Code. Taxes were abated through a rebate of taxes received. Recipients of the sales tax abatements agree to operate within the City limits through the term of their agreement.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

H. Restatement

Due to an accounting error relating to timing of expenditures incurred, the City restated beginning fund balance of the capital improvements fund. In addition, the Taylor EDC restated beginning net position/fund balance within governmental activities to correct accounting errors related to prepaid expenses and capital assets. The restatement of beginning net position/fund balance is as follows:

	<u>Governmental Activities</u>	<u>Capital Improvements</u>
Prior year ending net position/ fund balance, as reported	\$ 47,419,724	\$ 3,978,176
To correct timing of expenditures incurred	13,285	13,285
Restated beginning net position/fund balance	<u><u>\$ 47,433,009</u></u>	<u><u>\$ 3,991,461</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

	Component Unit Activities	Taylor EDC
Prior year ending net position/fund balance, as reported	\$ 2,888,181	\$ 2,132,596
Correction to prepaid expenses	10,000	10,000
Correction to capital assets	26,794	26,794
Restated beginning net position/fund balance	<u>\$ 2,924,975</u>	<u>\$ 2,169,390</u>

I. Subsequent Events

There were no material subsequent events through March 18, 2020, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 6,554,729	\$ 6,721,684	\$ 6,721,682	\$ (2)
Sales tax	3,227,952	3,405,361	3,438,534	33,173
Franchise and local taxes	887,288	816,113	864,192	48,079
License and permits	292,544	474,913	492,187	17,274
Charges for services	288,340	304,312	306,720	2,408
Fines and forfeitures	394,200	301,214	316,238	15,024
Intergovernmental	145,041	169,020	169,020	-
Investment income	94,240	243,607	243,606	(1)
Other revenues	148,075	288,322	285,812	(2,510)
Total Revenues	12,032,409	12,724,546	12,837,991	113,445
<u>Expenditures</u>				
Current:				
General government				
City council	144,079	140,590	130,900	9,690
City management	613,060	699,837	701,009	(1,172)
Public information	147,735	143,032	143,168	(136)
Human resources	264,193	208,806	221,113	(12,307)
Financial services	649,454	582,973	594,685	(11,712)
Municipal court	380,822	374,142	371,594	2,548
Building maintenance	472,760	527,831	528,536	(705)
Information technology	159,315	176,122	176,247	(125)
Nondepartmental	249,670	299,536	321,715	(22,179)
Total general government	3,081,088	3,152,869	3,188,967	(36,098)
Culture and recreation				
Moody museum	8,014	8,529	8,203	326
Public library	516,059	456,191	454,078	2,113
Parks and recreation	867,532	861,188	870,371	(9,183)
Total culture and recreation	1,391,605	1,325,908	1,332,652	(6,744)

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	\$ 885,362	\$ 818,558	\$ 818,742	\$ (184)
Main Street program	92,992	108,441	108,439	2
Total community development	978,354	926,999	927,181	(182)
Public safety				
Fire department	2,575,246	2,714,583	2,706,219	8,364
Police department	3,734,810	3,849,376	3,842,287	7,089
Animal control	210,165	199,337	199,545	(208)
Total public safety	6,520,221	6,763,296	6,748,051	15,245
Public works				
Maintenance	1,490,788	1,522,219	1,517,000	5,219
Engineering and inspection	123,083	188,707	186,774	1,933
Total public works	1,613,871	1,710,926	1,703,774	7,152
Total Expenditures	13,585,139	13,879,998	13,900,625	(20,627) *
Revenues Over (Under) Expenditures	(1,552,730)	(1,155,452)	(1,062,634)	92,818
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,609,200	1,634,200	1,634,200	-
Transfers (out)	(14,600)	(84,628)	(68,785)	15,843
Total Other Financing Sources (Uses)	1,594,600	1,549,572	1,565,415	15,843
Net Change in Fund Balance	\$ 41,870	\$ 394,120	502,781	\$ 108,661
Beginning fund balance			5,447,340	
Ending Fund Balance			<u>\$ 5,950,121</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

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City of Taylor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION USER FEE
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for services	\$ 793,698	\$ 740,637	\$ 781,969	\$ 41,332
Investment income	-	43,377	43,376	(1)
Total Revenues	793,698	784,014	825,345	41,331
<u>Expenditures</u>				
Public works	250,000	757,367	757,367	-
Debt service:				
Bond issuance costs	-	60,044	60,044	-
Total Expenditures	250,000	817,411	817,411	-
Excess of Revenues Over (Under) Expenditures	543,698	(33,397)	7,934	41,331
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(510,000)	(111,352)	(111,351)	1
Debt issuance	-	3,985,000	3,985,000	-
Debt premium	-	386,084	386,084	-
Total Other Financing Sources (Uses)	(510,000)	4,259,732	4,259,733	1
Net Change in Fund Balance	\$ 33,698	\$ 4,226,335	4,267,667	\$ 41,332
Beginning fund balance			884,560	
Ending Fund Balance			\$ 5,152,227	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2014	12/31/2015	12/31/2016
Total pension liability			
Service cost	\$ 849,391	\$ 969,566	\$ 968,428
Interest	1,722,971	1,807,443	1,820,956
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(316,854)	(453,575)	(103,381)
Changes of assumptions	-	67,202	-
Benefit payments, including refunds of participant contributions	(889,978)	(1,327,734)	(1,139,378)
Net change in total pension liability	1,365,530	1,062,902	1,546,625
Total pension liability - beginning	24,634,171	25,999,701	27,062,603
Total pension liability - ending (a)	25,999,701	27,062,603	28,609,228
Plan fiduciary net position			
Contributions - employer	\$ 816,847	\$ 856,984	\$ 823,209
Contributions - members	443,939	477,619	472,404
Net investment income	1,123,153	31,157	1,428,482
Benefit payments, including refunds of participant contributions	(889,978)	(1,327,734)	(1,139,378)
Administrative expenses	(11,725)	(18,976)	(16,128)
Other	(964)	(937)	(867)
Net change in plan fiduciary net position	1,481,272	18,113	1,567,722
Plan fiduciary net position - beginning	19,631,609	21,112,881	21,130,994
Plan fiduciary net position - ending (b)	\$ 21,112,881	\$ 21,130,994	\$ 22,698,716
Fund's net pension liability - ending (a) - (b)	\$ 4,886,820	\$ 5,931,609	\$ 5,910,512
 Plan fiduciary net position as a percentage of the total pension liability	 81.20%	 78.08%	 79.34%
Covered payroll	\$ 6,341,992	\$ 6,823,122	\$ 6,748,626
Fund's net pension liability as a percentage of covered payroll	77.05%	86.93%	87.58%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

	12/31/2017	12/31/2018	¹
\$	1,041,311	\$	1,182,552
	1,924,860		2,033,920
	-		-
	(109,310)		(21,953)
	-		-
	(1,226,886)		(1,396,663)
	1,629,975		1,797,856
	28,609,228		30,239,203
	30,239,203		32,037,059
\$	865,382	\$	963,711
	508,931		567,366
	3,147,066		(778,480)
	(1,226,886)		(1,396,663)
	(16,304)		(15,038)
	(826)		(786)
	3,277,363		(659,890)
	22,698,716		25,976,079
\$	25,976,079	\$	25,316,189
\$	4,263,124	\$	6,720,870

	85.90%		79.02%
\$	7,246,423	\$	8,105,224
	58.83%		82.92%

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
Actuarially determined employer contributions	\$ 1,015,485	\$ 939,599	\$ 853,691	\$ 812,004	\$ 830,507
Contributions in relation to the actuarially determined contribution	\$ 1,015,485	\$ 939,599	\$ 853,691	\$ 812,004	\$ 830,507
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 8,545,927	\$ 7,900,339	\$ 7,124,866	\$ 6,602,710	\$ 6,572,876
Employer contributions as a percentage of covered payroll	11.88%	11.89%	11.98%	12.30%	12.64%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

