2018

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018

The City of Taylor
400 Porter Street | Taylor, TX 76574
(P) 512.352.3675 | www.taylortx.gov

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

City of Taylor, Texas

For the Year Ended
September 30, 2018

Prepared by:
Finance Department

Rosemarie Dennis
Director of Finance

Taylor Texas

CITY OF TAYLOR TX

City of Taylor, Texas

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CITY OF TAYLOR TX

March 8, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Taylor, Texas, for the fiscal year ended September 30, 2018, including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP), and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2018.

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 completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, 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 BrooksWatson & Company, PLLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, 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 report.

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

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

Profile of the Government

The City of Taylor, incorporated in 1876, is located 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 16,982 residents. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statue to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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. Solid waste collection/disposal and water treatment are outsourced to Waste Connection of Texas and Brazos River Authority (BRA), respectively. Wastewater collection and treatment are 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.

The annual budget serves as the foundation for the City of Taylor's financial planning and control. 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 public hearings on the proposed budget and to 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 and within major line item categories. Increases or decreases of appropriations to a fund; however, require special approval of the City Council in the form of an Ordinance formally amending 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.

Local Economy

The City of Taylor's economic outlook continues to improve due to the overall improvement in the economy. This is evidenced by local economic indicators such as an increase in tax appraisal values and the increase in residential building permits. In 2018, the City issued a total of 670 in residential, commercial building permits and all other permits with a total valuation of 50,004,725. This is an increase in valuation by $12,676,000 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. 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 approximately 25 million Texas customers. This represents 90 percent of the state's electric load and has its operations center is located in Taylor. ERCOT employs over 734 employees and is the City's largest employer. The Taylor Independent School District (TISD) is the second largest employer in the City with over 535 employees and over 3,200 students.

Anticipated growth is expected for the east Williamson County region, especially along Chandler Road. This has improved the overall connectivity and mobility to and within Taylor, but also will bring growth and new development.

The average rate for unemployment in Williamson County for 2018 was 3.4%, this is lower than the national average unemployment rate of 4%. The job growth is 3.1% with future job growth over the next ten years is predicted to be 42.70%. The City of Taylor's location is in a region with a varied economic base. Williamson County remains among the fastest growing counties in Texas.

Long –Term Financial Planning

During the 2017-18 fiscal year, the City issued Combination Tax & Revenue Certificate of Obligations, Series 2018 to fund the construction work at Heritage Park and to purchase radios and its components, records management system and an engine pumper apparatus for Fire.

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 concept continues to be an important factor in policy decisions. The policy notes that the City's target unassigned fund balance is an amount equal or greater than 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 $500,000 on a 50/50 reimbursement match basis. 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.

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.

- 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, Drainage Systems, Water/Wastewater systems, Municipal Airport and Parks and Recreation.

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; revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure. This structure is designed to provide reasonable, but not absolute, 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.

Budgetary Control: Each year, on or before September 15th, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Fund, 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. After adoption, changes to a departmental budget may be made through the use of line item transfers, initiated by a department head, and approved by the City Manager and Finance Director. Any changes to the budget outside of an individual department can only be made by a City Council ordinance. Any revisions that alter the total expenditures of any fund must be adopted by the City Council.

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, 2017. This was the tenth

consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the requirements of the Certificate of Achievement Program to submit to GFOA to determine its eligibility for another certificate.

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 head directors. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and the City Council for their continued interest and support for maintaining the highest standards of professionalism in the management of the City of Taylor financial operations.

Furthermore, the work of the independent auditors from BrooksWatson & Company, PLLC, is greatly appreciated.

Respectfully submitted,

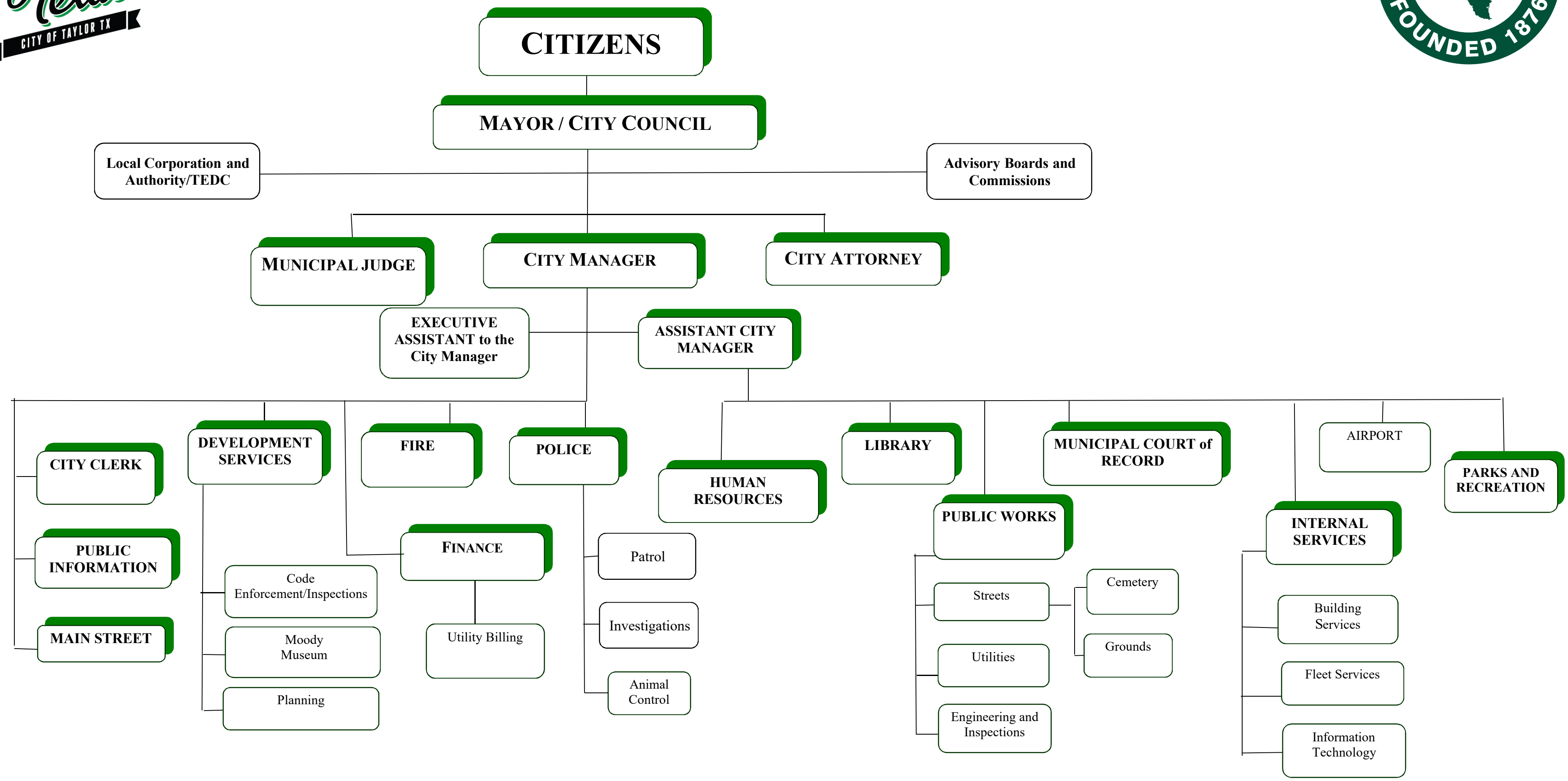
Rosemarie Dennis

Rosemarie Dennis
Finance Director

City of Taylor, Texas

ORGANIZATIONAL CHART

September 30, 2018



City of Taylor, Texas

PRINCIPAL OFFICALS

September 30, 2018

City Council

Brandt Rydell…………………………	Mayor	Term Expires May 2021
Christine Lopez…..…………..………	Mayor Pro Tem	Term Expires May 2019
Robert Garcia……………..……… ……	Council Member	Term Expires May 2019
Dwayne Ariola…………..……… ……	Council Member	Term Expires May 2020
Mitchell Drummond…………..……	Council Member	Term Expires May 2021

City Staff

Isaac D. Turner…..……….……………	City Manager
Jeffery Jenkins…..……….……………	Assistant City Manager
Rocio Lopez …………………………	Executive Assistant to the City Manager
Jeffery Jenkins………..………………	Assistant City Manager
Ted Hejl………………………………	City Attorney
Dianna Barker………………………	City Clerk
Rosemarie Dennis……………………	Director of Finance
Pat Ekiss………………………………	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
Deborah Lannen………..……………	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, 2017

Christopher P. Morrill

Executive Director/CEO

Taylor Texas

CITY OF TAYLOR TX

FINANCIAL SECTION

Taylor Texas

CITY OF TAYLOR TX

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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. 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.

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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, 2018, 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 net position of governmental activities, business-type activities, and the proprietary funds due the implementation of a new accounting standard. 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, general fund 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 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.

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

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, 2018. 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 of the City exceeded its liabilities (net position) at September 30, 2018 by $67,874,030.
- The City's total net position increased by $7,065,426. 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 $11,971,144 at September 30, 2018, an increase of $1,394,444 from the prior fiscal year; this includes an increase of $874,736 in the general fund, an increase of $856,225 in the capital improvements fund, and an increase of $185,967 in the I&S fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was $3,481,297 or 27% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable increased by $2,390,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $49,460,000.
- The City's net pension liability totaled $4,263,124 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.

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 20-23 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.

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, and the I&S for CO bonds 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 24-31 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 32-39 of this report.

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 41-86 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 $67,874,030 as of September 30, 2018, in the primary government.

The largest portion of the City's net position, $61,548,305, 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.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2018			2017		
	Governmental Activities	**Business-Type Activities**	**Total**	**Governmental Activities**	**Business-Type Activities**	**Total**
Current and other assets	$ 15,684,375	$ 6,472,813	$ 22,157,188	$ 11,868,969	$ 5,321,260	$ 17,190,229
Capital assets, net	67,052,969	39,914,537	106,967,506	63,452,375	38,241,420	101,693,795
Total Assets	82,737,344	46,387,350	129,124,694	75,321,344	43,562,680	118,884,024
Deferred Outflows of Resources	989,991	766,116	1,756,107	1,839,348	854,747	2,694,095
Other liabilities	4,535,815	2,587,899	7,123,714	3,725,738	2,491,985	6,217,723
Long-term liabilities	30,973,980	23,978,143	54,952,123	28,463,452	25,689,009	54,152,461
Total Liabilities	35,509,795	26,566,042	62,075,837	32,189,190	28,180,994	60,370,184
Deferred Inflows of Resources	797,816	133,118	930,934	346,127	53,204	399,331
Net Position:						
Net investment in capital assets	45,342,543	16,205,762	61,548,305	42,810,269	13,463,393	56,273,662
Restricted	3,580,816	-	3,580,816	2,627,354	-	2,627,354
Unrestricted	(1,503,635)	4,248,544	2,744,909	(812,248)	2,719,836	1,907,588
Total Net Position	$ 47,419,724	$ 20,454,306	$ 67,874,030	$ 44,625,375	$ 16,183,229	$ 60,808,604

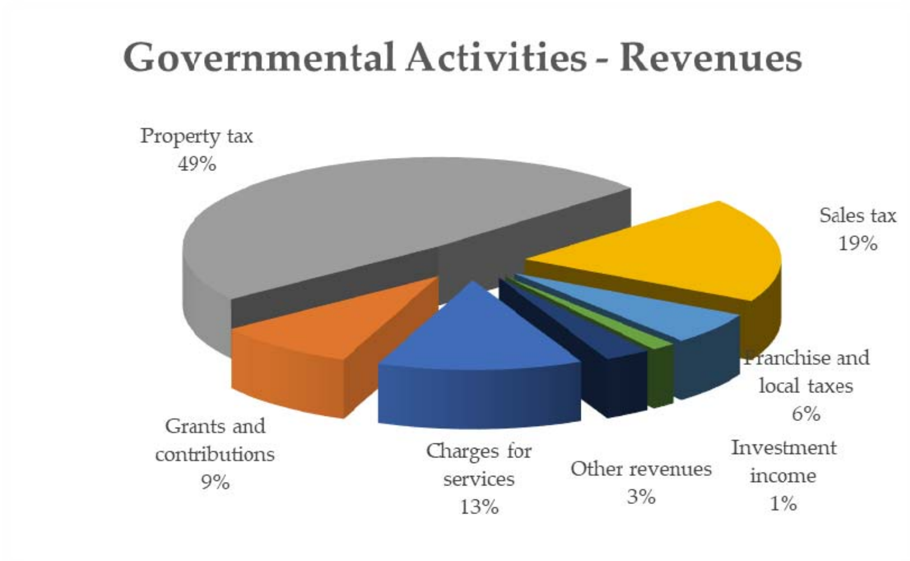
Governmental activities current assets increased by $3,815,406 due to a significant increase in cash reserves, which is attributable to the issuance of $3,390,000 Tax and Revenue Certificates of Obligation bonds. Governmental activities capital assets also increased $3,600,594 due to significant capital project activity.

