



Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2020

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

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***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Taylor, Texas

**For the Year Ended
September 30, 2020**

Prepared by:
Finance Department

Jeffrey B. Wood
Director of Finance



City of Taylor, Texas

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September 30, 2020

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INTRODUCTORY SECTION





March 31, 2021

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

Texas state law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, and such statements be presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. Pursuant to that requirement and the requirement of Section 10.3 of the City Charter, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Taylor for the fiscal year ended September 30, 2020.

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

The City of Taylor's financial statements have been audited by the certified public accountants of BrooksWatson & Company, PLLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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

Profile of the Government

The City of Taylor, incorporated in 1876, is in eastern Williamson County in the central region of the State of Texas. It is located approximately 29 miles northeast of Austin and 7 miles east of State Highway 130 and 17 miles east of Interstate Highway 35. State Highway 95 and U.S. Highway 79 intersect in downtown Taylor. The City currently occupies a land area of 20.55 square miles and services approximately 18,333 residents. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

Local Economy

The local economy is expanding as evidenced by increasing sales tax collections and new construction activity. This expansion has been driven in part by the City's location in Central Texas. Affordable housing and business incentives are major factors that have contributed to the City's economic growth. In 2020, the City issued a total of 937 building permits with a total valuation of \$67,982,874. This is an increase in valuation of \$14,525,338 from the previous year.

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

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

The COVID-19 pandemic brought unique challenges to the local economy in 2020. COVID-19 caused many businesses to operate at reduced levels and resulted in the permanent closure of some of these businesses. The unemployment in Williamson County was impacted by COVID-19 in 2020 and resulted in an unemployment rate of 5.9% as of September 2020. The County rate was lower than the national unemployment rate of 7.9%. Net migration and job growth both remain positive as Williamson County continues to benefit from the growing popularity of the Greater Austin region. Williamson County remains among the fastest growing counties in Texas.

Long –Term Financial Planning

During the 2019-20 fiscal year, the City issued a Combination Tax & Revenue Certificate of Obligations, Series 2020 to fund multiple streets, utilities, and drainage projects. Proceeds were also allocated for improvements to the Animal Shelter, and for the acquisition of land and design of a new justice center. The City continued to work towards completion of these projects during the 2020-21 fiscal year.

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

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

Major Initiatives

In 2018 the City of Taylor was approved and received a Non-Urban Outdoor Grant of \$500,000 on a 50/50 reimbursement match basis, and this work continued during 2020. The funds are earmarked for the Taylor Regional Park and Sports Complex Phase II and Doak Street Park enhancement projects. Proposed developments for TRPSC include:

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

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

Other major initiatives started during 2020 is an update to the Comprehensive Plan for Land Use, a Master Drainage Plan, a Master Park Improvement Plan, a complete street condition assessment, and a Public Utilities Master Plan. Although these plans were put in motion in 2020, most of the funding for these projects was included in the fiscal year 2020-21 budget. Several of these projects are still working towards completion.

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

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

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

Other Information

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

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is

measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting where revenue is recognized when it is earned, and expenses are recognized when they incur.

Budgetary Control: The annual budget serves as the foundation for the City of Taylor's financial planning and control. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Funds, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council.

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

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

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

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

Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Taylor for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a local government must publish a Comprehensive Annual Financial Report that is easy to read and well organized, as well as meeting both generally accepted accounting principles and applicable legal requirements.