City of Taylor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Year Ended:

	<u>12/31/2018</u>	<u>12/31/2017</u>	¹
Total OPEB liability			
Service cost	\$ 24,316	\$ 19,565	
Interest	14,756	14,401	
Changes in benefit terms	-	-	
Differences between expected and actual experience	(17,300)	-	
Changes of assumptions	(29,995)	33,502	
Benefit payments, including refunds of participant contributions	(5,674)	(4,348)	
Net change in total OPEB liability	<u>(13,897)</u>	<u>63,120</u>	
Total OPEB liability - beginning	<u>\$ 436,490</u>	<u>\$ 373,370</u>	
Total OPEB liability - ending (a)	<u><u>\$ 422,593</u></u>	<u><u>\$ 436,490</u></u>	²
Covered payroll	\$ 8,105,224	\$ 7,246,423	
City's total OPEB liability as a percentage of covered payroll	5.21%	6.02%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

City of Taylor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE

Year Ended:

	<u>9/30/2019</u>	<u>9/30/2018</u>	¹
Total OPEB liability			
Service cost	\$ 44,401	\$ 42,669	
Interest	25,128	25,079	
Benefit payments, including refunds of participant contributions	(33,771)	(13,977)	
Net change in total OPEB liability	<u>35,758</u>	<u>53,771</u>	
Total OPEB liability - beginning	<u>\$ 635,793</u>	<u>\$ 582,022</u>	
Total OPEB liability - ending (a)	<u><u>\$ 671,551</u></u>	<u><u>\$ 635,793</u></u>	²
 Covered payroll	 \$ 6,466,936	 \$ 6,466,936	
City's total OPEB liability as a percentage of covered payroll	 10.38%	 9.83%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Taylor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	<u>Hotel/ Motel Tax</u>	<u>Texas Capital</u>	<u>Main Street Revenue</u>	<u>Cemetery Land</u>	<u>Municipal Court Security/Tech</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 120,592	\$ 4,252	\$ 67,026	\$ -	\$ 104,605
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	203,945	-
Total Assets	\$ 120,592	\$ 4,252	\$ 67,026	\$ 203,945	\$ 104,605
<u>Liabilities</u>					
Accounts payable	\$ 40,590	\$ -	\$ -	\$ 2	\$ -
Due to other funds	-	-	-	111,849	-
Total Liabilities	40,590	-	-	111,851	-
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	80,002	4,252	67,026	92,094	104,605
Committed	-	-	-	-	-
Total Fund Balances	80,002	4,252	67,026	92,094	104,605
Total Liabilities and Fund Balances	\$ 120,592	\$ 4,252	\$ 67,026	\$ 203,945	\$ 104,605

<u>Drainage</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ 164,465	\$ 460,940	\$ -	\$ 460,940
-	-	738,447	738,447
46,784	46,784	310	47,094
-	203,945	-	203,945
<u>\$ 211,249</u>	<u>\$ 711,669</u>	<u>\$ 738,757</u>	<u>\$ 1,450,426</u>
\$ -	\$ 40,592	\$ -	\$ 40,592
-	111,849	50,683	162,532
<u>-</u>	<u>152,441</u>	<u>50,683</u>	<u>203,124</u>
-	-	688,074	688,074
-	347,979	-	347,979
211,249	211,249	-	211,249
<u>211,249</u>	<u>559,228</u>	<u>688,074</u>	<u>1,247,302</u>
\$ 211,249	\$ 711,669	\$ 738,757	\$ 1,450,426

City of Taylor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2019

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Revenues</u>					
Hotel occupancy tax	\$ 94,473	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	18,788
Intergovernmental	-	-	15,000	-	-
Other revenue	-	-	13,788	-	-
Investment income	-	-	-	1,579	-
Total Revenues	<u>94,473</u>	<u>-</u>	<u>28,788</u>	<u>1,579</u>	<u>18,788</u>
<u>Expenditures</u>					
General government	90,590	-	38,519	-	29,417
Total Expenditures	<u>90,590</u>	<u>-</u>	<u>38,519</u>	<u>-</u>	<u>29,417</u>
Revenues Over (Under)					
Expenditures	<u>3,883</u>	<u>-</u>	<u>(9,731)</u>	<u>1,579</u>	<u>(10,629)</u>
<u>Other Financing Sources</u>					
<u>(Uses)</u>					
Transfers in	-	-	8,185	-	-
Transfers (out)	(5,000)	-	-	(10,395)	-
Total Other Financing					
Sources (Uses)	<u>(5,000)</u>	<u>-</u>	<u>8,185</u>	<u>(10,395)</u>	<u>-</u>
Net Change in Fund					
Balances	<u>(1,117)</u>	<u>-</u>	<u>(1,546)</u>	<u>(8,816)</u>	<u>(10,629)</u>
Beginning fund balances	81,119	4,252	68,572	100,910	115,234
Ending Fund Balances	<u>\$ 80,002</u>	<u>\$ 4,252</u>	<u>\$ 67,026</u>	<u>\$ 92,094</u>	<u>\$ 104,605</u>

<u>Drainage</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 94,473	\$ -	\$ 94,473
491,082	491,082	8,528	499,610
-	18,788	-	18,788
-	15,000	-	15,000
-	13,788	-	13,788
-	1,579	12,671	14,250
<u>491,082</u>	<u>634,710</u>	<u>21,199</u>	<u>655,909</u>
5,618	164,144	-	164,144
<u>5,618</u>	<u>164,144</u>	<u>-</u>	<u>164,144</u>
485,464	470,566	21,199	491,765
-	8,185	-	8,185
<u>(309,725)</u>	<u>(325,120)</u>	<u>(12,510)</u>	<u>(337,630)</u>
<u>(309,725)</u>	<u>(316,935)</u>	<u>(12,510)</u>	<u>(329,445)</u>
175,739	153,631	8,689	162,320
35,510	405,597	679,385	1,084,982
<u>\$ 211,249</u>	<u>\$ 559,228</u>	<u>\$ 688,074</u>	<u>\$ 1,247,302</u>

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL I&S FOR CO BONDS

For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 2,096,807	\$ 2,164,309	\$ 2,164,309	\$ -
Intergovernmental	343,678	343,678	343,678	-
Investment income	25,000	37,348	37,347	(1)
Total Revenues	<u>2,465,485</u>	<u>2,545,335</u>	<u>2,545,334</u>	<u>(1)</u>
<u>Expenditures</u>				
Debt service:				
Principal retirement	1,850,000	1,655,000	1,655,000	-
Interest and fiscal charges	821,892	761,379	761,379	-
Total Expenditures	<u>2,671,892</u>	<u>2,416,379</u>	<u>2,416,379</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(206,407)</u>	<u>128,956</u>	<u>128,955</u>	<u>(1)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	133,565	145,412	145,411	(1)
Transfers (out)	-	(202,696)	(202,696)	-
Total Other Financing Sources (Uses)	<u>133,565</u>	<u>(57,284)</u>	<u>(57,285)</u>	<u>(1)</u>
Net Change in Fund Balance	<u>\$ (72,842)</u>	<u>\$ 71,672</u>	<u>71,670</u>	<u>\$ (2)</u>
Beginning fund balance			576,086	
Ending Fund Balance			<u>\$ 647,756</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL TAX

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Hotel occupancy tax	\$ 82,963	\$ 94,473	\$ 94,473	\$ -
Total Revenues	<u>82,963</u>	<u>94,473</u>	<u>94,473</u>	<u>-</u>
<u>Expenditures</u>				
General government	70,000	80,526	90,590	(10,064)
Total Expenditures	<u>70,000</u>	<u>80,526</u>	<u>90,590</u>	<u>(10,064) *</u>
Excess of Revenues Over (Under) Expenditures	<u>12,963</u>	<u>13,947</u>	<u>3,883</u>	<u>(10,064)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 7,963</u>	<u>\$ 8,947</u>	<u>(1,117)</u>	<u>\$ (10,064)</u>
Beginning fund balance			81,119	
Ending Fund Balance			<u>\$ 80,002</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MAIN STREET REVENUE