Statement of Activities:

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

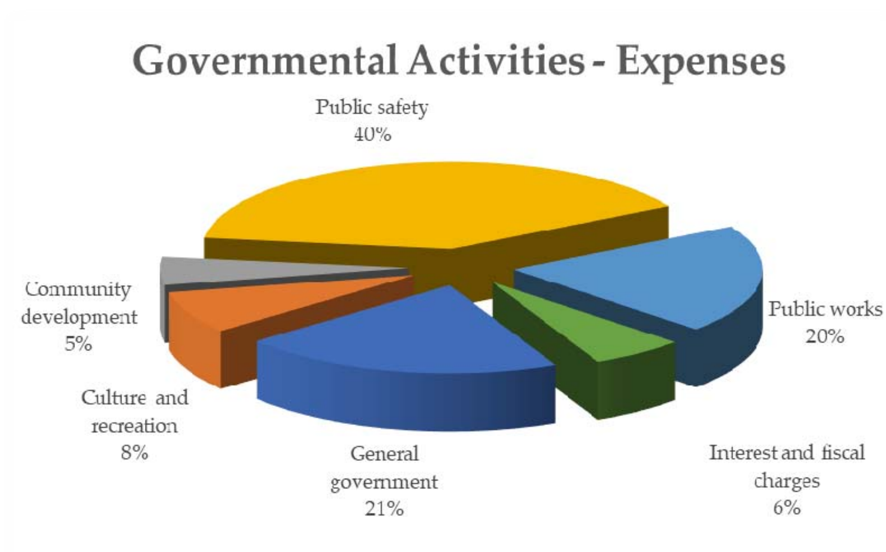
	For the Year Ended September 30, 2018			For the Year Ended September 30, 2017		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 2,207,755	$ 11,936,977	$ 14,144,732	$ 2,045,599	$ 11,175,375	$ 13,220,974
Operating grants	204,610	-	204,610	126,478	-	126,478
Capital grants	1,319,107	2,263,131	3,582,238	2,166,109	-	2,166,109
General revenues:						
Property tax	8,270,706	-	8,270,706	7,655,907	-	7,655,907
Sales tax	3,244,108	-	3,244,108	2,989,454	-	2,989,454
Franchise and local taxes	1,001,000	-	1,001,000	938,187	-	938,187
Investment income	259,866	48,199	308,065	110,551	24,796	135,347
Other revenues	495,695	139,829	635,524	603,343	174,389	777,732
Total Revenues	17,002,847	14,388,136	31,390,983	16,635,628	11,374,560	28,010,188
Expenses						
General government	3,379,283	-	3,379,283	3,967,197	-	3,967,197
Culture and recreation	1,252,029	-	1,252,029	1,291,120	-	1,291,120
Community development	833,796	-	833,796	874,222	-	874,222
Public safety	6,404,119	-	6,404,119	6,173,169	-	6,173,169
Public works	3,230,070	-	3,230,070	3,037,032	-	3,037,032
Interest and fiscal charges	983,114	891,073	1,874,187	931,650	932,866	1,864,516
Public utility	-	5,418,007	5,418,007	-	5,085,476	5,085,476
Airport	-	369,772	369,772	-	382,357	382,357
Cemetery operating	-	160,970	160,970	-	175,374	175,374
Sanitation	-	1,403,324	1,403,324	-	1,378,240	1,378,240
Total Expenses	16,082,411	8,243,146	24,325,557	16,274,390	7,954,313	24,228,703
Change in Net Position Before Transfers	920,436	6,144,990	7,065,426	361,238	3,420,247	3,781,485
Transfers	1,873,913	(1,873,913)	-	1,493,201	(1,493,201)	-
Total	1,873,913	(1,873,913)	-	1,493,201	(1,493,201)	-
Change in Net Position	2,794,349	4,271,077	7,065,426	1,854,439	1,927,046	3,781,485
Beginning Net Position	44,625,375	16,183,229	60,808,604	42,770,936	14,256,183	57,027,119
Ending Net Position	$ 47,419,724	$ 20,454,306	$ 67,874,030	$ 44,625,375	$ 16,183,229	$ 60,808,604

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



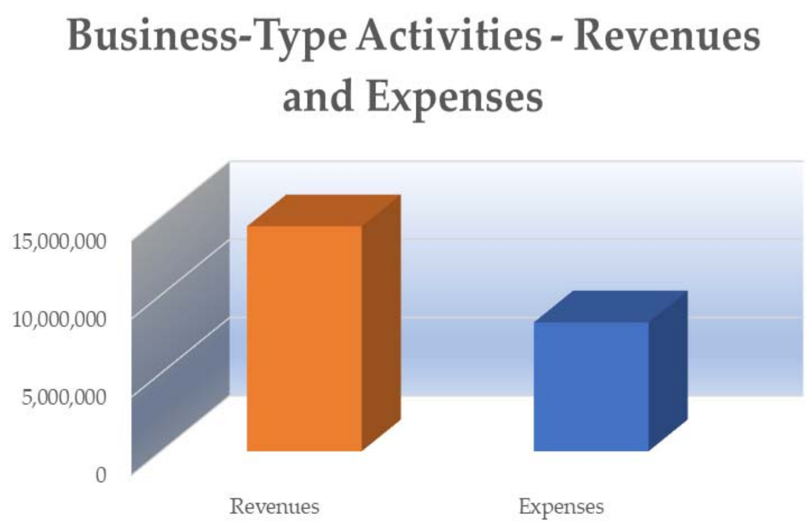
For the year ended September 30, 2018, revenues from governmental activities totaled $17,002,847. Property tax, charges for services and sales tax are the City's largest general revenue sources. Overall revenue increased $367,219 or 2% from the prior year. Property tax revenue increased $614,799 due to an increase in property values and a growing tax base. Charges for services increased $162,156 due to an increase in fines and fees. Grants and contributions decreased $768,870 primarily as a result of two large nonrecurring grants occurring in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2018, expenses for governmental activities totaled $16,082,411. This represents a decrease of $191,979 or 1% from the prior year. The City's largest functional expense is public safety totaling $6,404,119. Public safety increased $230,950 or 4% when compared to the prior year due to salaries and benefits and vehicle rental expenses. General government decreased by $587,914 or 15% due to nonrecurring grant expenditures in the prior year. All remaining expenses remained relatively consistent with the previous year.

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



For the year ended September 30, 2018, charges for services by business-type activities totaled $11,936,977. This is an increase of $761,602, or 7%, 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 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 increased $2,263,131 due to a significant capital contribution of airport assets from TXDOT. All remaining revenues remained relatively consistent with the previous year.

Total expenses increased $288,833 or 4% to a total of $8,243,146. Public utility expenses totaled $6,263,402 while airport, cemetery operations, and sanitation totaled $415,450, $160,970, and $1,403,324, respectively. The largest increase in expenses was seen in public utility expenses. This increase was mainly attributed to water cost and a growing customer base.

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, 2018, the City's governmental funds reported combined fund balances of $11,971,144, an increase of $1,394,444 in comparison with the prior year. Approximately 29% of this amount, $3,481,297**,** 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 $679,385, 2) committed $930,855 or 3) restricted for particular purposes $6,879,607.

As of the end of the year the general fund reflected a total fund balance of $5,447,340. Of this, $1,955,258 is considered restricted and $3,481,297 is unassigned. General fund balance increased by $874,736. This increase can be attributed to a budgeted surplus as well as positive budget variances in overall revenue.

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 $3,481,297 is 27% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of $3,978,176 as of yearend. Total fund balance increased by $856,225 from the prior year due to capital funding exceeding total capital outlay. During the year, the City expended $5,536,464 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of $576,086 at September 30, 2018, an increase of $185,967 when compared to the previous year. During the year, the fund recorded total principal and interest payments of $2,144,374 and property tax revenue of $2,079,214.

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 $14,926,870. Unrestricted net position at the close of the fiscal year amounted to $2,905,904, a total increase of $1,948,096 from the previous year. Total investment in capital assets, net of related debt of was $12,020,966, and capital assets, net of depreciation totaled $34,180,163.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year decreasing total budgeted expenditures by $41,070 and increasing total revenues by $659,934 resulting in a net increase in budgeted fund balance of $764,604. The primary reasons for the budget revision were due to higher than expected revenue from sales and property taxes and other revenue. Total budgeted revenues of $12,130,487 were less than actual revenues of $12,232,071, resulting in a total positive revenue variance of $101,584. Total budgeted expenditures of $12,926,838 were more than actual expenditures of $12,849,816, resulting in a total positive expenditure variance of $77,022. No department was significantly over budget for the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $67,052,969 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of $2,070,441. The City's business-type activities funds had invested $39,914,537 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 $3,164,969.
- Taylor Skate Park Improvements of $590,421
- Robinson Park Improvements of $178,811.
- 2017 Freightliner Vacuum Truck of $321,185
- Airport Hanger and Runway additions of $2,315,516

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 $2,715,844 or 5.57% from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $51,452,254, 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 has remained stable and is showing signs of growth as evidenced by new construction activity. The City continues to make infrastructure improvements throughout the City.

City of Taylor has seen some growth and has made adjustments to meet the new challenges. The City's Strategic Plan provides a framework for the future. Meeting these challenges takes financial resources, a Council vision directing the Strategic Plan, and management team to implement it.

The City Council goal is that the General Fund maintains three months of operating expenditures as a minimum of undesignated reserves, which currently equates to $3,212,454. At the end of fiscal year 2018, unassigned fund balance in the General Fund is $3,481,297. It is intended that the available fund balance beyond the minimum be used for capital outlay and personnel. For the fiscal year 2019, 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 2018-19 is $0.788 per $ 100 valuation. Of this tax rate 75 percent or $0.595998 is utilized for General Fund activities. The remaining 25 percent or $0.192002 is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2018-19 is estimated to be $6,462,729. Sales tax revenue for fiscal year 2018-19 is budgeted at $3,227,952.

The largest revenue source for the Utility Fund is water sales at $4,913,414. A water and sewer rate study was completed and adopted by Council during fiscal year 2014-2015 and rate increase were implemented beginning in the fiscal year 2015-16 with rate increases for the next four years ending in 2019. The water and sewer rate increases are to fund future projects and built up reserves in the Utility 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 $4,483,340 based on the fiscal year 2018-19 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 being assessed a tier rates that ranged from tier 1 to tier 6 ($25-$133 per month). The total annual revenue generated from the TUF is projected to be $793,698 for the fiscal year 2018-19. The TUF was designed to address a portion of the street repair and maintenance for Taylor's aged infrastructure but is not enough to meet the demands of all the poor rated streets.

The sanitation fee for residential garbage is a base charge of $ 12.04 per month with change in rates in the budget for the fiscal year 2018-19.

The drainage fee for a single-family dwelling is $3.00 per month in fiscal year 2018-19.

The City Council approved a residential curbside recycling program in December of 2017. The program initial cost was $3.25 per month per resident. Council approved a one-time cost sharing program with the City paying $.75 a month per resident. The resident cost to add recycling was $2.50 for the first year of service and then increase to $3.25 per month in fiscal year 2018-2019.

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.

Taylor Texas

CITY OF TAYLOR TX

FINANCIAL STATEMENTS

City of Taylor, Texas

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 9,942,936	$ 4,422,935	$ 14,365,871
Investments	4,299,604	495,108	4,794,712
Restricted cash-customer deposits	-	430,706	430,706
Receivables, net	1,226,550	1,199,401	2,425,951
Due from primary government	-	-	-
Internal balances	215,285	(215,285)	-
Inventories	-	139,948	139,948
	15,684,375	6,472,813	22,157,188
Land held for investment	-	-	-
Capital assets:			
Non-depreciable	9,793,548	6,578,916	16,372,464
Net depreciable capital assets	57,259,421	33,335,621	90,595,042
	67,052,969	39,914,537	106,967,506
Total Assets	82,737,344	46,387,350	129,124,694
Deferred Outflows of Resources			
Deferred charge on refunding	356,785	660,463	1,017,248
Pension contributions	592,083	98,790	690,873
OPEB contributions	3,485	582	4,067
OPEB (gains) losses	23,566	3,933	27,499
Pension assumption changes	14,072	2,348	16,420
Total Deferred Outflows of Resources	989,991	766,116	1,756,107
Liabilities			
Accounts payable and accrued liabilities	1,250,931	444,341	1,695,272
Customer deposits	-	430,706	430,706
Accrued interest payable	105,210	110,996	216,206
Long-term debt due within one year	3,174,899	1,601,856	4,776,755
Due to component unit	4,775	-	4,775
	4,535,815	2,587,899	7,123,714
Noncurrent liabilities:			
Net pension liability	3,653,526	609,598	4,263,124
OPEB liability	1,009,868	62,415	1,072,283
Due in more than one year	26,310,586	23,306,130	49,616,716
	30,973,980	23,978,143	54,952,123
Total Liabilities	35,509,795	26,566,042	62,075,837
Deferred Inflows of Resources			
Pension investment earnings	569,307	94,990	664,297
Pension (gains) losses	228,509	38,128	266,637
Total Deferred Inflows of Resources	797,816	133,118	930,934
Net Position			
Net investment in capital assets	45,342,543	16,205,762	61,548,305
Restricted for:			
Debt service	576,086	-	576,086
Capital projects	650,000	-	650,000
Community development	-	-	-
Cemetery land purchase	100,910	-	100,910
Moody museum	301,210	-	301,210
Library bequest funds	283,337	-	283,337
Cemetery - nonexpendable	679,385	-	679,385
Municipal court	115,234	-	115,234
Other purposes	874,654	-	874,654
Unrestricted	(1,503,635)	4,248,544	2,744,909
Total Net Position	$ 47,419,724	$ 20,454,306	$ 67,874,030

See Notes to Financial Statements.

Component Units	
Taylor EDC	Tax Increment Financing
$ 1,225,216	$ 269,924
-	495,571
-	-
192,958	-
4,775	-
-	-
-	-
1,422,949	765,495
384,512	-
-	-
2,390,169	-
2,774,681	-
4,197,630	765,495
-	-
-	-
-	-
-	-
-	-
-	-
4,531	9,910
-	-
4,126	-
187,657	-
-	-
196,314	9,910
-	-
1,868,720	-
1,868,720	-
2,065,034	9,910
-	-
345,532	-
-	-
-	
1,787,064	755,585
-	-
-	-
-	-
-	-
-	-
-	
-	-
$ 2,132,596	$ 755,585

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 3,379,283	$ 1,348,310	$ 204,610	$ -
Culture and recreation	1,252,029	-	-	-
Community development	833,796	-	-	1,319,107
Public safety	6,404,119	373,280	-	-
Public works	3,230,070	486,165	-	-
Interest and fiscal charges	983,114	-	-	-
Total Governmental Activities	16,082,411	2,207,755	204,610	1,319,107
Business-Type Activities				
Public Utility	6,263,402	9,756,417	-	-
Airport	415,450	413,634	-	2,263,131
Cemetery Operating	160,970	158,910	-	-
Sanitation	1,403,324	1,608,016	-	-
Total Business-Type Activities	8,243,146	11,936,977	-	2,263,131
Total Primary Government	$ 24,325,557	$ 14,144,732	$ 204,610	$ 3,582,238
Component Units				
Taylor Economic Development Corporation	$ 993,376	$ -	$ -	$ -
Tax Increment Financing	269,171	-	-	-
Total Component Units	$ 1,262,547	$ -	$ -	$ -