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

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

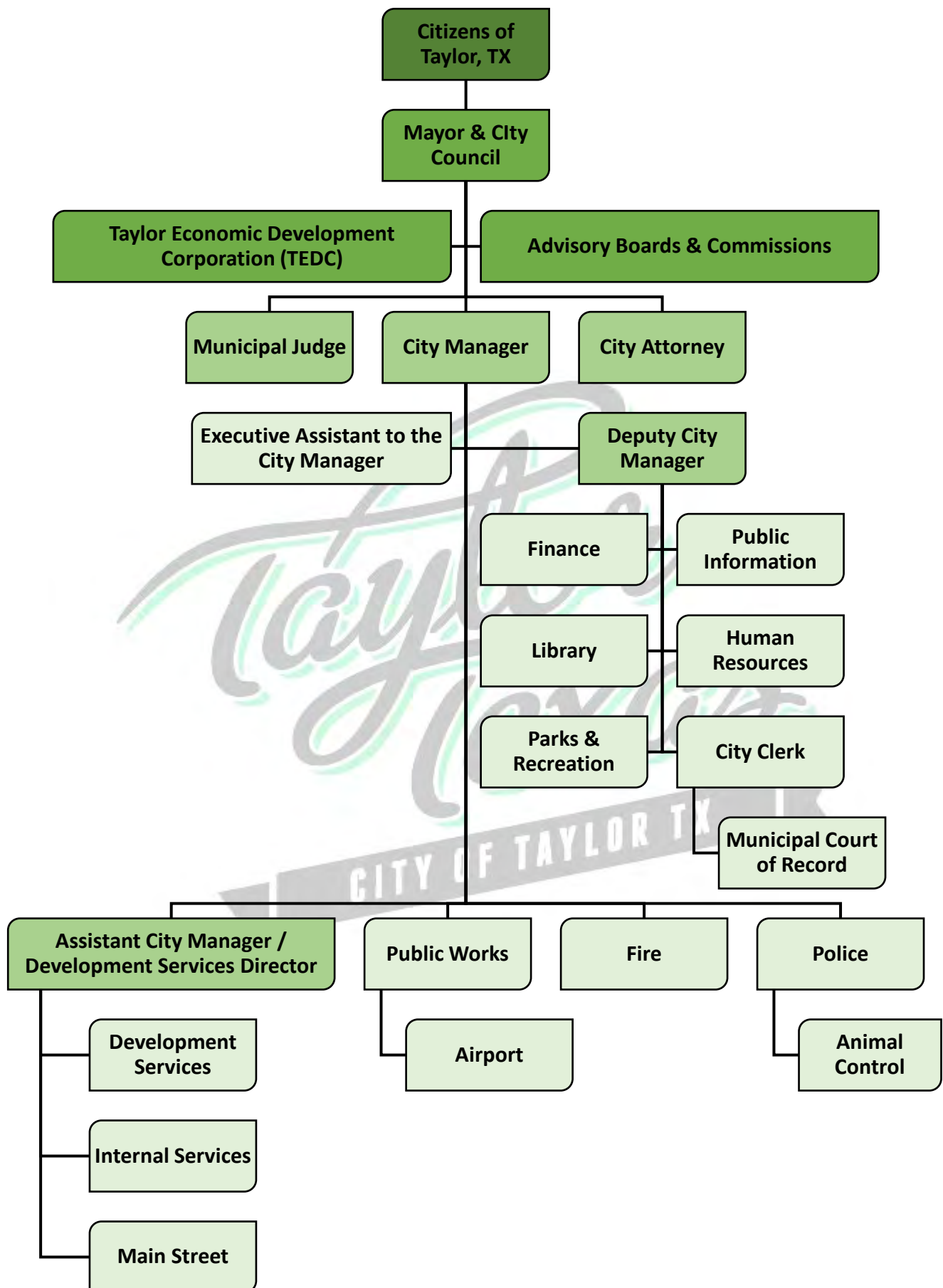
Furthermore, I would like to acknowledge the work of the independent auditors from BrooksWatson & Company, PLLC, which is greatly appreciated.

Respectfully submitted,



Jeffrey B. Wood
Director of Finance

CITY ORGANIZATION CHART



City of Taylor, Texas

PRINCIPAL OFFICIALS

September 30, 2020

City Council

Brandt Rydell.....	Mayor	Term Expires May 2021
Dwayne Ariola.....	Mayor Pro Tem	Term Expires May 2023
Robert Garcia.....	Council Member	Term Expires May 2022
Mitchell Drummond.....	Council Member	Term Expires May 2021
Gerald Anderson.....	Council Member	Term Expires May 2022

City Staff

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



Government Finance Officers Association

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

Presented to

**City of Taylor
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.H to the financial statements, the City restated the beginning fund balance of the general and nonmajor governmental funds due to accounting errors occurring in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 31, 2021