For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ 30,000	\$ 15,000	\$ 15,000	-
Other revenue	18,000	10,646	13,788	\$ 3,142
Total Revenues	<u>48,000</u>	<u>25,646</u>	<u>28,788</u>	<u>3,142</u>
<u>Expenditures</u>				
General government	67,500	40,503	38,519	1,984
Total Expenditures	<u>67,500</u>	<u>40,503</u>	<u>38,519</u>	<u>1,984</u>
Excess of Revenues Over (Under) Expenditures	<u>(19,500)</u>	<u>(14,857)</u>	<u>(9,731)</u>	<u>5,126</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	19,600	19,600	8,185	(11,415)
Total Other Financing Sources (Uses)	<u>19,600</u>	<u>19,600</u>	<u>8,185</u>	<u>(11,415)</u>
Net Change in Fund Balance	<u>\$ 100</u>	<u>\$ 4,743</u>	<u>(1,546)</u>	<u>\$ (6,289)</u>
Beginning fund balance			68,572	
Ending Fund Balance			<u>\$ 67,026</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MUNICIPAL COURT SECURITY AND TECHNOLOGY For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 34,044	\$ 18,734	\$ 18,788	\$ 54
Total Revenues	<u>34,044</u>	<u>18,734</u>	<u>18,788</u>	<u>54</u>
<u>Expenditures</u>				
General government	11,496	29,418	29,417	1
Total Expenditures	<u>11,496</u>	<u>29,418</u>	<u>29,417</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ 22,548</u>	<u>\$ (10,684)</u>	(10,629)	<u>\$ 55</u>
Beginning fund balance			115,234	
Ending Fund Balance			<u>\$ 104,605</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX INCREMENT FINANCING For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 195,108	\$ 149,619	\$ 149,619	\$ -
Intergovernmental	115,512	72,727	72,728	1
Investment income	7,000	23,300	23,300	-
Total Revenues	<u>317,620</u>	<u>245,646</u>	<u>245,647</u>	<u>1</u>
<u>Expenditures</u>				
General government	707,556	412,919	403,538	9,381
Total Expenditures	<u>707,556</u>	<u>412,919</u>	<u>403,538</u>	<u>9,381</u>
Net Change in Fund Balance	<u>\$ (389,936)</u>	<u>\$ (167,273)</u>	(157,891)	<u>\$ 9,382</u>
Beginning fund balance			755,585	
Ending Fund Balance			<u>\$ 597,694</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DRAINAGE

For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 501,085	\$ 461,155	\$ 491,082	\$ 29,927
Total Revenues	<u>501,085</u>	<u>461,155</u>	<u>491,082</u>	<u>29,927</u>
<u>Expenditures</u>				
General government	783	880	5,618	(4,738)
Total Expenditures	<u>783</u>	<u>880</u>	<u>5,618</u>	<u>(4,738) *</u>
Excess of Revenues Over (Under) Expenditures	<u>500,302</u>	<u>460,275</u>	<u>485,464</u>	<u>25,189</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(459,725)	(309,725)	(309,725)	-
Total Other Financing Sources (Uses)	<u>(459,725)</u>	<u>(309,725)</u>	<u>(309,725)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 40,577</u>	<u>\$ 150,550</u>	<u>175,739</u>	<u>\$ 25,189</u>
Beginning fund balance			35,510	
Ending Fund Balance			<u>\$ 211,249</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CEMETERY PERMANENT

For the Year Ended September 30, 2019

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 6,300	\$ 8,528	\$ 2,228
Investment income	14,500	12,671	(1,829)
Total Revenues	20,800	21,199	399
<u>Expenditures</u>			
General government	1,990	-	1,990
Total Expenditures	1,990	-	1,990
Excess of Revenues Over (Under) Expenditures	18,810	21,199	2,389
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(12,510)	(12,510)	-
Total Other Financing Sources (Uses)	(12,510)	(12,510)	-
Net Change in Fund Balance	\$ 6,300	8,689	\$ 2,389
Beginning fund balance		679,385	
Ending Fund Balance		\$ 688,074	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2019

	Equipment Services	Equipment Replacement	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 37,635	\$ 1,392,920	\$ 1,430,555
Due from other funds	8,213	-	8,213
Total Current Assets	45,848	1,392,920	1,438,768
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	-	107,814	107,814
Net depreciable capital assets	-	2,577,209	2,577,209
Total Noncurrent Assets	-	2,685,023	2,685,023
Total Assets	45,848	4,077,943	4,123,791
<u>Deferred Outflows of Resources</u>			
Pension contributions	11,942	-	11,942
OPEB contributions	70	-	70
Pension investment earnings	21,622	-	21,622
Total Deferred Outflows of Resources	33,634	-	33,634
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	24,043	41,258	65,301
Current maturities of			
long-term debt	-	604,869	604,869
Compensated absences, current	4,451	-	4,451
Due to other funds	-	9,573	9,573
Total Current Liabilities	28,494	655,700	684,194
<u>Noncurrent Liabilities</u>			
Long-term debt	-	2,926,159	2,926,159
Compensated absences, noncurrent	494	-	494
OPEB liability	6,793	-	6,793
Net pension liability	108,042	-	108,042
Total Liabilities	143,823	3,581,859	3,725,682
<u>Deferred Inflows of Resources</u>			
OPEB (gains) losses	228	-	228
OPEB assumption changes	50	-	50
Pension (gains) losses	1,514	-	1,514
Total Deferred Inflows of Resources	1,792	-	1,792
<u>Net Position</u>			
Net investment in capital assets	-	688,022	688,022
Unrestricted	(66,133)	(191,938)	(258,071)
Total Net Position	\$ (66,133)	\$ 496,084	\$ 429,951

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2019

	Equipment Services	Equipment Replacement	Total
<u>Operating Revenues</u>			
Charges for services	\$ 670,394	\$ 535,554	\$ 1,205,948
State grants	-	156,485	156,485
Other revenue	1,946	18,865	20,811
Total Operating Revenues	672,340	710,904	1,383,244
<u>Operating Expenses</u>			
Personnel services	171,834	-	171,834
Contractual services	489,844	109,637	599,481
Depreciation	-	637,850	637,850
Total Operating Expenses	661,678	747,487	1,409,165
Operating Income (Loss)	10,662	(36,583)	(25,921)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	-	41,918	41,918
Interest expense	-	(115,945)	(115,945)
Total Nonoperating Revenues (Expenses)	-	(74,027)	(74,027)
<u>Transfers</u>			
Transfers in	-	202,696	202,696
Total Transfers	-	202,696	202,696
Change in Net Position	10,662	92,086	102,748
Beginning net position	(76,795)	403,998	327,203
Ending Net Position	\$ (66,133)	\$ 496,084	\$ 429,951

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2019

	Equipment Services	Equipment Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 672,340	\$ 710,904	\$ 1,383,244
Payments to suppliers and contractors	(477,242)	(95,458)	(572,700)
Payments to employees for salaries and benefits	(167,478)	-	(167,478)
Net Cash Provided (Used) by Operating Activities	27,620	615,446	643,066
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	202,696	202,696
Net Cash Provided (Used) by Noncapital Financing Activities	-	202,696	202,696
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	-	(1,252,432)	(1,252,432)
Proceeds from capital debt	-	192,000	192,000
Principal paid on capital debt	-	(574,102)	(574,102)
Interest paid on capital debt	-	(120,334)	(120,334)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,754,868)	(1,754,868)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	-	41,918	41,918
Net Cash Provided by Investing Activities	-	41,918	41,918
Net (Decrease) in Cash and Cash Equivalents	27,620	(894,808)	(867,188)
Beginning cash and cash equivalents	10,015	2,287,728	2,297,743
Ending Cash and Cash Equivalents	\$ 37,635	\$ 1,392,920	\$ 1,430,555

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2019

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Reconciliation of Operating (Loss)</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 10,662	\$ (36,583)	\$ (25,921)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	637,850	637,850
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Deferred Outflows of Resources:			
Pension contributions	(836)	-	(836)
OPEB contributions	(5)	-	(5)
Pension investment earnings	(32,301)	-	(32,301)
Pension assumption changes	264	-	264
Increase (Decrease) in:			
Accounts payable	12,602	14,179	26,781
Net pension liability	39,510	-	39,510
OPEB liability	(224)	-	(224)
Deferred Inflows of Resources:			
OPEB gains/losses	442	-	442
OPEB assumption changes	50	-	50
Pension investment experience	228	-	228
Actual experience vs. assumption	(2,772)	-	(2,772)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 27,620</u></u>	<u><u>\$ 615,446</u></u>	<u><u>\$ 643,066</u></u>

See Notes to Financial Statements.