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
$ (1,826,363)	$ -	$ (1,826,363)	$ -	$ -
(1,252,029)	-	(1,252,029)	-	-
485,311	-	485,311	-	-
(6,030,839)	-	(6,030,839)	-	-
(2,743,905)	-	(2,743,905)	-	-
(983,114)	-	(983,114)	-	-
(12,350,939)	-	(12,350,939)	-	-
-	3,493,015	3,493,015	-	-
-	2,261,315	2,261,315	-	-
-	(2,060)	(2,060)	-	-
-	204,692	204,692	-	-
-	5,956,962	5,956,962	-	-
(12,350,939)	5,956,962	(6,393,977)	-	-
			(993,376)	-
			-	(269,171)
			(993,376)	(269,171)
8,270,706	-	8,270,706	-	176,962
3,244,108	-	3,244,108	-	-
1,001,000	-	1,001,000	-	-
259,866	48,199	308,065	1,079,462	10,311
495,695	139,829	635,524	355	103,456
1,873,913	(1,873,913)	-	45	-
15,145,288	(1,685,885)	13,459,403	1,079,862	290,729
2,794,349	4,271,077	7,065,426	86,486	21,558
44,625,375	16,183,229	60,808,604	2,046,110	734,027
$ 47,419,724	$ 20,454,306	$ 67,874,030	$ 2,132,596	$ 755,585

City of Taylor, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General	Capital Improvements	I & S For CO Bonds
Assets			
Cash and cash equivalents	$ 1,444,481	$ 4,536,355	$ 573,932
Investments	3,541,921	-	-
Receivables, net	1,020,126	22,000	49,094
Due from other funds	207,652	-	2,154
Total Assets	$ 6,214,180	$ 4,558,355	$ 625,180
Liabilities			
Accounts payable and accrued liabilities	$ 609,343	$ 580,179	$ -
Due to other funds	2,154	-	-
Due to component unit	4,775	-	-
Total Liabilities	616,272	580,179	-
Deferred Inflows of Resources			
Unavailable revenue - property taxes	150,568	-	49,094
Total Deferred Inflows of Resources	150,568	-	49,094
Fund Balances			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	576,086
Capital projects	650,000	3,978,176	-
Library donation fund	283,337	-	-
Roadway impact fund	188,710	-	-
Special revenue	-	-	-
Other purposes	833,211	-	-
Committed for:			
Drainage	10,785	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	3,481,297	-	-
Total Fund Balances	5,447,340	3,978,176	576,086
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,214,180	$ 4,558,355	$ 625,180

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,090,425	$ 7,645,193
757,683	4,299,604
135,330	1,226,550
203,945	413,751
$ 2,187,383	$ 13,585,098
$ 22,889	$ 1,212,411
194,952	197,106
-	4,775
217,841	1,414,292
-	199,662
-	199,662
679,385	679,385
-	576,086
-	4,628,176
-	283,337
-	188,710
370,087	370,087
-	833,211
35,510	46,295
884,560	884,560
-	3,481,297
1,969,542	11,971,144
$ 2,187,383	$ 13,585,098

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City of Taylor, Texas

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

September 30, 2018

Fund Balances - Total Governmental Funds	$	11,971,144
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		9,793,548
Capital assets - net depreciable		55,188,980
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		356,785
Pension contributions		580,977
OPEB contributions		3,420
Pension assumption changes		13,808
OPEB (gains) losses		23,124
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		327,203
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		(224,223)
Pension investment earnings		(558,628)
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Net pension liability		(3,584,994)
OPEB liability-Supplemental Death Fund		(367,058)
OPEB liability-Retiree Healthcare		(635,793)
Accrued interest		(105,210)
Bond premium		(881,062)
Bond discount		4,622
Non-current liabilities due in one year		(2,637,422)
Non-current liabilities due in more than one year		(22,049,159)
Net Position of Governmental Activities	$	47,419,724

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, 2018

	General	Capital Improvements	I & S For CO Bonds
Revenues			
Property tax	$ 6,160,461	$ -	$ 2,079,214
Sales tax	3,244,108	-	-
Franchise and local taxes	921,771	-	-
License and permits	280,039	-	-
Charges for services	279,208	-	-
Fines and forfeitures	349,049	-	-
Intergovernmental	174,610	1,319,107	-
Investment income	132,355	66,879	25,171
Other revenues	690,470	80,288	-
Total Revenues	12,232,071	1,466,274	2,104,385
Expenditures			
Current:			
General government	2,974,391	-	-
Culture and recreation	1,308,251	-	-
Community development	829,836	-	-
Public safety	6,333,181	-	-
Public works	1,404,157	-	-
Debt service:			
Principal retirement	-	-	1,455,000
Interest and fiscal charges	-	-	689,374
Bond issuance costs	-	70,444	41,772
Capital outlay	-	5,536,464	-
Unrealized loss on investments	-	-	-
Total Expenditures	12,849,816	5,606,908	2,186,146
Excess of Revenues Over (Under) Expenditures	(617,745)	(4,140,634)	(81,761)
Other Financing Sources (Uses)			
Transfers in	1,609,200	1,724,976	222,638
Transfers (out)	(116,719)	(205,216)	(7,447)
Bond issuance	-	3,390,000	1,435,000
Premium	-	87,099	162,303
Payment to refunding bond escrow agent	-	-	(1,544,766)
Total Other Financing Sources (Uses)	1,492,481	4,996,859	267,728
Net Change in Fund Balances	874,736	856,225	185,967
Beginning fund balances	4,572,604	3,121,951	390,119
Ending Fund Balances	$ 5,447,340	$ 3,978,176	$ 576,086

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 8,239,675
-	3,244,108
79,229	1,001,000
-	280,039
1,275,228	1,554,436
24,231	373,280
30,000	1,523,717
29,437	253,842
27,403	798,161
1,465,528	17,268,258
145,350	3,119,741
-	1,308,251
-	829,836
-	6,333,181
90,571	1,494,728
-	1,455,000
-	689,374
-	112,216
1,766	5,538,230
557	557
238,244	20,881,114
1,227,284	(3,612,856)
19,600	3,576,414
(1,769,368)	(2,098,750)
-	4,825,000
-	249,402
-	(1,544,766)
(1,749,768)	5,007,300
(522,484)	1,394,444
2,492,026	10,576,700
$ 1,969,542	$ 11,971,144

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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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	1,394,444
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		5,637,262
Depreciation expense		(2,052,184)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(324,578)
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		218,474
OPEB expense		(29,150)
Compensated absences		(142,705)
Other post employment benefits		(53,771)
Accrued interest		(14,530)
Amortization of deferred charges on refunding		(153,477)
Amortization of bond premium and discounts		83,211
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		1,455,000
Bonds issued		(4,825,000)
Bonds refunded		1,470,000
Premiums on debt issued		(249,402)
Deferred charge on refunding		74,766
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.		305,989
Change in Net Position of Governmental Activities	$	2,794,349

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Assets			
Current Assets			
Cash and cash equivalents	$ 2,858,674	$ 1,155,360	$ 212,164
Investments	495,108	-	-
Restricted cash:			
Customer deposits	430,706	-	-
Receivables, net	990,409	10,536	3,840
Due from other funds	-	1,360	-
Inventories	139,948	-	-
Total Current Assets	4,914,845	1,167,256	216,004
Noncurrent Assets			
Capital assets:			
Non-depreciable	2,871,390	3,707,526	-
Net depreciable capital assets	31,308,773	2,018,822	8,026
Total Noncurrent Assets	34,180,163	5,726,348	8,026
Total Assets	39,095,008	6,893,604	224,030
Deferred Outflows of Resources			
Deferred charge on refunding	656,620	3,843	-
Pension contributions	90,637	3,311	4,842
OPEB contributions	534	19	29
OPEB (gains) losses	3,608	132	193
Pension assumption changes	2,154	79	115
Total Deferred Outflows of Resources	753,553	7,384	5,179
Liabilities			
Current Liabilities			
Accounts payable	292,790	9,239	3,482
Customer deposits	430,706	-	-
Current maturities of long-term liabilities	1,571,856	30,000	-
Due to other funds	-	12,700	203,945
Accrued interest	104,945	6,051	-
Total Current Liabilities	2,400,297	57,990	207,427
Noncurrent Liabilities			
Long-term liabilities	21,782,709	1,523,421	-
OPEB liability	57,264	2,092	3,059
Net pension liability	559,289	20,429	29,880
Total Liabilities	24,799,559	1,603,932	240,366
Deferred Inflows of Resources			
Pension investment earnings	87,151	3,183	4,656
Pension (gains) losses	34,981	1,278	1,869
Total Deferred Inflows of Resources	122,132	4,461	6,525
Net Position			
Net investment in capital assets	12,020,966	4,176,770	8,026
Unrestricted	2,905,904	1,115,825	(25,708)
Total Net Position	$ 14,926,870	$ 5,292,595	$ (17,682)

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ 196,737	$ 4,422,935	$ 2,297,743
-	495,108	-
-	430,706	-
194,616	1,199,401	-
-	1,360	8,213
-	139,948	-
391,353	6,689,458	2,305,956
-	6,578,916	-
-	33,335,621	2,070,441
-	39,914,537	2,070,441
391,353	46,603,995	4,376,397
-	660,463	-
-	98,790	11,106
	582	65
	3,933	442
-	2,348	264
-	766,116	11,877
138,830	444,341	38,520
-	430,706	-
-	1,601,856	537,477
-	216,645	9,573
-	110,996	-
138,830	2,804,544	585,570
-	23,306,130	3,384,987
-	62,415	7,017
-	609,598	68,532
138,830	26,782,687	4,046,106
-	94,990	10,679
-	38,128	4,286
-	133,118	14,965
-	16,205,762	1,051,521
252,523	4,248,544	(724,318)
$ 252,523	$ 20,454,306	$ 327,203

City of Taylor, Texas

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

For the Year Ended September 30, 2018

	Business-Type Activities Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Operating Revenues			
Water revenue	$ 5,281,106	$ -	$ -
Sewer revenue	4,475,311	-	-
Airport services	-	413,634	-
Cemetery services	-	-	158,910
Sanitation	-	-	-
Other income	53,751	-	3,285
Charges for services	-	-	-
Rents and royalties	82,793	-	-
Total Operating Revenues	9,892,961	413,634	162,195
Operating Expenses			
Personnel services	1,405,443	75,777	89,367
Contractual services	2,352,352	201,454	69,886
Material and supplies	348,144	3,344	1,215
Depreciation	1,263,765	89,197	502
Total Operating Expenses	5,369,704	369,772	160,970
Operating Income (Loss)	4,523,257	43,862	1,225
Nonoperating Revenues (Expenses)			
Investment income	32,845	15,354	-
Interest expense	(845,395)	(45,678)	-
Bond issuance costs	(48,303)	-	-
Total Nonoperating Revenues (Expenses)	(860,853)	(30,324)	-
Income Before Transfers & Capital Contributions	3,662,404	13,538	1,225
Transfers and Capital Contributions			
Capital grants and contributions	-	2,263,131	-
Transfers in	212,663	-	25,627
Transfers (out)	(1,926,971)	(21,032)	-
Change in Net Position	1,948,096	2,255,637	26,852
Beginning net position	12,978,774	3,036,958	(44,534)
Ending Net Position	$ 14,926,870	$ 5,292,595	$ (17,682)

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ -	$ 5,281,106	$ -
-	4,475,311	-
-	413,634	-
-	158,910	-
1,608,016	1,608,016	-
-	57,036	53,143
-	-	1,202,454
-	82,793	-
1,608,016	12,076,806	1,255,597
-	1,570,587	157,316
1,403,324	4,027,016	524,866
-	352,703	-
-	1,353,464	573,528
1,403,324	7,303,770	1,255,710
204,692	4,773,036	(113)
-	48,199	6,024
-	(891,073)	(53,572)
-	(48,303)	(42,599)
-	(891,177)	(90,147)
204,692	3,881,859	(90,260)
-	2,263,131	-
-	238,290	396,249
(164,200)	(2,112,203)	-
40,492	4,271,077	305,989
212,031	16,183,229	21,214
$ 252,523	$ 20,454,306	$ 327,203

City of Taylor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2018

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
Cash Flows from Operating Activities			
Receipts from customers	$ 9,810,672	$ 422,709	$ 161,715
Payments to suppliers and contractors	(2,731,108)	(230,267)	(73,260)
Payments to employees for salaries and benefits	(1,367,759)	(74,807)	(96,846)
Net Cash Provided (Used) by Operating Activities	5,711,805	117,635	(8,391)
Cash Flows from Noncapital Financing Activities			
Transfer in	205,216	-	25,627
Transfer (out)	(1,926,971)	(21,032)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,721,755)	(21,032)	25,627
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(711,066)	(52,384)	-
Proceeds from capital debt	-	-	-
Principal paid on capital debt	(1,445,000)	(60,000)	-
Bond issuance costs	-	-	-
Interest paid on capital debt	(854,136)	(47,354)	-
Net Cash (Used) by Capital and Related Financing Activities	(3,010,202)	(159,738)	-
Cash Flows from Investing Activities			
Purchase of investments	(495,108)	-	-
Interest on investments	32,845	15,354	-
Net Cash Provided by Investing Activities	(462,263)	15,354	-
Net Increase (Decrease) in Cash and Cash Equivalents	517,585	(47,781)	17,236
Beginning cash and cash equivalents	2,771,795	1,203,141	194,928
Ending Cash and Cash Equivalents	$ 3,289,380	$ 1,155,360	$ 212,164

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ 1,589,041	$ 11,984,137	$ 1,255,597
(1,385,716)	(4,420,351)	(722,477)
-	(1,539,412)	(159,072)
203,325	6,024,374	374,048
-	230,843	396,249
(164,200)	(2,112,203)	-
(164,200)	(1,881,360)	396,249
-	(763,450)	(382,358)
-	-	2,456,670
-	(1,505,000)	(481,013)
-	-	(42,599)
-	(901,490)	(53,572)
-	(3,169,940)	1,497,128
-	(495,108)	-
-	48,199	6,024
-	(446,909)	6,024
39,125	526,165	2,273,449
157,612	4,327,476	24,294
$ 196,737	$ 4,853,641	$ 2,297,743

City of Taylor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ 4,523,257	$ 43,862	$ 1,225
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,263,765	89,197	502
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(107,200)	9,075	(480)
Due from other funds	-	(12,700)	-
Deferred Outflows of Resources:			
Pension contributions	(16,362)	(592)	303
OPEB contributions	(127)	(4)	(7)
OPEB gains/losses	(3,608)	(132)	(193)
Investment experience	203,622	7,446	12,724
Assumption changes	1,864	68	163
Increase (Decrease) in:			
Accounts payable	(30,612)	(12,769)	(2,159)
Customer deposits	24,911	-	-
Compensated absences	9,928	-	-
Net pension liability	(152,785)	(5,636)	(19,447)
OPEB liability	8,281	303	442
Deferred Inflows of Resources:			
Actual experience vs. assumption	(13,129)	(483)	(1,464)
Net Cash Provided (Used) by Operating Activities	$ 5,711,805	$ 117,635	$ (8,391)
Schedule of Non-Cash Capital and Related Financing Activities			
Issuance of capital lease	$ -	$ -	$ -
Capital contributions	-	2,263,131	-
Debt refunding	1,640,000	-	-
Total	$ 1,640,000	$ 2,263,131	$ -

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ 204,692	$ 4,773,036	$ (113)
-	1,353,464	573,528
(18,975)	(117,580)	-
-	(12,700)	(182,073)
-	(16,651)	(1,070)
-	(138)	(15)
-	(3,933)	(442)
-	223,792	26,417
-	2,095	279
17,608	(27,932)	(15,538)
-	24,911	-
-	9,928	1,960
-	(177,868)	(27,685)
	9,026	1,015
-	(15,076)	(2,215)
$ 203,325	$ 6,024,374	$ 374,048
$ -	$ -	$ 206,686
-	2,263,131	-
-	1,640,000	-
$ -	$ 3,903,131	$ 206,686

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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 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 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. Separately issued audited financial statements are not available.