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



City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2020 by \$75,521,766.
- The City's total net position increased by \$4,769,202. 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 \$18,973,290 at September 30, 2020, a decrease of \$288,947 from the prior fiscal year; this includes an increase of \$1,246,629 in the general fund, a decrease of \$782,199 in the capital improvements fund, an increase of \$139,808 in the I&S fund, and a decrease in the transportation user fee fund of \$914,550.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$5,173,649 or 35% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable decreased by \$3,730,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$54,950,000.
- The City's net pension liability totaled \$4,659,387 as of year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2020

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 22-27 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2020

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

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

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

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

Proprietary Funds

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

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

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

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2020

Component Units

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

Notes to Financial Statements

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

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets exceed liabilities by \$75,521,766 as of September 30, 2020, in the primary government.

The largest portion of the City's net position, \$64,740,237, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 20,877,805	\$ 13,048,206	\$ 33,926,011	\$ 22,369,289	\$ 12,675,895	\$ 35,045,184
Capital assets, net	70,377,041	39,019,331	109,396,372	68,265,282	39,335,540	107,600,822
Total Assets	91,254,846	52,067,537	143,322,383	90,634,571	52,011,435	142,646,006
Deferred Outflows of Resources	1,476,894	714,533	2,191,427	2,099,923	893,989	2,993,912
Other liabilities	5,450,241	3,008,581	8,458,822	5,192,827	2,626,466	7,819,293
Long-term liabilities	35,532,100	25,079,608	60,611,708	39,691,171	27,265,416	66,956,587
Total Liabilities	40,982,341	28,088,189	69,070,530	44,883,998	29,891,882	74,775,880
Deferred Inflows of Resources	789,744	131,770	921,514	95,533	15,941	111,474
Net Position:						
Net investment						
in capital assets	47,078,362	17,661,875	64,740,237	44,951,472	16,703,213	61,654,685
Restricted	3,514,866	-	3,514,866	3,241,616	-	3,241,616
Unrestricted	366,427	6,900,236	7,266,663	(438,125)	6,294,388	5,856,263
Total Net Position	\$ 50,959,655	\$ 24,562,111	\$ 75,521,766	\$ 47,754,963	\$ 22,997,601	\$ 70,752,564

Governmental activities current assets decreased by \$1,491,484 due to the expenditure of bond proceeds on capital projects. Governmental activities long-term liabilities decreased by \$4,159,071 due to payments on long-term debt and a decrease in pension liabilities. TMRS had a significant increase in investment income due to favorable market conditions which led to the decrease in the net pension liability. Business-type activities long-term liabilities decrease by \$2,185,808 primarily due to the aforementioned changes in debt and pension liabilities.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