STATISTICAL SECTION

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

Contents	Page
Financial Trends	122
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	132
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	138
<i>These schedules 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.</i>	
Demographic and Economic Information	145
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	148
<i>These schedules 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 and the activities it performs.</i>	

City of Taylor, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 44,930,166	\$ 45,342,543	\$ 42,810,269	\$ 41,563,836
Restricted	3,241,616	3,580,816	2,627,354	3,248,859
Unrestricted (Deficit)	<u>(438,125)</u>	<u>(1,490,350)</u>	<u>(812,248)</u>	<u>(1,790,067)</u>
Total governmental activities net position	<u><u>\$ 47,733,657</u></u>	<u><u>\$ 47,433,009</u></u>	<u><u>\$ 44,625,375</u></u>	<u><u>\$ 43,022,628</u></u>
Business-type activities				
Net investment in capital assets	\$ 16,703,213	\$ 16,205,762	\$ 13,463,393	\$ 13,597,654
Unrestricted (Deficit)	<u>6,294,388</u>	<u>4,248,544</u>	<u>2,719,836</u>	<u>658,527</u>
Total business-type activities net position	<u><u>\$ 22,997,601</u></u>	<u><u>\$ 20,454,306</u></u>	<u><u>\$ 16,183,229</u></u>	<u><u>\$ 14,256,181</u></u>
Primary government				
Net investment in capital assets	\$ 61,633,379	\$ 61,548,305	\$ 56,273,662	\$ 55,161,490
Restricted	3,241,616	3,580,816	2,627,354	3,248,859
Unrestricted	<u>5,856,263</u>	<u>2,758,194</u>	<u>1,907,588</u>	<u>(1,131,540)</u>
Total primary government net position	<u><u>\$ 70,731,258</u></u>	<u><u>\$ 67,887,315</u></u>	<u><u>\$ 60,808,604</u></u>	<u><u>\$ 57,278,809</u></u>

Source: City Audited Financials.

2015	2014	2013	2012	2011	2010
\$ 41,623,407	\$ 41,768,181	\$ 42,658,990	\$ 39,458,232	\$ 42,533,107	\$ 41,533,094
2,787,325	2,676,573	2,630,586	7,311,640	4,142,402	3,253,125
(1,155,715)	(1,311,590)	2,842,851	2,436,264	2,753,160	3,916,431
<u>\$ 43,255,017</u>	<u>\$ 43,133,164</u>	<u>\$ 48,132,427</u>	<u>\$ 49,206,136</u>	<u>\$ 49,428,669</u>	<u>\$ 48,702,650</u>
\$ 13,247,923	\$ 12,540,010	\$ 9,092,144	\$ 12,109,434	\$ 12,332,757	\$ 12,419,757
220,034	1,146,589	5,339,652	1,967,586	1,533,418	(216,991)
<u>\$ 13,467,957</u>	<u>\$ 13,686,599</u>	<u>\$ 14,431,796</u>	<u>\$ 14,077,020</u>	<u>\$ 13,866,175</u>	<u>\$ 12,202,766</u>
\$ 54,871,330	\$ 54,308,191	\$ 51,751,134	\$ 51,567,666	\$ 54,865,864	\$ 53,952,851
2,787,325	2,676,573	2,630,586	7,311,640	4,142,402	3,253,125
(935,681)	(165,001)	8,182,503	4,403,850	4,286,578	3,699,440
<u>\$ 56,722,974</u>	<u>\$ 56,819,763</u>	<u>\$ 62,564,223</u>	<u>\$ 63,283,156</u>	<u>\$ 63,294,844</u>	<u>\$ 60,905,416</u>

City of Taylor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2019	2018	2017	2016
Expenses				
Governmental activities:				
General government	\$ 5,012,235	\$ 3,365,998	\$ 3,903,456	\$ 3,647,370
Culture and recreation	1,359,674	1,252,029	1,266,740	1,132,102
Community services	1,371,973	833,796	854,916	866,779
Public safety	6,924,255	6,404,119	5,987,519	5,292,525
Public works	3,915,394	3,230,070	3,012,792	2,767,401
Interest on long-term debt	1,013,513	983,114	931,650	946,971
Total governmental activities expenses	19,597,044	16,069,126	15,957,073	14,653,148
Business-type activities:				
Public utilities fund	5,918,157	5,418,007	5,036,902	5,287,437
Airport fund	405,680	369,772	380,583	386,176
Cemetery operating fund	175,801	160,970	172,778	178,182
Sanitation fund	1,427,419	1,403,324	1,378,240	1,362,258
Interest on long-term debt	882,959	891,073	932,864	861,912
Total business-type activities expenses	8,810,016	8,243,146	7,901,367	8,075,965
Total primary government expenses	\$ 28,407,060	\$ 24,312,272	\$ 23,858,440	\$ 22,729,113
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,589,404	\$ 1,348,310	\$ 1,433,520	\$ 795,794
Public safety	335,026	373,280	279,426	248,042
Public works	491,082	486,165	332,653	326,121
Community services	-	-	-	-
Operating grants and contributions	527,698	204,610	126,478	498,965
Capital grants and contributions	1,238,407	1,319,107	2,166,109	353,415
Total governmental activities program revenues	4,181,617	3,731,472	4,338,186	2,222,337
Business-type activities:				
Charges for services:				
Public utilities fund	10,118,130	9,756,417	9,081,323	7,804,655
Airport fund	419,847	413,634	364,728	426,245
Cemetery fund	197,994	158,910	86,733	145,705
Sanitation fund	1,632,265	1,608,016	1,642,591	1,638,338
Capital grants and contributions	156,197	2,263,131	-	24,580
Total business-type activities program revenues	12,524,433	14,200,108	11,175,375	10,039,523
Total primary government program revenues	\$ 16,706,050	\$ 17,931,580	\$ 15,513,561	\$ 12,261,860

2015	2014	2013	2012	2011	2010
\$ 4,860,808	\$ 4,862,420	\$ 4,770,073	\$ 3,820,796	\$ 4,106,565	\$ 4,274,435
1,098,786	1,109,876	1,112,269	1,056,650	-	-
628,159	661,224	655,822	502,428	343,860	-
5,233,324	5,135,384	4,654,499	4,501,449	4,937,819	4,986,776
2,839,114	2,919,795	2,905,400	2,778,499	4,334,567	4,159,734
911,760	970,486	1,009,285	900,074	826,560	760,678
15,571,951	15,659,185	15,107,348	13,559,896	14,549,371	14,181,623
5,167,958	4,865,365	4,696,288	4,883,367	6,005,089	5,607,082
407,521	473,911	480,214	395,849	426,345	430,473
146,682	163,769	133,354	120,031	88,368	-
-	-	-	-	-	-
1,067,397	1,107,014	1,202,405	1,219,817	-	-
6,789,558	6,610,059	6,512,261	6,619,064	6,519,802	6,037,555
\$ 22,361,509	\$ 22,269,244	\$ 21,619,609	\$ 20,178,960	\$ 21,069,173	\$ 20,219,178
\$ 1,732,647	\$ 1,740,528	\$ 1,631,501	\$ 2,283,280	\$ 2,515,187	\$ 2,378,935
266,967	319,668	323,928	247,130	382,919	287,821
299,593	330,203	325,698	69,481	-	-
-	-	-	-	338,965	-
141,889	129,182	127,201	-	-	-
470,172	142,440	184,969	-	707,816	1,813,591
2,911,268	2,662,021	2,593,297	2,599,891	3,944,887	4,480,347
6,300,263	6,875,146	6,929,109	7,150,801	7,568,944	6,227,101
450,606	484,048	500,255	426,859	669,510	427,323
117,340	135,458	118,160	120,529	119,721	-
-	-	-	-	-	-
530,695	79,326	164,979	-	-	-
7,398,904	7,573,978	7,712,503	7,698,189	8,358,175	6,654,424
\$ 10,310,172	\$ 10,235,999	\$ 10,305,800	\$ 10,298,080	\$ 12,303,062	\$ 11,134,771