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 one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

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.

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.

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 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.

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.

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 form 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 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.

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.

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.

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 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 rations. 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 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.

A. Expenditures Over Appropriations

For the year ended September 30, 2018, expenditures exceeded appropriations at the legal level of control as follows:

General Fund Transfers Out	$116,719
I&S for Bonds	$264,410
Cemetery Permanent	$14,249

B. Deficit Fund Balance

At September 30, 2018, the cemetery operating fund, has a deficit fund balance of $17,682. The deficit 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:

	Restricted	Committed
Debt service	$ 576,086	$ -
Capital projects	4,628,176	-
Cemetery land purchase	100,910	-
Municipal court	* 115,234	-
Moody museum	301,210	-
Library bequest funds	283,337	-
Roadway impact fees	188,710	-
PEG Fees	184,877	-
Pubic safety	245,345	
Other purposes	255,722	-
Drainage	-	46,295
Road maintenance	-	884,560
Total	$ 6,879,607	$ 930,855

* Restricted by enabling legislation

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Municipal bonds	$ 760,227	1.41	AAA
Federal Coupon Securities	533,405	0.09	AAA
Commercial paper	3,501,080	0.07	A-1
External investment pools	14,023,946	0.09	AAAm
Total fair value	$ 18,818,658		
Portfolio weighted average maturity		0.14	

As of September 30, 2018, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Commercial paper	$ 495,571	0.16	A-1
External investment pools	452,220	0.08	AAAm
Total fair value	$ 947,791		
Portfolio weighted average maturity		0.12	

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, 2018, 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 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, 2018, 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, 2018, 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 &

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.

The following table sets forth by level, within the fair value hierarchy, the City’s fair value measurements at September 30, 2018.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	$ 533,405	$ 533,405	$ -	$ -
Federal Coupon Securities	760,227	760,227	-	-
Commercial Paper	3,996,651	3,996,651	-	-
Total Assets at fair value	$ 5,290,283	$ 5,290,283	$ -	$ -

C. Receivables

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

	Governmental Activities				
	General	I&S for CO Bonds	Capital Improvements	Nonmajor Governmental	Total
Property taxes	$ 150,568	$ 49,094	$ -	$ -	$ 199,662
Sales tax	576,034	-	-	-	576,034
Franchise taxes	239,832	-	-	-	239,832
Accounts	-	-	-	139,194	139,194
Other	53,692	-	22,000	-	75,692
Allowance	-	-	-	(3,864)	(3,864)
	$ 1,020,126	$ 49,094	$ 22,000	$ 135,330	$ 1,226,550

	Business-Type Activities				
	Public Utilities	Airport	Cemetery Operating	Sanitation	Total
Accounts	$ 996,761	$ 10,536	$ 3,840	$ 197,307	$ 1,208,444
Allowance	(6,352)	-	-	(2,691)	(9,043)
	$ 990,409	$ 10,536	$ 3,840	$ 194,616	$ 1,199,401

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

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	$ 2,555,924	$ -	$ 1,100	$ 2,557,024
Construction in progress	4,102,778	5,478,317	(2,344,571)	7,236,524
Total capital assets not being depreciated	6,658,702	5,478,317	(2,343,471)	9,793,548
Capital assets, being depreciated:				
Streets and bridges	52,782,547	-	2,283	52,784,830
Parks and dams	13,116,338	17,609	12,000	13,145,947
Sidewalks, curbs and gutters	1,622,626	-	2,166,897	3,789,523
Buildings and improvements	9,547,828	59,265	98,230	9,705,323
Operating equipment	3,276,187	82,071	(311,888)	3,046,370
Equipment in internal service funds	4,482,230	589,044	(23,380)	5,047,894
Total capital assets being depreciated	84,827,756	747,989	1,944,142	87,519,887
Less accumulated depreciation				
Streets and bridges	15,848,029	1,327,876	-	17,175,905
Parks and dams	2,875,589	329,796	-	3,205,385
Sidewalks, curbs and gutters	490,401	93,833	-	584,234
Buildings and improvements	3,320,772	234,565	(64,061)	3,491,276
Operating equipment	3,071,987	66,114	(311,888)	2,826,213
Equipment in internal service funds	2,427,305	573,528	(23,380)	2,977,453
Total accumulated depreciation	28,034,083	2,625,712	(399,329)	30,260,466
Net capital assets being depreciated	56,793,673	(1,877,723)	2,343,471	57,259,421
Total Capital Assets	$ 63,452,375	$ 3,600,594	$ -	$ 67,052,969

Depreciation was charged to governmental functions as follows:

General government	$ 173,005
Public safety	124,583
Public works	1,754,596
Internal service funds	573,528
Total Governmental Activities Depreciation Expense	$ 2,625,712

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	2,289,394	2,972,487	-	5,261,881
Total capital assets not being depreciated	3,606,429	2,972,487	-	6,578,916
Capital assets, being depreciated:				
Plant distribution and collection	46,919,999	12,097	-	46,932,096
Buildings	7,638,503	-	-	7,638,503
Runway	2,238,416	-	-	2,238,416
Equipment	880,026	41,997	(113,194)	808,829
Total capital assets being depreciated	57,676,944	54,094	(113,194)	57,617,844
Less accumulated depreciation				
Plant distribution and collection	18,438,527	1,098,077	-	19,536,604
Buildings	2,999,066	187,701	-	3,186,767
Runway	745,013	55,960	-	800,973
Equipment	859,347	11,726	(113,194)	757,879
Total accumulated depreciation	23,041,953	1,353,464	(113,194)	24,282,223
Net capital assets being depreciated	34,634,991	(1,299,370)	-	33,335,621
Total Capital Assets	$ 38,241,420	$ 1,673,117	$ -	$ 39,914,537

Depreciation was charged to business-type activities as follows:

Depreciation was charged to business-type functions as follows:

Public Utilities	$ 1,263,765
Airport	89,197
Cemetery	502
Total Business-type Activities Depreciation Expense	$ 1,353,464

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
Commercial sign	17,244	-	-	17,244
Office Equipment	25,937	9,785	-	35,722
Total capital assets being depreciated	2,596,687	9,785	-	2,606,472
Less accumulated depreciation				
Industrial building	122,355	63,837	-	186,192
Commercial sign	1,868	1,724	-	3,592
Office Equipment	25,115	1,404	-	26,519
Total Accumulated Depreciation	149,338	66,965	-	216,303
Total Capital Assets, Net	$ 2,447,349	$ (57,180)	$ -	$ 2,390,169

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, 2018. 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	$ 10,205,000	$ 1,435,000	$ (1,005,000)	$ 10,635,000	$ 955,000
Combination Tax and Revenue Certificates of Obligation	11,490,000	5,440,000	(1,920,000)	15,010,000	840,000
Less deferred amounts:					
For discounts	(6,934)	-	2,312	(4,622)	-
For premiums	717,183	302,072	(85,523)	933,732	-
Total Bonds Payable	22,405,249	7,177,072	(3,008,211)	26,574,110	1,795,000
Note Payable - internal service fund	424,225	354,000	(195,568)	582,657	191,368
Capital Lease - internal service fund	1,310,951	206,686	(285,445)	1,232,192	201,658
Compensated Absences	948,876	470,551	(327,846)	1,091,581	982,423
Compensated Absences - internal service fund	2,985	5,657	(3,697)	4,945	4,451
Total Governmental Activities	$ 25,092,286	$ 8,213,966	$ (3,820,767)	$ 29,485,485	$ 3,174,899
	Long-term liabilities due in more than one year			$ 26,310,586	
Business-Type Activities:					
General Obligation Bonds	$ 8,685,000	$ 1,585,000	$ (480,000)	$ 9,790,000	$ 685,000
Combination Tax and Revenue Certificates of Obligation	16,690,000	-	(2,665,000)	14,025,000	890,000
Less deferred amounts:					
For discounts	(6,401)	-	2,134	(4,267)	-
For premiums	962,563	179,268	(74,418)	1,067,413	-
Total Bonds Payable	26,331,162	1,764,268	(3,217,284)	24,878,146	1,575,000
Compensated Absences	19,912	45,330	(35,402)	29,840	26,856
Total Business-Type Activities	$ 26,351,074	$ 1,809,598	$ (3,252,686)	$ 24,907,986	$ 1,601,856
	Long-term liabilities due in more than one year			$ 23,306,130	
Component Unit Activities:					
Line of Credit	$ 2,212,451	$ -	$ (167,814)	$ 2,044,637	$ 177,091
Compensated Absences	6,003	5,737	-	11,740	10,566
Total Component Unit Activities	$ 2,218,454	$ 5,737	$ (167,814)	$ 2,056,377	$ 187,657
	Long-term liabilities due in more than one year			$ 1,868,720	

Long-term liabilities 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.

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%	$ 335,000	$ 520,000	$ 855,000
$3,945,000 General Obligation Refunding Bonds, Series 2010, due in installments through 2022, interest at 1.5% to 4%	380,000	105,000	485,000
$5,450,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2025, interest at 1% to 2.5%	3,360,000	915,000	4,275,000
$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	2,210,000	1,620,000	3,830,000
$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%	1,405,000	1,565,000	2,970,000
Total General Obligation Bonds	$ 10,635,000	$ 9,790,000	$ 20,425,000
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%	$ -	$ 3,780,000	$ 3,780,000
$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,685,000	6,375,000	9,060,000
$8,780,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments through 2034, interest at 4.25% to 5%	190,000	180,000	370,000
$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2032, interest at 4.25% to 5%	2,260,000	-	2,260,000
$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,900,000	-	2,900,000
$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	1,535,000	3,690,000	5,225,000
$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	5,440,000	-	5,440,000
Total Combination Tax and Revenue/Certificates of Obligation	$ 15,010,000	$ 14,025,000	$ 29,035,000

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	$ 929,110	$ 1,063,144	$ 1,992,254
Notes Payable			
$300,000 Note Payable to Citizens Bank, due in monthly installments of $5,329 through June 2020, interest at 2.5%	109,357	-	109,357
$320,000 Note Payable to Citizens Bank, due in annual installments of $68,626 through August 2021, interest at 3.05%	193,763	-	193,763
$354,000 Note Payable to Signature Bank, due in annual installments of $75,167 through August 2022, interest at 2.98%	279,537	-	279,537
Capital Leases Payable:			
$53,931 Capital lease payable to John Deere, due in monthly installments of $4,733 through 2017, interest at 3.25%	45,539	-	45,539
$27,372 Capital lease payable to John Deere, due in monthly installments of $229 through 2018, interest at 3.25%	23,113	-	23,113
$72,633 Capital lease payable to Wells Fargo, due in monthly installments of $28,815 through 2017, interest at 3.25%	58,268	-	58,268
$52,750 Capital lease payable to Wells Fargo, due in monthly installments of $28,815 through 2017, interest at 3.25%	45,373	-	45,373
$1,030,100 Capital lease payable to Community Leasing, due in annually installments of $91,322 through 2030, interest at 3.79%	867,601	-	867,601
$496,000 Capital lease payable to JP Morgan Chase, due in quarterly installments of $103,218 through 2020, interest at 1.79%	192,298	-	192,298
Total Notes and Capital Leases Payable	1,814,849	-	1,814,849
Compensated Absences	1,096,526	29,840	1,126,366
Total Debt	$ 29,485,485	$ 24,907,984	$ 54,393,469

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**
2019	$ 955,000	$ 321,492	$ 685,000	$ 340,415
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	$ 10,635,000	$ 2,466,835	$ 9,790,000	$ 2,985,829

Combination Tax and Revenue Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	$ 840,000	$ 247,771	$ 890,000	$ 529,106
2020	920,000	234,527	945,000	493,497
2021	815,000	220,133	1,185,000	456,058
2022	830,000	208,093	1,230,000	408,381
2023	850,000	195,803	1,300,000	358,857
2024	1,215,000	182,888	1,540,000	306,735
2025	1,410,000	163,065	1,455,000	243,684
2026	1,745,000	139,393	1,530,000	186,193
2027	1,790,000	109,034	885,000	123,308
2028	1,115,000	77,965	270,000	90,110
2029	910,000	59,898	275,000	82,280
2030	940,000	44,833	285,000	74,305
2031	630,000	29,270	290,000	66,040
2032	655,000	18,310	300,000	57,630
2033	345,000	6,900	310,000	48,930
2034	-	-	320,000	39,940
2035	-	-	325,000	30,660
2036	-	-	340,000	21,235
2037	-	-	350,000	11,375
Total	$ 15,010,000	$ 1,937,878	$ 14,025,000	$ 3,628,323

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

Year ending	Governmental Activities					
September 30,	**Principal**		**Interest**		**Total**	
2019	$	201,658	$	41,355	$	243,013
2020		198,206		35,961		234,167
2021		109,390		30,405		139,795
2022		96,952		26,686		123,637
2023		73,590		23,533		97,123
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		87,987		3,335		91,322
Total	$	1,232,192	$	244,795	$	1,476,987

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

Year ending	Governmental Activities					
September 30,	**Principal**		**Interest**		**Total**	
2019	$	191,368	$	16,376	$	207,744
2020		180,849		10,907		191,757
2021		137,447		6,346		143,793
2022		72,992		2,175		75,167
Total	$	582,657	$	35,804	$	618,461

F. Advance Refunding

On December 14, 2017, the City issued $3,020,000 in general obligation refunding bonds with interests rates ranging from 2-4%. The proceeds were used to advance refund $455,000 of outstanding 2008 combination tax and revenue bonds which had an interest rate of 4% and $2,655,000 worth of 2010 combination tax and revenue bonds which had an interest rate of 4.25%. The net proceeds of $3,268,179 (after payment of $92,034 in underwriting fees and other issuance costs and premium of $341,572) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $158,179. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments over 12 years by $251,439 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $213,180.