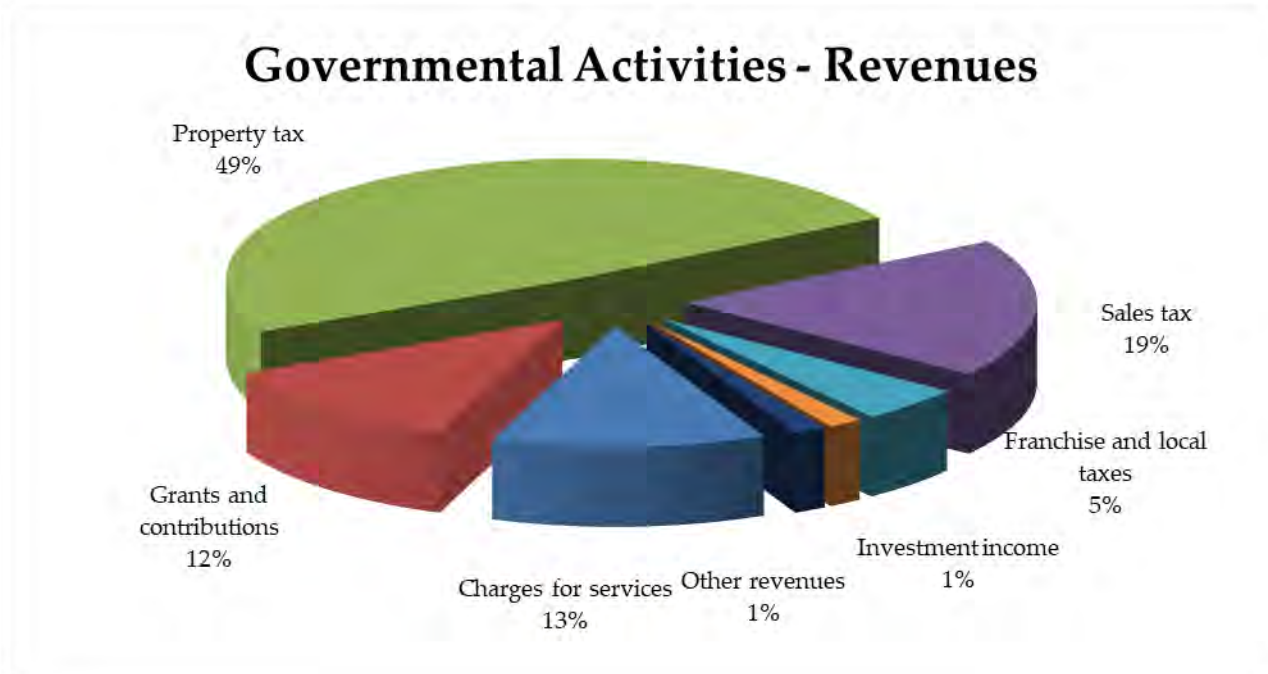
Statement of Activities:

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

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,570,775	\$ 12,546,043	\$ 15,116,818	\$ 2,415,512	\$ 12,368,236	\$ 14,783,748
Operating grants	608,967	-	608,967	527,698	-	527,698
Capital grants	1,853,806	-	1,853,806	1,238,407	156,197	1,394,604
General revenues:						
Property tax	9,918,365	-	9,918,365	8,885,991	-	8,885,991
Sales tax	3,795,264	-	3,795,264	3,438,534	-	3,438,534
Franchise and local taxes	989,105	-	989,105	958,665	-	958,665
Investment income	318,116	93,775	411,891	518,264	128,330	646,594
Other revenues	306,007	121,365	427,372	476,896	138,273	615,169
Total Revenues	20,360,405	12,761,183	33,121,588	18,459,967	12,791,036	31,251,003
Expenses						
General government	4,261,634	-	4,261,634	4,990,929	-	4,990,929
Culture and recreation	1,566,968	-	1,566,968	1,359,674	-	1,359,674
Community development	1,660,342	-	1,660,342	1,371,973	-	1,371,973
Public safety	6,694,441	-	6,694,441	6,924,255	-	6,924,255
Public works	3,611,256	-	3,611,256	3,915,394	-	3,915,394
Interest and fiscal charges	1,114,377	974,782	2,089,159	1,013,513	882,959	1,896,472
Public utility	-	6,431,671	6,431,671	-	5,918,157	5,918,157
Airport	-	450,818	450,818	-	405,680	405,680
Cemetery operating	-	156,441	156,441	-	175,801	175,801
Sanitation	-	1,429,656	1,429,656	-	1,427,419	1,427,419
Total Expenses	18,909,018	9,443,368	28,352,386	19,575,738	8,810,016	28,385,754
Change in Net Position						
Before Transfers	1,451,387	3,317,815	4,769,202	(1,115,771)	3,981,020	2,865,249
Transfers	1,753,305	(1,753,305)	-	1,437,725	(1,437,725)	-
Total	1,753,305	(1,753,305)	-	1,437,725	(1,437,725)	-
Change in Net Position	3,204,692	1,564,510	4,769,202	321,954	2,543,295	2,865,249
Beginning Net Position	47,754,963	22,997,601	70,752,564	47,433,009	20,454,306	67,887,315
Ending Net Position	\$ 50,959,655	\$ 24,562,111	\$ 75,521,766	\$ 47,754,963	\$ 22,997,601	\$ 70,752,564