City of Taylor, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net (Expenses) Revenue				
Governmental activities	\$ (15,415,427)	\$ (12,337,654)	\$ (11,618,887)	\$ (12,430,811)
Business-type activities	3,714,417	5,956,962	3,274,008	1,963,558
Total primary government net expense	<u>\$ (11,701,010)</u>	<u>\$ (6,380,692)</u>	<u>\$ (8,344,879)</u>	<u>\$ (10,467,253)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 8,885,991	\$ 8,270,706	\$ 7,655,907	\$ 7,247,922
Sales taxes	3,438,534	3,244,108	2,989,454	2,962,203
Franchise taxes	958,665	1,001,000	938,187	939,301
Investment earnings	518,264	259,866	110,551	38,666
Other revenues	476,896	495,695	603,343	251,452
Transfers	1,437,725	1,873,913	1,493,201	1,416,323
Total governmental activities	<u>15,716,075</u>	<u>15,145,288</u>	<u>13,790,643</u>	<u>12,855,867</u>
Business-type activities:				
Investment earnings	128,330	48,199	24,796	2,825
Miscellaneous	138,273	139,829	174,389	208,164
Transfers	(1,437,725)	(1,873,913)	(1,493,201)	(1,386,323)
Total business-type activities	<u>(1,171,122)</u>	<u>(1,685,885)</u>	<u>(1,294,016)</u>	<u>(1,175,334)</u>
Total primary government	<u><u>\$ 14,544,953</u></u>	<u><u>\$ 13,459,403</u></u>	<u><u>\$ 12,496,627</u></u>	<u><u>\$ 11,680,533</u></u>
Change in Net Position				
Governmental activities	\$ 300,648	\$ 2,807,634	\$ 2,171,756	\$ 425,056
Business-type activities	2,543,295	4,271,077	1,979,992	788,224
Total primary government	<u><u>\$ 2,843,943</u></u>	<u><u>\$ 7,078,711</u></u>	<u><u>\$ 4,151,748</u></u>	<u><u>\$ 1,213,280</u></u>

Source: City Audited Financials.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ (12,660,683)	\$ (12,997,164)	\$ (12,514,051)	\$ (10,960,005)	\$ (10,604,484)	\$ (9,701,276)
609,346	963,919	1,200,242	1,079,125	1,838,373	616,869
<u>\$ (12,051,337)</u>	<u>\$ (12,033,245)</u>	<u>\$ (11,313,809)</u>	<u>\$ (9,880,880)</u>	<u>\$ (8,766,111)</u>	<u>\$ (9,084,407)</u>

\$ 6,858,118	\$ 6,420,308	\$ 6,374,806	\$ 6,212,695	\$ 6,078,005	\$ 5,811,529
2,952,740	2,744,362	2,535,174	2,411,533	2,219,629	2,239,952
1,087,771	1,103,835	1,055,651	890,874	816,039	845,234
19,475	31,020	38,322	25,783	38,451	114,902
626,032	212,420	384,719	391,765	1,373,359	435,759
1,251,871	1,244,003	1,051,670	869,999	805,020	830,000
<u>12,796,007</u>	<u>11,755,948</u>	<u>11,440,342</u>	<u>10,802,649</u>	<u>11,330,503</u>	<u>10,277,376</u>

465	412	3,149	5,467	10,086	16,284
423,418	161,510	203,055	221,503	619,970	56,113
(1,251,871)	(1,244,003)	(1,051,670)	(869,999)	(805,020)	(830,000)
<u>(827,988)</u>	<u>(1,082,081)</u>	<u>(845,466)</u>	<u>(643,029)</u>	<u>(174,964)</u>	<u>(757,603)</u>
<u>\$ 11,968,019</u>	<u>\$ 10,673,867</u>	<u>\$ 10,594,876</u>	<u>\$ 10,159,620</u>	<u>\$ 11,155,539</u>	<u>\$ 9,519,773</u>

\$ 135,324	\$ (1,241,216)	\$ (1,073,709)	\$ (157,356)	\$ 726,019	\$ 576,100
(218,642)	(118,162)	354,776	436,096	1,663,409	(140,734)
<u>\$ (83,318)</u>	<u>\$ (1,359,378)</u>	<u>\$ (718,933)</u>	<u>\$ 278,740</u>	<u>\$ 2,389,428</u>	<u>\$ 435,366</u>

City of Taylor, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2019	2018	2017	2016
General Fund				
Restricted	\$ 1,557,807	\$ 1,955,258	\$ 1,133,876	\$ 1,223,913
Committed	460,085	10,785	10,785	10,785
Assigned	-	-	-	-
Unassigned	3,932,229	3,481,297	3,427,943	3,285,095
Total general fund	<u><u>\$ 5,950,121</u></u>	<u><u>\$ 5,447,340</u></u>	<u><u>\$ 4,572,604</u></u>	<u><u>\$ 4,519,793</u></u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital project funds	-	-	-	-
Non-spendable	688,074	679,385	670,852	703,783
Restricted	7,239,260	4,973,144	3,944,577	4,422,813
Committed	5,363,476	884,560	1,388,667	697,454
Total all other governmental funds	<u><u>\$ 13,290,810</u></u>	<u><u>\$ 6,537,089</u></u>	<u><u>\$ 6,004,096</u></u>	<u><u>\$ 5,824,050</u></u>

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: City Audited Financials.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 865,526	\$ 778,132	\$ 781,021	\$ 612,452	\$ 615,461	\$ -
10,785	10,785	10,785	10,785	17,739	-
-	-	-	409,969	-	-
3,216,861	3,290,862	3,686,745	3,855,829	2,943,662	3,567,124
<u>\$ 4,093,172</u>	<u>\$ 4,079,779</u>	<u>\$ 4,478,551</u>	<u>\$ 4,889,035</u>	<u>\$ 3,576,862</u>	<u>\$ 3,567,124</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,353,764
-	-	-	-	-	499,523
697,882	701,766	697,543	729,268	735,606	-
5,058,875	7,244,749	7,778,543	6,389,661	2,886,566	-
450,768	462,996	450,114	327,257	155,415	-
<u>\$ 6,207,525</u>	<u>\$ 8,409,511</u>	<u>\$ 8,926,200</u>	<u>\$ 7,446,186</u>	<u>\$ 3,777,587</u>	<u>\$ 3,853,287</u>