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 $356,785 and $660,463, respectively. Current year amortization expense for governmental and business-type activities totaled $153,477 and $61,867, respectively.

H. Interfund Transactions

Transfers between the primary government funds during the 2018 year were as follows:

	Transfer In:							
Transfer out:	**General**	**Capital Improvements**	**I&S for CO Bonds**	**Public Utilities**	**Nonmajor Governmental**	**Cemetery Operating**	**Equipment Replacement**	**Total**
General	$ -	$ 102,119	$ -	$ -	$ 14,600	$ -	$ -	$ 116,719
Nonmajor Governmental	180,000	1,427,216	131,525	-	5,000	25,627	-	1,769,368
Public Utilities	1,250,000	195,641	91,113	-	-	-	390,217	1,926,971
Airport	15,000	-	-	-	-	-	6,032	21,032
Sanitation	164,200	-	-	-	-	-	-	164,200
Capital Improvements	-	-	-	205,216	-	-	-	205,216
I&S for CO Bonds	-	-	-	7,447	-	-	-	7,447
Total	$ 1,609,200	$ 1,724,976	$ 222,638	$ 212,663	$ 19,600	$ 25,627	$ 396,249	$ 4,210,953

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, 2018 were as follows:

	Receivable Fund:					
Payable Fund:	**General**	**I&S For CO**	**Nonmajor**	**Aiport**	**Equipment**	**Total**
General	$ -	$ 2,154	$ -	$ -	$ -	2,154
Airport	12,700	-	-	-	-	12,700
Cemetary operating	-	-	203,945	-	-	203,945
Nonmajor governmental	194,952	-	-	-	-	194,952
Equipment replacement	-	-	-	1,360	8,213	9,573
Total	$ 207,652	$ 2,154	$ 203,945	$ 1,360	$ 8,213	$ 423,324

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.

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.

The City was sued by a neighboring water supply corporation alleging that the City inversely condemned part of their property. The City denies any such claim and continues to defend itself. The possible outcome or range of losses associated with this claim could not be estimated at the time this financial report was prepared.

The City has a commitment to The Brazos River Authority to pay the Authority annually for the water made available to the City not to exceed 8,525 acre-feet of water per fiscal year. The current base floor is 850.28 at $1.88 per 1,000 gallons.

C. Construction Commitments

In March 2017, The City of Taylor was notified of their award for a matching grant for $500,000 from Texas Parks and Wildlife to make enhancements to Heritage Square Park and to build a Skatepark in downtown Taylor. The City entered into a contract for the construction improvements for the Heritage Square Park. The construction cost of the project is $3,814,242 with a partially state grant funding of $125,000. As of September 30, 2018 the City had an outstanding commitment of $858,038. The features in this park includes amphitheater, splash pad, rest rooms, public art and seating in a plaza area. The City has hired a grant administrator for this project in the amount of $24,000 which remains outstanding as of September 30, 2018. The City has a contract with an engineering firm that will provide oversight on this project in the amount of which the City pays on an hourly rate.

The City as a contract for drainage improvements for nine miscellaneous projects in the amount of $610,964 with $77,431 remaining at September 30, 2018.

The City has a contract with for landscaping and street work at the Skate Park in the amount of $478,813 with $428,574 remaining at September 30, 2018.

The City has a contract with an engineering firm for the Taylor Municipal Airport AWOS construction administration in the amount of $50,000 with $49,138 remaining at September 30, 2018.

The City has active construction project at the Wastewater Treatment Plant as of September 30, 2018. The remaining commitment with contractor at September 30, 2018 totaled $265,407.

D. Defined Benefit Pension Plans

1. <u>Plan Description</u>

The City of Taylor, Texas participates as one of 883 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:

	Plan Year 2017	Plan Year 2016
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
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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits		90
Inactive employees entitled to but not yet receiving benefits		131
Active employees		148
	Total	**369**

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 11.90% and 11.89% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were $939,559, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

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.

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 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 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/16	$ 28,609,228	$ 22,698,716	$ 5,910,512
Changes for the year:			
Service cost	1,041,311	-	1,041,311
Interest	1,924,860	-	1,924,860
Difference between expected and actual experience	(109,310)	-	(109,310)
Changes of assumptions	-	-	-
Contributions – employer	-	865,382	(865,382)
Contributions – employee	-	508,931	(508,931)
Net investment income	-	3,147,066	(3,147,066)
Benefit payments, including refunds of emp. contributions	(1,226,886)	(1,226,886)	-
Administrative expense	-	(16,304)	16,304
Other changes	-	(826)	826
Net changes	1,629,975	3,277,363	(1,647,388)
Balance at 12/31/17	$ 30,239,203	$ 25,976,079	$ 4,263,124

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%
$ 8,889,721	$ 4,263,124	$ 529,207

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.tmrs.com.

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

For the year ended September 30, 2018, the City recognized pension expense of $733,282.

At September 30, 2018, 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	$ -	$ 664,297
Changes in actuarial assumptions	16,420	-
Differences between expected and actual economic experience	-	266,637
Contributions subsequent to the measurement date	690,873	-
Total	$ 707,293	$ 930,934

The City reported $690,873 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2018	$	(155,752)
2019		(88,392)
2020		(347,388)
2021		(322,982)
2022		-
Thereafter		-
	$	(914,514)

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 2017	Plan Year 2016
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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	22
Active employees	148
Total	237

The City's contributions to the TMRS SDBF for the years ended 2018, 2017 and 2016 were $5,321, $4,664 and $5,282, respectively, which equaled the required contributions each year.

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
2016	0.08%	0.08%	100.0%
2017	0.06%	0.06%	100.0%
2018	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, 2017, 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, 2017 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	3.31%
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.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.31%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

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

The following presents the net pension liability of the City, calculated using the discount rate of 3.31%, 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 (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

1% Decrease (2.31%)	Current Single Rate Assumption 3.31%	1% Increase (4.31%)
$ 522,923	$ 436,490	$ 369,783

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/16	$ 373,370
Changes for the year:	
Service Cost	19,565
Interest	14,401
Changes of assumptions	33,502
Benefit payments	(4,348)
Net changes	63,120
Balance at 12/31/17	$ 436,490

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

For the year ended September 30, 2018, the City recognized OPEB expense of $39,970.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

		Deferred Outflows of Resources
Difference between projected and investment earnings	$	27,499
Contributions subsequent to measurement date		4,067
Total	**$**	31,566

The City reported $4,067 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, 2019.

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

Year ended December 31:		
2018	$	6,004
2019		6,004
2020		6,004
2021		6,004
2022		3,483
Thereafter		-
	$	27,499

E. <u>Deferred Compensation Plan</u>

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.

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 $47,624 for the year ended September 30, 2018.

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.

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 office 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.

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, 2018.

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

The following presents the net pension liability of the City, calculated using the discount rate of 4.06%, 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 (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%)**
$ 396,262	$ 635,793	$ 582,922

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at 9/30/2017	$	582,022
Changes for the year:		
Service Cost		42,669
Interest		25,079
Benefit payments		(13,977)
Net changes		53,771
Balance at 9/30/2018	$	635,793

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

For the year ended September 30, 2018, the City recognized OPEB expense of $67,748. 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:

Status	Employee	Employee & Spouse
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 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

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

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, 2018:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year Property Tax	Amount of Taxes Abated during the Fiscal Year Sales Tax
Cabinet and door manufacturer to conduct business in City limits for creation of employment opportunities and economic activity.	50%	$ -	$ 31,997
Construction of a 12,500sf food and entertainment venue to create positive economic benefits through employment and tax revenue.	90%	8,738	-
Construction and operation of a window manufacturing business create positive economic benefits through employment and tax revenue.	50%	4,786	-
Total		**$ 13,524**	**$ 31,997**

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 the implementation of GASB No. 75, the City restated its beginning net position within governmental activities, business-type activities, public utilities, airport, cemetery operating, and equipment services to properly reflect the total OPEB liability and related deferred outflows and inflows of resources, as prescribed by this accounting standard. This adjustment was recorded at the fund level for proprietary funds only and recorded at the government-wide level for both governmental and business-type activities. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	Equipment Services
Prior year ending net position/ fund balance as reported	$ 45,195,384	$ (72,163)
Impact of implementation of GASB 75	(569,009)	(5,952)
Restated beginning net position/fund balance	$ 44,626,375	$ (78,115)

	Business-Type Activities	Public Utilities	Airport	Cemetery Operating
Prior year ending net position/fund balance as reported	$ 16,236,173	$ 13,027,349	$ 3,038,732	$ (41,939)
Impact of implementation of GASB 75	(52,944)	(48,575)	(1,774)	(2,595)
Restated beginning net position/fund balance	$ 16,183,229	$ 12,978,774	$ 3,036,958	$ (44,534)

I. Subsequent Events

There were no material subsequent events through March 8, 2019, 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 6,097,589	$ 6,160,461	$ 6,160,461	$ -
Sales tax	3,133,934	3,193,887	3,244,108	50,221
Franchise and local taxes	872,755	888,581	921,771	33,190
License and permits	283,220	280,039	280,039	-
Charges for services	299,400	279,208	279,208	-
Fines and forfeitures	465,005	336,665	349,049	12,384
Intergovernmental	156,735	173,490	174,610	1,120
Investment income	26,300	124,368	132,355	7,987
Other revenues	135,615	693,788	690,470	(3,318)
Total Revenues	11,470,553	12,130,487	12,232,071	101,584
Expenditures				
Current:				
General government				
City council	144,012	131,706	141,469	(9,763)
City management	543,753	592,353	593,974	(1,621)
Public information	144,894	136,959	136,960	(1)
Human resources	200,621	218,901	207,362	11,539
Financial services	623,028	547,492	548,696	(1,204)
Municipal court	349,225	377,121	381,057	(3,936)
Building maintenance	421,690	535,077	535,774	(697)
Information technology	144,785	168,009	168,196	(187)
Nondepartmental	575,082	356,429	241,690	114,739
Library grant/donation	14,399	19,212	19,213	(1)
Total general government	3,161,489	3,083,259	2,974,391	108,868
Culture and recreation				
Moody museum	6,691	5,711	5,712	(1)
Public library	470,691	456,223	457,484	(1,261)
Parks and recreation	879,048	848,857	845,055	3,802
Total culture and recreation	1,356,430	1,310,791	1,308,251	2,540

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	$ 823,085	$ 728,241	$ 730,122	$ (1,881)
Main Street program	82,352	99,510	99,714	(204)
Total community development	905,437	827,751	829,836	(2,085)
Public safety				
Fire department	2,405,448	2,511,377	2,517,979	(6,602)
Police department	3,478,096	3,606,475	3,616,392	(9,917)
Animal control	196,374	198,436	198,810	(374)
Total public safety	6,079,918	6,316,288	6,333,181	(16,893)
Public works				
Maintenance	1,334,863	1,297,975	1,313,383	(15,408)
Engineering and inspection	129,771	90,774	90,774	-
Total public works	1,464,634	1,388,749	1,404,157	(15,408)
Total Expenditures	12,967,908	12,926,838	12,849,816	77,022
Revenues Over (Under) Expenditures	(1,497,355)	(796,351)	(617,745)	178,606
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,609,200	1,609,200	1,609,200	-
Transfers (out)	(64,600)	-	(116,719)	(116,719) *
Total Other Financing Sources (Uses)	1,544,600	1,609,200	1,492,481	(116,719)
Net Change in Fund Balance	$ 47,245	$ 812,849	874,736	$ 61,887
Beginning fund balance			4,572,604	
Ending Fund Balance			$ 5,447,340	

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.

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 [1]	
$	1,041,311
	1,924,860
	-
	(109,310)
	-
	(1,226,886)
	1,629,975
	28,609,228
	30,239,203
$	865,382
	508,931
	3,147,066
	(1,226,886)
	(16,304)
	(826)
	3,277,363
	22,698,716
$	25,976,079
$	4,263,124
	85.90%
$	7,246,423
	58.83%

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
Actuarially determined employer contributions	$ 939,599	$ 853,691	$ 812,004	$ 830,507
Contributions in relation to the actuarially determined contribution	$ 939,599	$ 853,691	$ 812,004	$ 830,507
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 7,900,339	$ 7,124,866	$ 6,602,710	$ 6,572,876
Employer contributions as a percentage of covered payroll	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	28 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:

	12/31/2017 [1]
Total OPEB liability	
Service cost	$ 19,565
Interest	14,401
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	33,502
Benefit payments, including refunds of participant contributions	(4,348)
Net change in total OPEB liability	63,120
Total OPEB liability - beginning	373,370
Total OPEB liability - ending (a)	$ 436,490 [2]
Covered payroll	$ 7,246,423
City's total OPEB liability as a percentage of covered payroll	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.