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

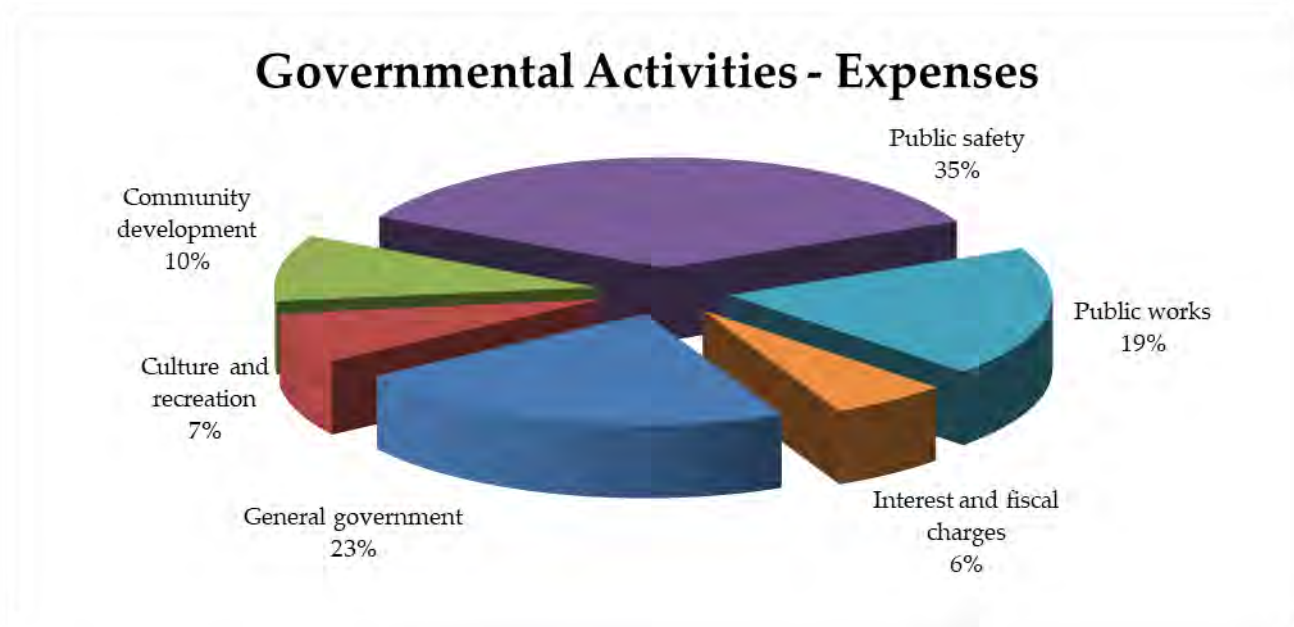
Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



For the year ended September 30, 2020, revenues from governmental activities totaled \$20,360,405. Property tax, charges for services and sales tax are the City's largest general revenue sources. Overall revenue increased \$1,900,438 or 10% from the prior year. Property tax revenue increased \$1,032,374 due to an increase in property values and a growing tax base. Sales tax revenue increased by \$356,730 due to increasing economic growth within the City and COVID-19 fueling the increase in local purchases. Charges for services increased \$155,263 due to an increase in building permit revenue. Investment income decreased by \$200,148 due to lower savings rates and less cash on hand during the year. Capital grants increased \$615,399 due primarily due to land granted to the City by the Taylor ISD. All other revenues remained relatively stable when compared to the previous year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

This graph shows the governmental function expenses of the City:

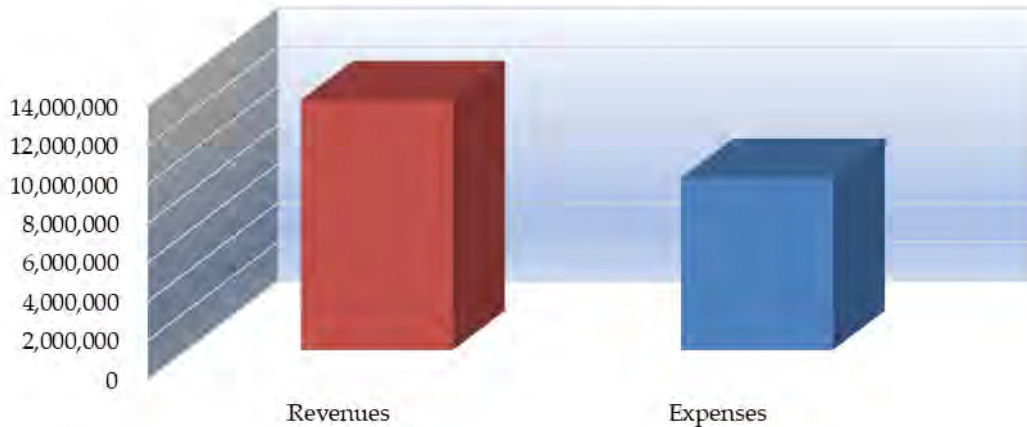


For the year ended September 30, 2020, expenses for governmental activities totaled \$18,909,018. This represents a decrease of \$666,720 or 3% from the prior year. The City's largest functional expense is public safety totaling \$6,694,441. Public safety decreased \$229,814 or 3% when compared to the prior year primarily due to a significant reduction in the TMRS pension liabilities and related employee expense. General government expenses decreased by \$729,295 or 15% primarily due to a decrease in the City's pension liability, resulting in less employee benefit expenses. Community development increased by \$288,369 or 21% primarily as a result of increased salaries and contracted review costs as well as recognition of more depreciation expenses in the current year. Public works expense decreased by \$304,138 or 8% primarily due less street projects undertaken by the transportation user fee fund when compared to the prior year. All remaining expenses remained relatively consistent with the previous year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2020, charges for services by business-type activities totaled \$12,546,043. This is an increase of \$177,807, or 1%, from the previous year. The City completed a utility rate study in November of 2015 which examined the future operating and capital financing requirements of the utility system and determine the adequacy of existing rates to meet the related requirements. The study recommended increases in both water and sewer rates which are to be phased in through fiscal year 2019. No change in rates occurred in the current year which led to consistent revenue.

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%

Total expenses increased \$633,352 or 7% to a total of \$9,443,368. Public utility expenses totaled \$7,364,429, while airport, cemetery operations, and sanitation totaled \$492,842, \$156,441, and \$1,429,656, respectively. The largest increase in expenses was seen in public utility expenses. This

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

increase was mainly attributed to personnel costs, treated water contract expenses, and supplies expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2020, the City's governmental funds reported combined fund balances of \$18,973,290, a decrease of \$288,947 in comparison with the prior year. Approximately 27% of this amount, \$5,173,649, 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 \$697,390, 2) committed \$4,823,449 or 3) restricted for particular purposes \$8,278,802.

As of the end of the year the general fund reflected a total fund balance of \$7,221,196. Of this, \$1,668,247 is considered restricted and \$5,173,649 is unassigned. General fund balance increased by \$1,246,629. This increase can be attributed to greater than anticipated sales and property tax revenues for the year ended.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$5,173,649 is 35% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of \$5,461,326 as of yearend. Total fund balance decreased by \$782,199 from the prior year due to capital outlay expenditures exceeding capital financing during the year. During the year, the City expended \$2,749,950 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$787,564 at September 30, 2020, an increase of \$139,808 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$2,697,712 and property tax revenue of \$2,453,308. The increase in fund balance was a direct result of intergovernmental revenue received from the TIF fund in the current year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

The transportation user fee fund had an ending fund balance of \$4,237,677 at September 30, 2020, a decrease of \$914,550 when compared to the prior year. The decrease is a direct result of capital project expenditures in the current year.