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2019	2018	2017	2016
Revenues				
Taxes	\$ 13,283,190	\$ 12,484,783	\$ 11,583,548	\$ 11,297,631
Licenses, permits, and fees	492,187	280,039	331,723	282,906
Charges for services	1,588,299	1,554,436	1,434,450	839,009
Fines and forfeitures	335,026	373,280	279,426	248,042
Intergovernmental	1,766,105	1,523,717	2,292,587	673,865
Investment earnings	476,346	253,842	110,548	40,324
Other revenues	299,600	798,161	227,976	505,598
Total Revenues	18,240,753	17,268,258	16,260,258	13,887,375
Expenditures				
Current:				
General government	3,605,447	3,106,456	3,620,828	3,031,068
Culture and recreation	1,485,635	1,308,251	1,255,298	1,141,441
Community development	1,097,759	829,836	828,646	841,276
Public safety	7,004,920	6,333,181	5,705,113	5,134,332
Public works	2,629,260	1,494,728	1,304,925	1,153,524
Debt Service:				
Principal retirement	1,655,000	1,455,000	1,290,000	1,494,972
Interest and fiscal changes	761,379	689,374	725,728	692,008
Bond issuance costs	120,931	112,216	34,807	95,074
Capital outlay:	2,840,031	5,538,230	4,348,143	794,863
Unrealized loss on investments	-	557	35,019	-
Total Expenditures	21,200,362	20,867,829	19,148,507	14,378,558
Excess of Revenues Over (Under)				
Expenditures	(2,959,609)	(3,599,571)	(2,888,249)	(491,183)
Other financing sources (uses)				
Transfers in	1,964,603	3,576,414	2,441,818	2,029,948
Transfers (out)	(729,574)	(2,098,750)	(987,462)	(1,054,459)
Debt issuance	8,165,000	4,825,000	1,620,000	5,845,000
Premium on debt issuance	816,082	249,402	46,750	544,267
Payments to escrow agent	-	(1,544,766)	-	(6,152,746)
Total Other Financing Sources				
(Uses)	10,216,111	5,007,300	3,121,106	1,212,010
Net Change in Fund Balances	\$ 7,256,502	\$ 1,407,729	\$ 232,857	\$ 720,827
Debt service as percentage of noncapital expenditures	13.2%	14.1%	13.6%	16.1%

Source: City Audited Financials.

2015	2014	2013	2012	2011	2010
\$ 10,880,953	\$ 10,246,691	\$ 9,940,659	\$ 9,588,691	\$ 9,168,082	\$ 9,074,489
214,560	134,322	101,808	169,159	92,220	113,208
1,817,680	1,936,409	1,855,391	1,948,547	1,794,596	1,662,049
266,967	319,668	323,928	247,130	382,919	287,821
612,061	271,622	312,170	146,780	1,046,781	991,107
19,256	31,020	38,322	25,381	38,452	114,902
601,386	174,181	382,384	235,561	1,294,289	351,900
14,412,863	13,113,913	12,954,662	12,361,249	13,817,339	12,595,476
4,132,938	4,193,947	4,147,828	3,874,060	2,527,926	2,846,860
1,099,300	1,107,678	1,110,059	-	343,860	-
632,021	660,441	631,422	-	-	-
5,174,338	4,915,960	4,441,585	4,051,068	4,214,072	4,330,047
1,252,245	1,316,652	1,374,935	2,465,390	3,823,790	3,681,843
1,271,180	1,207,384	1,213,983	993,484	938,129	891,896
861,304	919,438	823,110	839,966	808,698	733,766
-	-	134,800	54,500	-	-
3,253,720	775,494	1,883,518	825,405	2,086,699	1,857,267
-	-	-	-	-	-
17,677,046	15,096,994	15,761,240	13,103,873	14,743,174	14,341,679
(3,264,183)	(1,983,081)	(2,806,578)	(742,624)	(925,835)	(1,746,203)
1,822,939	1,633,050	1,126,893	1,595,738	1,648,065	1,005,766
(747,349)	(565,430)	(578,678)	(747,342)	(853,657)	(182,037)
-	-	6,990,000	4,875,000	1,030,000	2,655,000
-	-	254,070	-	-	-
-	-	(4,132,346)	-	(964,535)	-
1,075,590	1,067,620	3,659,939	5,723,396	859,873	3,478,729
\$ (2,188,593)	\$ (915,461)	\$ 853,361	\$ 4,980,772	\$ (65,962)	\$ 1,732,526
14.6%	14.7%	14.5%	15.0%	13.8%	13.0%

City of Taylor, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended Sept 30	Real Property			Personal Property		Less Exemptions Real Property
	Residential Assessed Value	Commercial Assessed Value	Agriculture	Personal	Other	
2010	\$ 455,517	\$ 211,709	\$ 39,355	\$ 114,305	\$ -	\$ 39,031
2011	451,487	197,816	39,566	128,562	-	39,471
2012	444,086	220,153	38,771	144,280	-	26,915
2013	444,424	229,683	39,361	137,607	-	28,839
2014	482,453	238,861	43,761	133,642	-	31,398
2015	526,702	248,870	44,524	148,777	-	30,906
2016	579,978	264,734	48,240	155,488	-	34,349
2017	678,682	275,597	50,185	156,899	-	37,156
2018	737,483	291,010	52,915	154,804	-	43,906
2019	807,773	316,189	63,127	164,307	-	53,831

Notes: The appraisal of property within the City is the responsibility of the Williamson County Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a three member Appraisal Review Board.

Source: Williamson County Appraisal District.

Total Assessed Value	Tax Rate	Estimated Tax Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 781,855	\$ 0.79000	\$ 781,855	100.0%
777,960	0.81389	777,960	100.0%
820,375	0.81389	820,375	100.0%
822,236	0.81389	822,236	100.0%
867,319	0.81390	867,319	100.0%
937,967	0.81389	937,967	100.0%
1,014,091	0.81389	1,014,091	100.0%
1,124,207	0.80389	1,124,207	100.0%
1,192,307	0.79800	1,192,307	100.0%
1,297,565	0.78800	1,297,565	100.0%

City of Taylor, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF TAYLOR			WILLIAMSON COUNTY			
	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2010	\$ 0.57796	\$ 0.21204	\$ 0.79000	\$ 0.28990	\$ 0.17000	\$ 0.03000	\$ 0.48990
2011	0.58982	0.22407	0.81389	0.28769	0.17000	0.03000	0.48769
2012	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2013	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2014	0.59069	0.22321	0.81390	0.27903	0.16750	0.04000	0.48653
2015	0.59344	0.22045	0.81389	0.27403	0.16750	0.04000	0.48153
2016	0.59344	0.22045	0.81389	0.26903	0.16750	0.04000	0.47653
2017	0.59949	0.20441	0.80389	0.26903	0.16750	0.04000	0.47653
2018	0.60178	0.19622	0.79800	0.25903	0.16750	0.04000	0.46653
2019	0.59600	0.19200	0.78800	0.25153	0.16750	0.04000	0.45903

The entire City was located in Williamson County and within the Taylor Independent School
Note: District.

Source: Williamson County Tax Collector.

TAYLOR SCHOOL DISTRICT

Operating		Debt Service	Total Rate	Total Direct & Overlapping Rates
\$	1.04000	\$ 0.43000	\$ 1.47000	\$ 2.74990
	1.04000	0.41000	1.45000	2.75158
	1.17000	0.28000	1.45000	2.75292
	1.17000	0.28000	1.45000	2.75292
	1.17000	0.28000	1.45000	2.75043
	1.17000	0.28000	1.45000	2.74542
	1.17000	0.40000	1.57000	2.86042
	1.17000	0.40000	1.57000	2.85042
	1.17000	0.40000	1.57000	2.83453
	1.17000	0.40000	1.57000	2.81703

City of Taylor, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2019			2010		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Electric Reliability Council of TX	\$ 34,538,035	1	2.66%	\$ -	-	-
Electric Reliability Council of TX	17,199,173	2	1.33%	-	-	-
Corecivic	14,759,829	3	1.14%	-	-	-
ONCOR Electric Delivery Co	11,796,887	4	0.91%	-	-	-
HEB Grocery Company LP	11,627,175	5	0.90%	-	-	-
Durcon Laboratory Tops INC	11,625,857	6	0.90%	-	-	-
Wal-Mart Real Estate Trust	9,995,038	7	0.77%	-	-	-
Union Pacific RR CO	9,686,716	8	0.75%	-	-	-
Taylor CPB Property LLC	6,699,477	9	0.52%	-	-	-
Taylor Plaza LLC	6,096,521	10	0.47%	-	-	-
Electric Reliability Council	-	-	-	22,167,793	1	2.84%
ERCOT	-	-	-	20,491,230	2	2.62%
CCA Properties of Texas LP	-	-	-	14,582,273	3	1.87%
HEB Grocery Co LP	-	-	-	11,245,669	4	1.44%
Wal-Mart Real Estate Trust	-	-	-	9,705,588	5	1.24%
ONCOR Electric Delivery Co	-	-	-	7,455,675	6	0.95%
Texas HWY 95 LP	-	-	-	5,965,112	7	0.76%
Wal-Mart Stores East Inc	-	-	-	5,136,587	8	0.66%
Taylor CPB Property	-	-	-	5,100,000	9	0.65%
Durcon Laboratory Tops Inc	-	-	-	5,034,202	10	0.64%
Total	\$ 134,024,708			\$ 106,884,129		

Source: Williamson County Tax Collector.