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City of Taylor, Texas

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

RETIREE HEALTHCARE

Year Ended:

	September 30, 2018 [1]
Total OPEB liability	
Service cost	$ 42,669
Interest	25,079
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of participant contributions	(13,977)
Net change in total OPEB liability	53,771
Total OPEB liability - beginning	582,022
Total OPEB liability - ending (a)	$ 635,793 [2]
Covered payroll	$ 6,466,936
City's total OPEB liability as a percentage of covered payroll	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.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of Taylor, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
Assets					
Cash and cash equivalents	$ 81,119	$ 4,252	$ 68,572	$ -	$ 115,234
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	203,945	-
Total Assets	$ 81,119	$ 4,252	$ 68,572	$ 203,945	$ 115,234
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 2	$ -
Due to other funds	-	-	-	103,033	-
Total Liabilities	-	-	-	103,035	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	81,119	4,252	68,572	100,910	115,234
Committed	-	-	-	-	-
Total Fund Balances	81,119	4,252	68,572	100,910	115,234
Total Liabilities and Fund Balances	$ 81,119	$ 4,252	$ 68,572	$ 203,945	$ 115,234

Drainage	Transportation User Fee	Total Nonmajor Special Revenue	Cemetery Permanent Fund	Total Nonmajor Governmental
$ -	$ 821,248	$ 1,090,425	$ -	$ 1,090,425
-	-	-	757,683	757,683
49,131	86,199	135,330	-	135,330
-	-	203,945	-	203,945
$ 49,131	$ 907,447	$ 1,429,700	$ 757,683	$ 2,187,383
$ -	$ 22,887	$ 22,889	$ -	$ 22,889
13,621	-	116,654	78,298	194,952
13,621	22,887	139,543	78,298	217,841
-	-	-	679,385	679,385
-	-	370,087	-	370,087
35,510	884,560	920,070	-	920,070
35,510	884,560	1,290,157	679,385	1,969,542
$ 49,131	$ 907,447	$ 1,429,700	$ 757,683	$ 2,187,383

City of Taylor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
Revenues					
Hotel occupancy tax	$ 79,229	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	24,231
Intergovernmental	-	-	30,000	-	-
Other revenue	-	-	27,403	-	-
Investment income	-	-	-	2,450	-
Total Revenues	79,229	-	57,403	2,450	24,231
Expenditures					
General government	67,724	-	49,564	-	27,329
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrealized loss on investments	-	-	-	-	-
Total Expenditures	67,724	-	49,564	-	27,329
Revenues Over (Under) Expenditures	11,505	-	7,839	2,450	(3,098)
Other Financing Sources (Uses)					
Transfers in	-	-	19,600	-	-
Transfers (out)	(5,000)	-	-	(95,716)	-
Total Other Financing Sources (Uses)	(5,000)	-	19,600	(95,716)	-
Net Change in Fund Balances	6,505	-	27,439	(93,266)	(3,098)
Beginning fund balances	74,614	4,252	41,133	194,176	118,332
Ending Fund Balances	$ 81,119	$ 4,252	$ 68,572	$ 100,910	$ 115,234

Drainage	Transportation User Fee	Total Nonmajor Special Revenue	Cemetery Permanent Fund	Total Nonmajor Governmental
$ -	$ -	$ 79,229	$ -	$ 79,229
486,165	781,258	1,267,423	7,805	1,275,228
-	-	24,231	-	24,231
-	-	30,000	-	30,000
-	-	27,403	-	27,403
-	-	2,450	26,987	29,437
486,165	781,258	1,430,736	34,792	1,465,528
658	-	145,275	75	145,350
-	90,571	90,571	-	90,571
1,766	-	1,766	-	1,766
-	-	-	557	557
2,424	90,571	237,612	632	238,244
483,741	690,687	1,193,124	34,160	1,227,284
-	-	19,600	-	19,600
(927,934)	(715,091)	(1,743,741)	(25,627)	(1,769,368)
(927,934)	(715,091)	(1,724,141)	(25,627)	(1,749,768)
(444,193)	(24,404)	(531,017)	8,533	(522,484)
479,703	908,964	1,821,174	670,852	2,492,026
$ 35,510	$ 884,560	$ 1,290,157	$ 679,385	$ 1,969,542

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 1,958,166	$ 2,082,235	$ 2,079,214	$ (3,021)
Investment income	4,700	25,170	25,171	1
Total Revenues	1,962,866	2,107,405	2,104,385	(3,020)
Expenditures				
Debt service:				
Principal retirement	1,425,000	1,273,888	1,455,000	(181,112)
Interest and fiscal charges	713,168	647,848	689,374	(41,526)
Bond issuance costs	-	-	41,772	(41,772)
Total Expenditures	2,138,168	1,921,736	2,186,146	(264,410) *
Excess of Revenues Over (Under) Expenditures	(175,302)	185,669	(81,761)	(267,430)
Other Financing Sources (Uses)				
Transfers in	131,525	-	222,638	222,638
Transfers (out)	-	-	(7,447)	(7,447)
Issuance of bonds	-	-	1,435,000	1,435,000
Premium	-	-	162,303	162,303
Payment to refunding bond escrow agent	-	-	(1,544,766)	(1,544,766)
Total Other Financing Sources (Uses)	131,525	-	267,728	267,728
Net Change in Fund Balance	$ (43,777)	$ 185,669	185,967	$ 298
Beginning fund balance			390,119	
Ending Fund Balance			$ 576,086	

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
HOTEL/MOTEL TAX

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Hotel occupancy tax	$ 77,835	$ 83,574	$ 79,229	$ (4,345)
Total Revenues	77,835	83,574	79,229	(4,345)
Expenditures				
General government	50,000	67,724	67,724	-
Total Expenditures	50,000	67,724	67,724	-
Excess of Revenues Over (Under) Expenditures	27,835	15,850	11,505	(4,345)
Other Financing Sources (Uses)				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(5,000)	-
Net Change in Fund Balance	$ 22,835	$ 10,850	6,505	$ (4,345)
Beginning fund balance			74,614	
Ending Fund Balance			$ 81,119	

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

MAIN STREET REVENUE

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 30,000	$ 30,000	$ 30,000	-
Other revenue	25,000	27,403	27,403	$ -
Total Revenues	55,000	57,403	57,403	-
Expenditures				
General government	69,900	49,564	49,564	-
Total Expenditures	69,900	49,564	49,564	-
Excess of Revenues Over (Under) Expenditures	(14,900)	7,839	7,839	-
Other Financing Sources (Uses)				
Transfers in	19,600	19,600	19,600	-
Total Other Financing Sources (Uses)	19,600	19,600	19,600	-
Net Change in Fund Balance	$ 4,700	$ 27,439	27,439	$ -
Beginning fund balance			41,133	
Ending Fund Balance			$ 68,572	

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 14,200	$ 24,232	$ 24,231	$ (1)
Total Revenues	14,200	24,232	24,231	(1)
Expenditures				
General government	10,320	27,330	27,329	1
Total Expenditures	10,320	27,330	27,329	1
Net Change in Fund Balance	$ 3,880	$ (3,098)	(3,098)	$ -
Beginning fund balance			118,332	
Ending Fund Balance			$ 115,234	

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 182,309	$ 176,962	$ 176,962	$ -
Intergovernmental	108,068	103,456	103,456	-
Investment income	2,650	10,311	10,311	-
Total Revenues	293,027	290,729	290,729	-
Expenditures				
General government	55,000	269,171	269,171	-
Total Expenditures	55,000	269,171	269,171	-
Net Change in Fund Balance	$ 238,027	$ 21,558	21,558	$ -
Beginning fund balance			734,027	
Ending Fund Balance			$ 755,585	

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 498,409	$ 474,877	$ 486,165	$ 11,288
Total Revenues	498,409	474,877	486,165	11,288
Expenditures				
General government	500	657	658	(1)
Capital outlay	-	1,766	1,766	-
Total Expenditures	500	2,423	2,424	(1)
Excess of Revenues Over (Under) Expenditures	497,909	472,454	483,741	11,287
Other Financing Sources (Uses)				
Transfers (out)	(311,525)	(927,934)	(927,934)	-
Total Other Financing Sources (Uses)	(311,525)	(927,934)	(927,934)	-
Net Change in Fund Balance	$ 186,384	$ (455,480)	(444,193)	$ 11,287
Beginning fund balance			479,703	
Ending Fund Balance			$ 35,510	

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
CEMETERY PERMANENT

For the Year Ended September 30, 2018

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Charges for services	$ 3,000	$ 7,805	$ 4,805	
Investment income	12,000	26,987	14,987	
Total Revenues	15,000	34,792	19,792	
Expenditures				
General government	10	75	(65)	
Unrealized loss on investments	-	557	(557)	
Total Expenditures	10	632	(622)	*
Excess of Revenues Over (Under) Expenditures	14,990	34,160	19,170	
Other Financing Sources (Uses)				
Transfers (out)	(12,000)	(25,627)	(13,627)	
Total Other Financing Sources (Uses)	(12,000)	(25,627)	(13,627)	*
Net Change in Fund Balance	$ 2,990	8,533	$ 5,543	
Beginning fund balance		670,852		
Ending Fund Balance		$ 679,385		

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 TRANSPORTATION USER FEE

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 792,604	$ 765,690	$ 781,258	$ 15,568
Total Revenues	792,604	765,690	781,258	15,568
Expenditures				
Public works	200,000	90,571	90,571	-
Total Expenditures	200,000	90,571	90,571	-
Excess of Revenues Over (Under) Expenditures	592,604	675,119	690,687	15,568
Other Financing Sources (Uses)				
Transfers (out)	(610,000)	(715,091)	(715,091)	-
Total Other Financing Sources (Uses)	(610,000)	(715,091)	(715,091)	-
Net Change in Fund Balance	$ (17,396)	$ (39,972)	(24,404)	$ 15,568
Beginning fund balance			908,964	
Ending Fund Balance			$ 884,560	

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, 2018

	Equipment Services	Equipment Replacement	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 10,015	$ 2,287,728	$ 2,297,743
Due from other funds	8,213	-	8,213
Total Current Assets	18,228	2,287,728	2,305,956
Noncurrent Assets			
Capital assets:			
Machinery and equipment	-	2,070,441	2,070,441
Total Noncurrent Assets	-	2,070,441	2,070,441
Total Assets	18,228	4,358,169	4,376,397
Deferred Outflows of Resources			
Pension contributions	11,106	-	11,106
SDB OPEB contributions	65		65
SDB OPEB (gains) losses	442	-	442
Pension assumption changes	264	-	264
Total Deferred Outflows of Resources	11,877	-	11,877
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	11,441	27,079	38,520
Current maturities of long-term liabilities	4,451	533,026	537,477
Due to other funds	-	9,573	9,573
Total Current Liabilities	15,892	569,678	585,570
Noncurrent Liabilities			
Long-term liabilities	494	3,384,493	3,384,987
OPEB liability	7,017	-	7,017
Net pension liability	68,532	-	68,532
Total Liabilities	91,935	3,954,171	4,046,106
Deferred Inflows of Resources			
Pension investment earnings	10,679	-	10,679
Pension (gains) losses	4,286	-	4,286
Total Deferred Inflows of Resources	14,965	-	14,965
Net Position			
Net investment in capital assets	-	1,051,521	1,051,521
Unrestricted	(76,795)	(647,523)	(724,318)
Total Net Position	$ (76,795)	$ 403,998	$ 327,203

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, 2018

	Equipment Services	Equipment Replacement	Total
Operating Revenues			
Charges for services	$ 676,492	$ 525,962	$ 1,202,454
Other revenue	2,084	51,059	53,143
Total Operating Revenues	678,576	577,021	1,255,597
Operating Expenses			
Personnel services	157,316	-	157,316
Contractual services	519,940	4,926	524,866
Depreciation	-	573,528	573,528
Total Operating Expenses	677,256	578,454	1,255,710
Operating Income (Loss)	1,320	(1,433)	(113)
Nonoperating Revenues (Expenses)			
Investment income	-	6,024	6,024
Interest expense	-	(53,572)	(53,572)
Bond issuance costs	-	(42,599)	(42,599)
Total Nonoperating Revenues (Expenses)	-	(90,147)	(90,147)
Transfers			
Transfers in	-	396,249	396,249
Total Transfers	-	396,249	396,249
Change in Net Position	1,320	304,669	305,989
Beginning net position	(78,115)	99,329	21,214
Ending Net Position	$ (76,795)	$ 403,998	$ 327,203

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, 2018

	Equipment Services	Equipment Replacement	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 678,576	$ 577,021	$ 1,255,597
Payments to suppliers and contractors	(533,783)	(188,694)	(722,477)
Payments to employees for salaries and benefits	(159,072)	-	(159,072)
Net Cash Provided (Used) by Operating Activities	(14,279)	388,327	374,048
Cash Flows from Noncapital Financing Activities			
Transfer in	-	396,249	396,249
Net Cash Provided (Used) by Noncapital Financing Activities	-	396,249	396,249
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	-	(382,358)	(382,358)
Proceeds from capital debt	-	2,456,670	2,456,670
Principal paid on capital debt	-	(481,013)	(481,013)
Bond issuance costs paid	-	(42,599)	(42,599)
Interest paid on capital debt	-	(53,572)	(53,572)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	1,497,128	1,497,128
Cash Flows from Investing Activities			
Interest on investments	-	6,024	6,024
Net Cash Provided by Investing Activities	-	6,024	6,024
Net (Decrease) in Cash and Cash Equivalents	(14,279)	2,287,728	2,273,449
Beginning cash and cash equivalents	24,294	-	24,294
Ending Cash and Cash Equivalents	$ 10,015	$ 2,287,728	$ 2,297,743

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, 2018

	Equipment Services	Equipment Replacement	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	$ 1,320	$ (1,433)	$ (113)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	573,528	573,528
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Due to other funds	-	(182,073)	(182,073)
Deferred Outflows of Resources:			
Pension contributions	(1,070)	-	(1,070)
OPEB contributions	(15)	-	(15)
OPEB gains/losses	(442)		(442)
Pension investment experience	26,417	-	26,417
Pension assumption changes	279	-	279
Increase (Decrease) in:			
Accounts payable	(13,843)	(1,695)	(15,538)
Compensated absences	1,960	-	1,960
Net pension liability	(27,685)	-	(27,685)
OPEB liability	1,015	-	1,015
Deferred Inflows of Resources:			
Actual experience vs. assumption	(2,215)	-	(2,215)
Net Cash Provided (Used) by Operating Activities	$ (14,279)	$ 388,327	$ 374,048
Schedule of Non-Cash Capital and Related Financing Activities			
Capital lease issuance	$ -	$ 206,686	$ -

See Notes to Financial Statements.