City of Taylor, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal year of the Levy			Percentage of Tax Levy	Percentage of Tax Levy
		Amount	Percentage of Tax Levy			
2010	\$ 5,802,025	\$ 5,694,713	98.2%	\$ 103,555	\$ 5,798,268	99.9%
2011	6,050,622	5,976,895	98.8%	68,369	6,045,264	99.9%
2012	6,195,426	6,119,868	98.8%	70,446	6,190,314	99.9%
2013	6,255,176	6,197,753	99.1%	52,178	6,249,931	99.9%
2014	6,352,505	6,292,672	99.1%	53,039	6,345,711	99.9%
2015	6,797,312	6,723,090	98.9%	65,675	6,788,765	99.9%
2016	7,318,681	7,245,999	99.0%	61,668	7,307,667	99.8%
2017	7,754,442	7,678,073	99.0%	58,852	7,736,925	99.8%
2018	8,377,844	8,274,955	98.8%	72,799	8,347,754	99.6%
2019	8,978,568	8,881,948	98.9%	-	8,881,948	98.9%

Source: Williamson County Appraisal District Reports.

City of Taylor, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts	Contractual Obligation	Capital Lease	Note Payable
2010	\$ 9,878,545	\$ 9,877,038	79,366	\$ -	\$ 281,737	\$ -
2011	9,192,005	9,768,476	72,281	145,398	418,071	-
2012	8,723,764	14,516,902	65,197	120,375	351,050	-
2013	8,739,097	16,479,268	293,387	93,267	340,278	-
2014	7,884,431	16,183,943	267,506	68,244	582,143	-
2015	7,059,764	15,796,861	241,626	43,221	379,215	285,899
2016	11,871,687	10,230,646	737,333	-	1,425,252	228,547
2017	10,205,000	11,490,000	710,249	-	1,310,951	424,225
2018	10,635,000	15,010,000	929,110	-	1,232,192	582,657
2019	9,680,000	22,335,000	1,644,956	-	1,181,458	391,289

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

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Combination Tax & Revenue Bonds	General Obligation Bonds	Premiums/ Discounts			
\$ 28,382,962	\$ 4,196,455	\$ 171,584	52,867,687	16.75%	3,480
25,441,524	5,982,995	149,009	51,169,759	16.12%	3,242
23,228,602	5,380,070	126,434	52,512,394	16.09%	3,266
21,420,022	5,971,060	181,061	53,517,440	16.25%	3,349
21,044,132	5,087,051	152,052	51,269,502	14.34%	3,110
20,650,000	4,178,042	123,043	48,757,671	15.01%	3,126
13,280,000	10,759,095	1,004,096	49,536,656	13.73%	3,005
16,690,000	8,685,000	956,162	50,471,587	12.49%	2,851
14,025,000	9,790,000	1,063,146	53,267,105	13.65%	3,137
17,560,000	9,105,000	1,270,965	63,168,668	15.08%	3,680

City of Taylor, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Premiums/ Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2010	\$ 14,075,000	\$ -	\$ 233,182	\$ 13,841,818	1.77%	911
2011	15,175,000	-	287,894	14,887,106	1.91%	943
2012	14,103,834	191,631	145,607	13,958,227	1.70%	868
2013	14,710,158	458,021	236,346	14,473,812	1.76%	906
2014	12,971,482	412,207	225,505	12,745,977	1.47%	773
2015	11,237,806	366,392	185,697	11,052,109	1.18%	709
2016	22,630,782	1,752,228	276,695	22,354,087	2.20%	1,356
2017	18,890,000	1,609,052	387,965	18,502,035	1.65%	1,045
2018	20,425,000	1,808,742	573,932	19,851,068	1.66%	1,169
2019	18,785,000	1,653,335	645,602	18,139,398	1.40%	1,057

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

Note:

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

City of Taylor, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2019 (Unaudited)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt repaid with property taxes:			
Williamson County	\$ 801,709,942	1.77%	\$ 14,190,266
Taylor ISD	63,984,943	100.00%	63,984,943
Subtotal, overlapping debt			<u>78,175,209</u>
 City of Taylor	 \$ 35,232,703	 100%	 <u>35,232,703</u>
 Total direct and overlapping debt			 <u><u>\$ 113,407,912</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability governments that is borne 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 the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of Taylor, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt limit	\$ 337,849	\$ 309,053	\$ 290,341	\$ 262,110
Total net debt applicable to limit	<u>62,523</u>	<u>30,850</u>	<u>29,915</u>	<u>25,164</u>
Legal debt margin	<u><u>\$ 275,326</u></u>	<u><u>\$ 278,203</u></u>	<u><u>\$ 260,426</u></u>	<u><u>\$ 236,946</u></u>

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 1,297,565
Add back: exempt real property	53,831
Total assessed value	<u>1,351,396</u>
Debt limit (10% of total assessed value)	337,849
Debt applicable to limit:	
Total Debt	63,169
Less: Amount set aside for repayment of general obligation debt	<u>(646)</u>
Total net debt applicable to limit	<u>62,523</u>
Legal debt margin	<u><u>\$ 275,326</u></u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 242,218	\$ 224,679	\$ 212,769	\$ 211,823	\$ 204,358	\$ 205,222
<u>37,137</u>	<u>37,205</u>	<u>37,875</u>	<u>37,719</u>	<u>35,210</u>	<u>38,281</u>
<u>\$ 205,082</u>	<u>\$ 187,474</u>	<u>\$ 174,894</u>	<u>\$ 169,148</u>	<u>\$ 166,941</u>	<u>\$ 172,487</u>

City of Taylor, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Water Revenue Bonds						
	Utility	Less:	Net				
	Service	Operating	Available	Debt Service			
	Charges	Expenses	Revenue	Principal	Interest	Coverage	
2010	\$ 6,340,142	\$ 3,589,878	\$ 2,750,264	\$ 2,650,000	\$ 547,778	86.0%	
2011	8,185,627	3,386,091	4,799,536	-	-	100.0%	
2012	7,259,363	3,704,075	3,555,288	-	-	100.0%	
2013	6,929,109	3,529,757	3,399,352	-	-	100.0%	
2014	6,875,146	3,618,109	3,257,037	-	-	100.0%	
2015	6,300,263	3,824,509	2,475,754	-	-	100.0%	
2016	7,804,655	3,917,205	3,887,450	-	-	100.0%	
2017	9,081,323	3,769,347	5,311,976	-	-	100.0%	
2018	9,756,417	4,105,939	5,650,478	-	-	100.0%	
2019	10,118,130	4,617,540	5,500,590	-	-	100.0%	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

City of Taylor, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population¹	Personal Income³	Per Capita⁵ Personal Income	School Enrollment⁴	Unemployment Rate²
2010	15,191	\$ 392,160	20,780	3,086	7.7%
2011	15,783	\$ 305,582	20,116	3,086	7.1%
2012	16,080	\$ 326,360	20,296	3,178	6.8%
2013	15,979	\$ 329,263	20,606	3,239	5.6%
2014	16,483	\$ 337,502	21,691	4,178	4.2%
2015	15,595	\$ 324,891	20,833	4,333	3.4%
2016	16,483	\$ 360,763	21,887	4,547	3.3%
2017	17,701	\$ 404,149	22,832	4,249	2.8%
2018	16,982	\$ 390,263	22,981	4,368	2.8%
2019	17,167	\$ 418,823	24,397	3,894	2.6%

Data Sources:

- ¹ Texas State Data Center & Office of the State Demographer
- ² State Department of Labor and City-Data.com
- ³ US Census adjusted by CPI for inflation, expressed in thousands
- ⁴ Taylor Independent School District
- ⁵ U. S. Census Bureau American Fact Finder

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City of Taylor, Texas
PRINCIPAL EMPLOYERS
Current and Nine Years Ago (Unaudited)

Employer	2019		2010	
	No. Employees *	Rank	No. Employees **	Rank
ERCOT	600+	1	-	
Taylor ISD	500+	2	-	
Durcon, Inc	400+	3	-	
Baylor Scott & White	180+	4	-	
Corrections Corporation of Amer	160+	5	-	
HEB Grocery Co	160+	6	-	
City of Taylor	150+	7	-	
Wal-Mart	125+	8	-	
Floydco, Inc	120+	9	-	
Burrow Cabinets/TaylorCraft	100+	10	-	
ERCOT	-		635	1
Taylor ISD	-		548	2
Wal-Mart	-		240	3
Durcon Laboratory Tops	-		211	4
Scott & White	-		163	5
Corrections Corp of America	-		161	6
HEB	-		161	7
City of Taylor	-		148	8
Floydco, Inc	-		130	9
Burrows Cabinets	-		100	10
Total	2,495		2,497	

* Source: www.taylorcdc.org

** Source: www.mactexas.com.

City of Taylor, Texas
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function / Program	2019	2018	2017	2016
General Government				
Management services	5	5	4	4
Public information	1	1	1	1
Human resources	2	2	2	2
Finance	5	5	4	4
Municipal court	5	5	4	3
C D - planning	8	7	7	6
Main street	1	1	1	1
C D - recreation	-	-	-	-
Building	3	3	3	3
General services	1	1	1	1
Information technology	1	1	1	1
Other	-	1	1	1
Police				
Officers	29	29	27	27
Civilians	10	10	8	9
Animal control	3	4	3	2
Fire				
Firefighters and officers	23	23	23	23
Civilians	1	1	1	1
Other Public Works				
Engineering/inspection	1	1	1	1
Street maintenance	16	15	14	14
Grounds	-	-	-	-
Other	-	-	-	-
Parks and recreation	8	6	6	6
Library	8	8	9	8
Water	14	14	14	14
Wastewater	4	4	3	3
Utilities admin.	6	6	6	6
Airport	2	2	2	2
Cemetery	2	2	2	2
Fleet services	2	2	2	2
Total all governmental funds	160	158	150	147

Source: City records.

2015	2014	2013	2012	2011	2010
4	4	4	4	4	3
1					
2	2	2	2	2	3
4	4	4	4	4	4
4	5	5	5	5	4
5	6	6	5	5	5
1	1	1	1	1	2
-	-	-	-	-	1
3	3	3	3	3	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	-
27	27	27	25	25	27
9	8	8	8	8	11
1	2	2	2	2	1
23	23	23	23	23	24
1	1	1	1	1	1
1	2	2	2	2	2
14	14	13	13	13	6
-	-	-	-	-	7
-	-	1	1	2	2
6	6	6	6	6	6
7	7	7	7	7	7
14	14	14	14	14	13
3	2	2	2	2	2
6	6	6	6	6	6
2	2	2	2	3	3
2	2	2	1	2	1
2	2	2	2	2	2
145	146	146	142	145	146

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2019	2018	2017	2016
General government				
Building permits issued	155	70	95	94
Building inspections conducted	outsourced	outsourced	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	561	708	573	813
Parking violations	53	15	37	36
Traffic violations	6,073	7,436	4,546	3,429
Fire:				
Emergency responses	2,096	2,118	2,281	2,127
Fires extinguished	78	80	82	44
Inspections	266	343	329	361
Highways and streets				
Street resurfacing (miles)	3	1	-	15
Potholes repaired	1,097	240	130	741
Recreation				
Athletic field permits issued	39	41	30	32
Library				
Volumes in collection	57,129	55,098	54,117	53,011
Total volumes borrowed	63,645	61,669	74,872	78,368
Water				
New connections	227	190	137	160
Water main breaks	385	360	353	222
Average daily consumption (millions of gallons)	2	2	2	2
Peak daily consumption (millions of gallons)	3	3	3	3
Wastewater				
Average daily treatment (millions of gallons)	2	1	1	2
Airport				
LL fuel (thousand gallon)	40	43	46	59
Jet A fuel (thousand gallon)	10	11	14	27
Landings / Take off (thousand)	20	17	14	12
Cemetery				
Lots sold	65	144	33	77
Municipal Court				
Cases processed	2,858	3,393	2,675	1,876
General Services				
Facilities				
Work orders	708	629	577	645
Fleet				
Work orders	880	870	941	834
Information Technology				
Personal computers / laptops	180	180	171	155
Service requests	565	629	475	415

Source: City records.

2015	2014	2013	2012	2011	2010
63 outsourced	129 outsourced	101 outsourced	82 1,637	33 1,291	35 540
722	717	669	653	653	699
33	54	67	86	76	87
1,543	1,604	3,615	2,660	3,388	2,457
2,036	1,915	1,069	1,813	2,225	1,788
64	61	56	45	110	112
359	316	137	194	315	503
17	10	-	-	-	-
777	655	461	771	171	741
33	30	37	37	36	24
50,223	47,952	44,850	45,413	46,099	42,733
75,581	78,186	79,187	87,895	91,408	88,622
50	44	96	720	1,246	1,240
235	352	437	445	584	350
3	2	2	2	3	2
2	3	3	4	4	3
2	1	2	1	2	2
48	46	45	35	47	56
29	23	32	23	26	23
9	14	14	11	12	12
66.5	80	84	75	63	63
2,113	2,562	4,158	4,852	6,863	7,278
553	538	453	450	423	417
903	816	1071	1,270	1,243	877
152	135	135	132	120	114
407	549	555	562	413	300

City of Taylor, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2019	2018	2017	2016
Police				
Number of stations	1	1	1	1
Zone Officers	29	29	27	27
Number of patrol units	25	23	15	15
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	114	114	106	106
Streetlights	1,114	1,114	1,114	1,114
Traffic signals	14	14	12	12
Recreation				
Acreage	463	463	462	462
Playgrounds	8	8	7	7
Baseball/softball diamonds	20	20	20	20
Swimming pools	1	1	2	2
Skate park	1	1	-	-
Tennis courts	8	8	8	8
Water				
Water mains	128	123	118	125
Fire hydrants	652	619	808	808
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4	4
Sanitary sewer (miles)	110	91	95	95
Storm sewers (miles)	18	6	6	6
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	64	64	52	52
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	19	19	19	19
Fleet vehicles	171	171	168	165
Network servers	7	7	7	7

Source: City records.

2015	2014	2013	2012	2011	2010
1	1	1	1	1	1
27	27	27	25	25	27
15	15	15	15	12	12
2	2	2	2	2	2
106	106	106	93	93	92
1,113	1,102	1,102	1,102	1,097	1,097
12	12	12	13	11	13
462	462	462	387	387	387
7	7	7	7	6	6
20	20	20	20	20	20
2	2	2	2	2	2
-	-	-	-	-	-
8	8	8	8	10	10
121	121	120	119	115	109
604	604	598	598	596	583
5	5	5	5	5	5
4	4,000	4,000	4,000	4,000	4,000
90	90	89	89	86	86
5	5	4	4	3	3
4,000	4,000	4,000	4,000	4,000	4,000
52	52	52	52	52	52
27	27	27	27	27	27
135	135	135	135	135	114
19	19	19	16	14	14
164	164	162	157	154	150
7	7	4	4	3	3