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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**

City of Taylor, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	$ 45,342,543	$ 42,810,269	$ 41,563,836	$ 41,623,407
Restricted	3,580,816	2,627,354	3,248,859	2,787,325
Unrestricted (Deficit)	(1,503,635)	(812,248)	(1,790,067)	(1,155,715)
Total governmental activities net position	$ 47,419,724	$ 44,625,375	$ 43,022,628	$ 43,255,017
Business-type activities				
Net investment in capital assets	$ 16,205,762	$ 13,463,393	$ 13,597,654	$ 13,247,923
Unrestricted (Deficit)	4,248,544	2,719,836	658,527	220,034
Total business-type activities net position	$ 20,454,306	$ 16,183,229	$ 14,256,181	$ 13,467,957
Primary government				
Net investment in capital assets	$ 61,548,305	$ 56,273,662	$ 55,161,490	$ 54,871,330
Restricted	3,580,816	2,627,354	3,248,859	2,787,325
Unrestricted	2,744,909	1,907,588	(1,131,540)	(935,681)
Total primary government net position	$ 67,874,030	$ 60,808,604	$ 57,278,809	$ 56,722,974

2014	2013	2012	2011	2010	2009
$ 41,768,181	$ 42,658,990	$ 39,458,232	$ 42,533,107	$ 41,533,094	$ 43,701,642
2,676,573	2,630,586	7,311,640	4,142,402	3,253,125	1,055,079
(1,311,590)	2,842,851	2,436,264	2,753,160	3,916,431	3,369,829
$ 43,133,164	$ 48,132,427	$ 49,206,136	$ 49,428,669	$ 48,702,650	$ 48,126,550
$ 12,540,010	$ 9,092,144	$ 12,109,434	$ 12,332,757	$ 12,419,757	$ 11,782,669
1,146,589	5,339,652	1,967,586	1,533,418	(216,991)	560,831
$ 13,686,599	$ 14,431,796	$ 14,077,020	$ 13,866,175	$ 12,202,766	$ 12,343,500
$ 54,308,191	$ 51,751,134	$ 51,567,666	$ 54,865,864	$ 53,952,851	$ 55,484,311
2,676,573	2,630,586	7,311,640	4,142,402	3,253,125	1,055,079
(165,001)	8,182,503	4,403,850	4,286,578	3,699,440	3,930,660
$ 56,819,763	$ 62,564,223	$ 63,283,156	$ 63,294,844	$ 60,905,416	$ 60,470,050

City of Taylor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2018	2017	2016	2015
Expenses				
Governmental activities:				
General government	$ 3,379,283	$ 3,903,456	$ 3,647,370	$ 4,860,808
Culture and recreation	1,252,029	1,266,740	1,132,102	1,098,786
Community services	833,796	854,916	866,779	628,159
Public safety	6,404,119	5,987,519	5,292,525	5,233,324
Public works	3,230,070	3,012,792	2,767,401	2,839,114
Interest on long-term debt	983,114	931,650	946,971	911,760
Total governmental activities expenses	16,082,411	15,957,073	14,653,148	15,571,951
Business-type activities:				
Public utilities fund	1,570,587	5,036,902	5,287,437	5,167,958
Airport fund	4,027,016	380,583	386,176	407,521
Cemetery operating fund	352,703	172,778	178,182	146,682
Sanitation fund	1,353,464	1,378,240	1,362,258	-
Interest on long-term debt	939,376	932,864	861,912	1,067,397
Total business-type activities expenses	8,243,146	7,901,367	8,075,965	6,789,558
Total primary government expenses	$ 24,325,557	$ 23,858,440	$ 22,729,113	$ 22,361,509
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 1,348,310	$ 1,433,520	$ 795,794	$ 1,732,647
Public safety	373,280	279,426	248,042	266,967
Public works	486,165	332,653	326,121	299,593
Community services	-	-	-	-
Operating grants and contributions	204,610	126,478	498,965	141,889
Capital grants and contributions	1,319,107	2,166,109	353,415	470,172
Total governmental activities program revenues	3,731,472	4,338,186	2,222,337	2,911,268
Business-type activities:				
Charges for services:				
Public utilities fund	9,756,417	9,081,323	7,804,655	6,300,263
Airport fund	413,634	364,728	426,245	450,606
Cemetery fund	158,910	86,733	145,705	117,340
Sanitation fund	1,608,016	1,642,591	1,638,338	-
Capital grants and contributions	2,263,131	-	24,580	530,695
Total business-type activities program revenues	14,200,108	11,175,375	10,039,523	7,398,904
Total primary government program revenues	$ 17,931,580	$ 15,513,561	$ 12,261,860	$ 10,310,172

2014	2013	2012	2011	2010	2009
$ 4,862,420	$ 4,770,073	$ 3,820,796	$ 4,106,565	$ 4,274,435	$ 4,038,624
1,109,876	1,112,269	1,056,650	-	-	-
661,224	655,822	502,428	343,860	-	-
5,135,384	4,654,499	4,501,449	4,937,819	4,986,776	4,799,854
2,919,795	2,905,400	2,778,499	4,334,567	4,159,734	3,797,620
970,486	1,009,285	900,074	826,560	760,678	723,851
15,659,185	15,107,348	13,559,896	14,549,371	14,181,623	13,359,949
4,865,365	4,696,288	4,883,367	6,005,089	5,607,082	5,250,058
473,911	480,214	395,849	426,345	430,473	408,404
163,769	133,354	120,031	88,368	-	-
-	-	-	-	-	-
1,107,014	1,202,405	1,219,817	-	-	-
6,610,059	6,512,261	6,619,064	6,519,802	6,037,555	5,658,462
$ 22,269,244	$ 21,619,609	$ 20,178,960	$ 21,069,173	$ 20,219,178	$ 19,018,411
$ 1,740,528	$ 1,631,501	$ 2,283,280	$ 2,515,187	$ 2,378,935	$ 2,257,670
319,668	323,928	247,130	382,919	287,821	308,439
330,203	325,698	69,481	-	-	-
-	-	-	338,965	-	-
129,182	127,201	-	-	-	-
142,440	184,969	-	707,816	1,813,591	1,230,851
2,662,021	2,593,297	2,599,891	3,944,887	4,480,347	3,796,960
6,875,146	6,929,109	7,150,801	7,568,944	6,227,101	5,897,077
484,048	500,255	426,859	669,510	427,323	466,097
135,458	118,160	120,529	119,721	-	-
-	-	-	-	-	-
79,326	164,979	-	-	-	-
7,573,978	7,712,503	7,698,189	8,358,175	6,654,424	6,363,174
$ 10,235,999	$ 10,305,800	$ 10,298,080	$ 12,303,062	$ 11,134,771	$ 10,160,134

City of Taylor, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2018	2017	2016	2015
Net (Expenses) Revenue				
Governmental activities	$ (12,350,939)	$ (11,618,887)	$ (12,430,811)	$ (12,660,683)
Business-type activities	5,956,962	3,274,008	1,963,558	609,346
Total primary government net expense	$ (6,393,977)	$ (8,344,879)	$ (10,467,253)	$ (12,051,337)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 8,270,706	$ 7,655,907	$ 7,247,922	$ 6,858,118
Sales taxes	3,244,108	2,989,454	2,962,203	2,952,740
Franchise taxes	1,001,000	938,187	939,301	1,087,771
Investment earnings	259,866	110,551	38,666	19,475
Other revenues	495,695	603,343	251,452	626,032
Transfers	1,873,913	1,493,201	1,416,323	1,251,871
Total governmental activities	15,145,288	13,790,643	12,855,867	12,796,007
Business-type activities:				
Investment earnings	48,199	24,796	2,825	465
Miscellaneous	139,829	174,389	208,164	423,418
Transfers	(1,873,913)	(1,493,201)	(1,386,323)	(1,251,871)
Total business-type activities	(1,685,885)	(1,294,016)	(1,175,334)	(827,988)
Total primary government	$ 13,459,403	$ 12,496,627	$ 11,680,533	$ 11,968,019
Change in Net Position				
Governmental activities	$ 2,794,349	$ 2,171,756	$ 425,056	$ 135,324
Business-type activities	4,271,077	1,979,992	788,224	(218,642)
Total primary government	$ 7,065,426	$ 4,151,748	$ 1,213,280	$ (83,318)

2014	2013	2012	2011	2010	2009
$ (12,997,164)	$ (12,514,051)	$ (10,960,005)	$ (10,604,484)	$ (9,701,276)	$ (9,562,989)
963,919	1,200,242	1,079,125	1,838,373	616,869	704,712
$ (12,033,245)	$ (11,313,809)	$ (9,880,880)	$ (8,766,111)	$ (9,084,407)	$ (8,858,277)
$ 6,420,308	$ 6,374,806	$ 6,212,695	$ 6,078,005	$ 5,811,529	$ 5,741,878
2,744,362	2,535,174	2,411,533	2,219,629	2,239,952	2,248,042
1,103,835	1,055,651	890,874	816,039	845,234	801,124
31,020	38,322	25,783	38,451	114,902	140,589
212,420	384,719	391,765	1,373,359	435,759	930,977
1,244,003	1,051,670	869,999	805,020	830,000	1,128,168
11,755,948	11,440,342	10,802,649	11,330,503	10,277,376	10,990,778
412	3,149	5,467	10,086	16,284	64,899
161,510	203,055	221,503	619,970	56,113	80,922
(1,244,003)	(1,051,670)	(869,999)	(805,020)	(830,000)	(1,128,168)
(1,082,081)	(845,466)	(643,029)	(174,964)	(757,603)	(982,347)
$ 10,673,867	$ 10,594,876	$ 10,159,620	$ 11,155,539	$ 9,519,773	$ 10,008,431
$ (1,241,216)	$ (1,073,709)	$ (157,356)	$ 726,019	$ 576,100	$ 1,427,789
(118,162)	354,776	436,096	1,663,409	(140,734)	(277,635)
$ (1,359,378)	$ (718,933)	$ 278,740	$ 2,389,428	$ 435,366	$ 1,150,154

City of Taylor, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2018	2017	2016	2015
General Fund				
Restricted	$ 1,955,258	$ 1,133,876	$ 1,223,913	$ 865,526
Committed	10,785	10,785	10,785	10,785
Assigned	-	-	-	-
Unassigned	3,481,297	3,427,943	3,285,095	3,216,861
Total general fund	$ 5,447,340	$ 4,572,604	$ 4,519,793	$ 4,093,172
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Capital project funds	-	-	-	-
Non-spendable	679,385	670,852	703,783	697,882
Restricted	4,959,859	3,944,577	4,422,813	5,058,875
Committed	884,560	1,388,667	697,454	450,768
Total all other governmental funds	$ 6,523,804	$ 6,004,096	$ 5,824,050	$ 6,207,525

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

2014	2013	2012	2011	2010	2009
$ 778,132	$ 781,021	$ 612,452	$ 615,461	$ -	$ -
10,785	10,785	10,785	17,739	-	-
-	-	409,969	-	-	-
3,290,862	3,686,745	3,855,829	2,943,662	3,567,124	3,899,851
$ 4,079,779	$ 4,478,551	$ 4,889,035	$ 3,576,862	$ 3,567,124	$ 3,899,851
$ -	$ -	$ -	$ -	$ 3,353,764	$ 1,055,079
-	-	-	-	499,523	392,573
701,766	697,543	729,268	735,606	-	-
7,244,749	7,778,543	6,389,661	2,886,566	-	-
462,996	450,114	327,257	155,415	-	-
$ 8,409,511	$ 8,926,200	$ 7,446,186	$ 3,777,587	$ 3,853,287	$ 1,447,652

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2018	2017	2016	2015
Revenues				
Taxes	$ 12,484,783	$ 11,583,548	$ 11,297,631	$ 10,880,953
Licenses, permits, and fees	280,039	331,723	282,906	214,560
Charges for services	1,554,436	1,434,450	839,009	1,817,680
Fines and forfeitures	373,280	279,426	248,042	266,967
Intergovernmental	1,523,717	2,292,587	673,865	612,061
Investment earnings	253,842	110,548	40,324	19,256
Other revenues	798,161	227,976	505,598	601,386
Total Revenues	17,268,258	16,260,258	13,887,375	14,412,863
Expenditures				
Current:				
General government	3,119,741	3,620,828	3,031,068	4,132,938
Culture and recreation	1,308,251	1,255,298	1,141,441	1,099,300
Community development	829,836	828,646	841,276	632,021
Public safety	6,333,181	5,705,113	5,134,332	5,174,338
Public works	1,494,728	1,304,925	1,153,524	1,252,245
Debt Service:				
Principal retirement	1,455,000	1,290,000	1,494,972	1,271,180
Interest and fiscal changes	689,374	725,728	692,008	861,304
Bond issuance costs	112,216	34,807	95,074	-
Capital outlay:	5,538,230	4,348,143	794,863	3,253,720
Unrealized loss on investments	557	35,019	-	-
Total Expenditures	20,881,114	19,148,507	14,378,558	17,677,046
Excess of Revenues Over (Under) Expenditures	(3,612,856)	(2,888,249)	(491,183)	(3,264,183)
Other financing sources (uses)				
Transfers in	3,576,414	2,441,818	2,029,948	1,822,939
Transfers (out)	(2,098,750)	(987,462)	(1,054,459)	(747,349)
Debt issuance	4,825,000	1,620,000	5,845,000	-
Premium on debt issuance	249,402	46,750	544,267	-
Lease issuance	-	-	-	-
Payments to escrow agent	(1,544,766)	-	(6,152,746)	-
Total Other Financing Sources (Uses)	5,007,300	3,121,106	1,212,010	1,075,590
Net Change in Fund Balances	$ 1,394,444	$ 232,857	$ 720,827	$ (2,188,593)
Debt service as percentage of noncapital expenditures	14.1%	13.6%	16.1%	14.6%

2014	2013	2012	2011	2010	2009
$ 10,246,691	$ 9,940,659	$ 9,588,691	$ 9,168,082	$ 9,074,489	$ 8,843,496
134,322	101,808	169,159	92,220	113,208	105,591
1,936,409	1,855,391	1,948,547	1,794,596	1,662,049	1,464,667
319,668	323,928	247,130	382,919	287,821	308,439
271,622	312,170	146,780	1,046,781	991,107	1,027,208
31,020	38,322	25,381	38,452	114,902	140,589
174,181	382,384	235,561	1,294,289	351,900	875,655
13,113,913	12,954,662	12,361,249	13,817,339	12,595,476	12,765,645
4,193,947	4,147,828	3,874,060	2,527,926	2,846,860	2,628,035
1,107,678	1,110,059	-	343,860	-	-
660,441	631,422	-	-	-	-
4,915,960	4,441,585	4,051,068	4,214,072	4,330,047	4,214,449
1,316,652	1,374,935	2,465,390	3,823,790	3,681,843	3,380,810
1,207,384	1,213,983	993,484	938,129	891,896	795,792
919,438	823,110	839,966	808,698	733,766	982,337
-	134,800	54,500	-	-	-
775,494	1,883,518	825,405	2,086,699	1,857,267	8,215,648
-	-	-	-	-	-
15,096,994	15,761,240	13,103,873	14,743,174	14,341,679	20,217,071
(1,983,081)	(2,806,578)	(742,624)	(925,835)	(1,746,203)	(7,451,426)
1,633,050	1,126,893	1,595,738	1,648,065	1,005,766	1,287,399
(565,430)	(578,678)	(747,342)	(853,657)	(182,037)	(169,422)
-	6,990,000	4,875,000	1,030,000	2,655,000	7,675,000
-	254,070	-	-	-	33,886
-	-	-	-	-	-
-	(4,132,346)	-	(964,535)	-	(4,662,789)
1,067,620	3,659,939	5,723,396	859,873	3,478,729	4,164,074
$ (915,461)	$ 853,361	$ 4,980,772	$ (65,962)	$ 1,732,526	$ (3,287,352)
14.7%	14.5%	15.0%	13.8%	13.0%	14.8%

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	
2009	$ 439,446	$ 218,102	$ 36,496	$ 116,084	$ -	$ 39,734
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

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
$ 770,394	$ 0.79000	$ 770,394	100.0%
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%

City of Taylor, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	CITY OF TAYLOR			WILLIAMSON COUNTY			
Fiscal Year	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2009	$ 0.59627	$ 0.19373	$ 0.79000	$ 0.29084	$ 0.17000	$ 0.03098	$ 0.49182
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

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

Source: Williamson County Tax Collector.

TAYLOR SCHOOL DISTRICT			
Operating	Debt Service	Total Rate	Total Direct & Overlapping Rates
$ 1.04000	$ 0.45000	$ 1.49000	$ 2.77182
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

City of Taylor, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2018			2009		
Taxpayer	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Electric Reliability Council of TX	$ 31,800,000	1	2.67%	$ -	-	-
Electric Reliability Council of TX	18,652,751	2	1.56%	-	-	-
Corecivic	14,414,050	3	1.21%	-	-	-
HEB Grocery Co LLP	11,522,827	4	0.97%	-	-	-
Durcon Laboratory Tops Inc	11,123,025	5	0.93%	-	-	-
ONCOR Electric Delivery Co	11,097,107	6	0.93%	-	-	-
Wal-Mart Real Estate Trust	9,859,648	7	0.83%	-	-	-
Union Pacific RR CO	9,336,245	8	0.78%	-	-	-
Taylor CPB Property LLC	6,359,478	9	0.53%	-	-	-
Taylor Plaza LLC	5,451,250	10	0.46%	-	-	-
Electric Reliability Council	-	-	-	$ 22,084,500	1	2.87%
ERCOT	-	-	-	19,750,000	2	2.56%
CCA Properties of Texas LP	-	-	-	13,999,683	3	1.82%
HEB Grocery Co LP	-	-	-	12,072,768	4	1.57%
Wal-Mart Real Estate Trust	-	-	-	10,276,505	5	1.33%
ONCOR Electric Delivery Co	-	-	-	7,660,413	6	0.99%
Texas HWY 95 LP	-	-	-	6,879,346	7	0.89%
Taylor CPB Property LLC	-	-	-	6,422,252	8	0.83%
Wal-Mart Stores East Inc	-	-	-	5,724,771	9	0.74%
Durcon Laboratory Tops Inc	-	-	-	5,494,430	10	0.71%
Total	$ 129,616,381			$ 110,364,668		

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 Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2009	$ 5,820,781	$ 5,658,597	97.2%	$ 158,488	$ 5,817,085	99.9%
2010	5,802,025	5,694,713	98.2%	102,543	5,797,256	99.9%
2011	6,050,622	5,976,895	98.8%	67,484	6,044,379	99.9%
2012	6,195,426	6,119,868	98.8%	70,419	6,190,287	99.9%
2013	6,255,176	6,197,753	99.1%	51,654	6,249,407	99.9%
2014	6,352,505	6,292,672	99.1%	52,738	6,345,410	99.9%
2015	6,797,312	6,723,090	98.9%	59,477	6,782,567	99.8%
2016	7,318,681	7,245,999	99.0%	60,389	7,306,388	99.8%
2017	7,754,442	7,678,073	99.0%	49,116	7,727,189	99.6%
2018	8,377,844	8,274,955	98.8%	-	8,274,955	98.8%

Source: Williamson County Appraisal District Reports.

City of Taylor, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

	Governmental Activities				
Fiscal Year	**General Obligation Bonds**	**Certificates of Obligation**	**Contractual Obligation**	**Capital Lease**	**Note Payable**
2009	$ 10,582,740	$ 7,333,955	$ -	$ 397,436	$ -
2010	9,878,545	9,877,038	-	281,737	-
2011	9,192,005	9,768,476	145,398	418,071	-
2012	8,723,764	14,516,902	120,375	351,050	-
2013	8,739,097	16,479,268	93,267	340,278	-
2014	7,884,431	16,183,943	68,244	582,143	-
2015	7,059,764	15,796,861	43,221	379,215	285,899
2016	11,871,687	10,230,646	-	1,425,252	228,547
2017	10,205,000	11,490,000	-	1,310,951	424,225
2018	10,635,000	15,010,000	-	1,232,192	582,657

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

Business-type Activities					
Combination Tax & Revenue Bonds	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
$ 22,711,045	$ 4,432,260	$ 45,457,436	12.82%	2,574
28,382,962	4,196,455	52,616,737	16.67%	3,464
25,441,524	5,982,995	50,948,469	16.05%	3,228
23,228,602	5,380,070	52,320,763	16.03%	3,254
21,420,022	5,971,060	53,042,992	16.11%	3,320
21,044,132	5,087,051	50,849,944	14.22%	3,085
20,650,000	4,178,042	48,393,002	14.90%	3,103
13,280,000	10,759,095	47,795,227	13.25%	2,900
16,690,000	8,685,000	48,805,176	12.08%	2,757
14,025,000	9,790,000	51,274,849	13.14%	3,019

City of Taylor, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value[1] of Property	Per Capita[2]
2009	$ 15,015,000	$ 102,626	$ 14,912,374	1.94%	844
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	145,607	13,958,227	1.70%	868
2013	14,710,158	236,346	14,473,812	1.76%	906
2014	12,971,482	225,505	12,745,977	1.47%	773
2015	11,237,806	185,697	11,052,109	1.18%	709
2016	22,630,782	276,695	22,354,087	2.20%	1,356
2017	18,890,000	387,965	18,502,035	1.65%	1,045
2018	20,425,000	573,932	19,851,068	1.66%	1,169

[1]See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value da

[2]Population 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, 2018 (Unaudited)

Governmental Unit	**Debt Outstanding**	**Estimated Percentage Applicable[1]**	**Estimated Share of Overlapping Debt**
Debt repaid with property taxes:			
Williamson County	$ 878,234,942	1.79%	$ 15,720,405
Taylor ISD	66,404,943	100.00%	66,404,943
Subtotal, overlapping debt			82,125,348
City of Taylor	$ 27,459,849	100%	27,459,849
Total direct and overlapping debt			$ 109,585,197

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)

	2018	2017	2016	2015
Debt limit	$ 309,053	$ 290,341	$ 262,110	$ 242,218
Total net debt applicable to limit	30,850	29,915	25,164	37,137
Legal debt margin	$ 278,203	$ 260,426	$ 236,946	$ 205,082

Legal Debt Margin Calculation for Fiscal Year 2018	
Assessed value	$ 1,192,307
Add back: exempt real property	43,906
Total assessed value	1,236,213
Debt limit (10% of total assessed value)	309,053
Debt applicable to limit:	
General obligatio Total Debt	51,275
Less: Amount set aside for repayment of general obligation debt	(20,425)
Total net debt applicable to limit	30,850
Legal debt margin	$ 278,203

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.

2014	2013	2012	2011	2010	2009
$ 224,679	$ 212,769	$ 211,823	$ 204,358	$ 205,222	$ 202,532
37,205	37,875	37,719	35,210	38,281	30,045
$ 187,474	$ 174,894	$ 169,148	$ 166,941	$ 172,487	$ 172,382

City of Taylor, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

	Water Revenue Bonds					
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 5,965,725	$ 3,250,434	$ 2,715,291	$ 2,675,000	$ 664,190	81.3%
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%

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	Population[1]	Personal Income[3]	Per Capita[5] Personal Income	School Enrollment[4]	Unemployment Rate[2]
2009	17,663	$ 371,698	$ 20,082	3,115	6.7%
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%

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)

	2018		2009	
Employer	**No. Employees[1]**	**Rank**	**No. Employees[1]**	**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	-		630	1
Taylor ISD	-		550	2
Corrections Corp of America	-		282	3
Wal-Mart	-		265	4
John's Community Hospital	-		215	5
Durcon Laboratory Tops	-		207	6
Floyds Glass	-		151	7
HEB	-		150	8
City of Taylor	-		150	9
Burrows Cabinets	-		110	10
Total	2,495		2,710	

[1] Source: www.mactexas.com.

City of Taylor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

	2018	2017	2016	2015	2014
Function / Program					
General Government					
Management services	5	4	4	4	4
Human resources	2	2	2	2	2
Finance	5	4	4	4	4
Municipal court	5	4	3	4	5
C D - planning	7	7	6	5	6
Main street	1	1	1	1	1
C D - recreation	-	-	-	-	-
Building	3	3	3	3	3
General services	1	1	1	1	1
Information technology	1	1	1	1	1
Other	1	1	1	1	1
Police					
Officers	29	27	27	27	27
Civilians	10	8	9	9	8
Animal control	4	3	2	1	2
Fire					
Firefighters and officers	23	23	23	23	23
Civilians	1	1	1	1	1
Other Public Works					
Engineering/inspection	1	1	1	1	2
Street maintenance	15	14	14	14	14
Grounds	-	-	-	-	-
Other	-	-	-	-	-
Parks and recreation	6	6	6	6	6
Library	8	9	8	7	7
Water	14	14	14	14	14
Wastewater	4	3	3	3	2
Utilities admin.	6	6	6	6	6
Airport	2	2	2	2	2
Cemetery	2	2	2	2	2
Fleet services	2	2	2	2	2
Total all governmental funds	157	149	146	144	146

2013	2012	2011	2010	2009
4	4	4	3	2
2	2	2	3	3
4	4	4	4	4
5	5	5	4	4
6	5	5	5	6
1	1	1	2	2
-	-	-	1	1
3	3	3	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	-	-
27	25	25	27	27
8	8	8	11	10
2	2	2	1	1
23	23	23	24	25
1	1	1	1	1
2	2	2	2	3
13	13	13	6	9
-	-	-	7	9
1	1	2	2	2
6	6	6	6	6
7	7	7	7	7
14	14	14	13	15
2	2	2	2	1
6	6	6	6	6
2	2	3	3	3
2	1	2	1	2
2	2	2	2	2
146	142	145	146	153

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	**2018**	**2017**	**2016**	**2015**
General government				
Building permits issued	70	95	94	63
Building inspections conducted	outsourced	outsourced	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	708	573	813	722
Parking violations	15	37	36	33
Traffic violations	7,436	4,546	3,429	1,543
Fire:				
Emergency responses	2,118	2,281	2,127	2,036
Fires extinguished	80	82	44	64
Inspections	343	329	361	359
Highways and streets				
Street resurfacing (miles)	1	-	15	17
Potholes repaired	240	130	741	777
Recreation				
Athletic field permits issued	41	30	32	33
Library				
Volumes in collection	55,098	54,117	53,011	50,223
Total volumes borrowed	61,669	74,872	78,368	75,581
Water				
New connections	190	137	160	50
Water main breaks	360	353	222	235
Average daily consumption (millions of gallons)	2	2	2	3
Peak daily consumption (millions of gallons)	3	3	3	2
Wastewater				
Average daily treatment (millions of gallons)	1	1	2	2
Airport				
LL fuel (thousand gallon)	43	46	59	48
Jet A fuel (thousand gallon)	11	14	27	29
Landings / Take off (thousand)	17	14	12	9
Cemetery				
Lots sold	144	33	77	66.5
Municipal Court				
Cases processed	3,393	2,675	1,876	2,113
General Services				
Facilities				
Work orders	629	577	645	553
Fleet				
Work orders	870	941	834	903
Information Technology				
Personal computers / laptops	180	171	155	152
Service requests	629	475	415	407

2014	2013	2012	2011	2010	2009
129	101	82	33	35	481
outsourced	outsourced	1,637	1,291	540	410
717	669	653	653	699	730
54	67	86	76	87	63
1,604	3,615	2,660	3,388	2,457	3,489
1,915	1,069	1,813	2,225	1,788	2,302
61	56	45	110	112	121
316	137	194	315	503	427
10	-	-	-	-	-
655	461	771	171	741	1,430
30	37	37	36	24	-
47,952	44,850	45,413	46,099	42,733	40,330
78,186	79,187	87,895	91,408	88,622	81,893
44	96	720	1,246	1,240	872
352	437	445	584	350	515
2	2	2	3	2	2
3	3	4	4	3	3
1	2	1	2	2	2
46	45	35	47	56	67
23	32	23	26	23	26
14	14	11	12	12	11
80	84	75	63	63	40
2,562	4,158	4,852	6,863	7,278	6,419
538	453	450	423	417	-
816	1071	1,270	1,243	877	-
135	135	132	120	114	-
549	555	562	413	300	-

City of Taylor, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	**2018**	**2017**	**2016**	**2015**
Police				
Number of stations	1	1	1	1
Zone Officers	29	27	27	27
Number of patrol units	23	15	15	15
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	114	106	106	106
Streetlights	1,114	1,114	1,114	1,113
Traffic signals	14	12	12	12
Recreation				
Acreage	463	462	462	462
Playgrounds	8	7	7	7
Baseball/softball diamonds	20	20	20	20
Swimming pools	1	2	2	2
Skate park	1	-	-	-
Tennis courts	8	8	8	8
Water				
Water mains	123	118	125	121
Fire hydrants	619	808	808	604
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4	4
Sanitary sewer (miles)	91	95	95	90
Storm sewers (miles)	6	6	6	5
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	64	52	52	52
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	19	19	19	19
Fleet vehicles	171	168	165	164
Network servers	7	7	7	7

2014	2013	2012	2011	2010	2009
1	1	1	1	1	1
27	27	25	25	27	21
15	15	15	12	12	12
2	2	2	2	2	2
106	106	93	93	92	87
1,102	1,102	1,102	1,097	1,097	1,097
12	12	13	11	13	11
462	462	387	387	387	387
7	7	7	6	6	6
20	20	20	20	20	20
2	2	2	2	2	2
-	-	-	-	-	-
8	8	8	10	10	10
121	120	119	115	109	109
604	598	598	596	583	450
5	5	5	5	5	
4,000	4,000	4,000	4,000	4,000	4,000
90	89	89	86	86	86
5	4	4	3	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	114	114
19	19	16	14	14	-
164	162	157	154	150	-
7	4	4	3	3	-

Taylor Texas

CITY OF TAYLOR TX