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 \$18,803,017. Unrestricted net position at the close of the fiscal year amounted to \$5,408,283, a total increase of \$1,519,587 from the previous year. Total investment in capital assets, net of related debt of was \$13,394,734, and capital assets, net of depreciation totaled \$33,330,964.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$284,936 and increasing total revenues by \$1,014,500 resulting in a net increase in budgeted fund balance of \$905,514. The primary reasons for the budget revision were due to higher than expected sales and property taxes. Expenditures were amended to account for general revisions to reflect actual operating results. Total budgeted revenues of \$13,927,734 were less than actual revenues of \$13,990,747, resulting in a total positive revenue variance of \$63,013. Total budgeted expenditures of \$15,130,640 were more than actual expenditures of \$14,864,668, resulting in a total positive expenditure variance of \$265,972.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$70,377,041 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$3,240,611. The City's business-type activities funds had invested \$39,019,331 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:

- 3rd Street improvements of \$488,768.
- Various infrastructure improvements totaling \$864,049
- Animal shelter remodel for \$118,324
- New gateway signs totaling \$241,804
- Audio/Video equipment for \$39,782
- New fire truck for \$758,080
- Waterline replacement for \$105,000
- 2020 Utility infrastructure improvements totaling \$774,811.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

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

LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable net of all premiums and discounts decreased by \$4,286,805 or 7% from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$58,881,863, 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. E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy is expanding as evidenced by increasing sales tax collections and new construction activity. In FY2020, the City issued a total of 937 building permits with a total valuation of \$67,982,874. This is an increase in permit valuation of \$14,525,338 from the previous year. While growth brings additional revenue to the City, it also increases the demands on City services. The FY2021 budget will include funding to plan for future growth by updating the City's Comprehensive Plan, by completing a public utilities assessment, and completing a comprehensive drainage improvements plan. The FY2021 budget also continues to address its aging infrastructure through a series of improvements that are funded by a combination of utility revenues and debt proceeds.

Meeting the challenges created by growth takes financial resources, a Council vision, and budgetary constraint. The Avery Glen residential development began construction in early 2019 and continued to build out during FY2020 and should be completely built of by Q2 of FY2021. The Grove residential development began infrastructure construction in 2020 and will build out over the next two to three years. Both developments could seek approval for additional builds if the economy continues to grow. In addition, a new mixed residential development named Castlewood received initial approval in 2020 and continues to work toward final approval and ground-breaking. Other residential developments are currently under consideration.

On the commercial side, Hart Components was completing construction on a new manufacturing facility within the City limits and anticipates the start of production in the second half of 2020. Hart Components will provide both property tax and sales tax revenues. In addition, RCR Taylor Logistics Park, a master planned rail-served logistic & industrial park broke ground in 2019 and continues to develop and market the property. New construction is anticipated on this site in 2021.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2020

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 more than 26 million Texas customers, or about 90 percent of the state's electric load. ERCOT is the City's largest employer, while the Taylor Independent School District (TISD) is the second largest employer in the City.

The City's Fund Balance Policy requires that the General Fund maintains a minimum of three months of operating expenditures as unassigned reserves, which currently equates to \$3,716,167. At the end of fiscal year 2020, unassigned fund balance in the General Fund is \$5,173,649. It is intended that the available fund balance beyond the minimum be used for capital outlay, unbudgeted personnel expenses and emergency expenditures. For the fiscal year 2021, 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 2020-21 is \$0.809215 per \$ 100 valuation. Approximately 75 percent of this rate, or \$0.613755, is utilized for General Fund activities. The remaining 25 percent, or \$0.195460, is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2020-21 is estimated to be \$7,497,000. Sales tax revenue for fiscal year 2020-21 is budgeted at \$3,140,000. The COVID-19 pandemic created a unique budgeting challenge that resulted in a very conservative approach for tax revenue estimates. It is possible that the City will recognize property and sales tax revenues in excess of what is budgeted.

The largest revenue source for the Utility Fund is water and wastewater fees, accounting for 98 percent of utility revenues. A water and sewer rate study was completed and adopted by Council during fiscal year 2014-2015 and rate increases were implemented beginning in fiscal year 2015-16 and increased annually for the next four years, ending in 2019. There was not a rate increase for water or sewer services in fiscal year 2019-20, nor was a rate increase budgeted for fiscal year 2020-21. A new rate study was initiated in 2020 and will be presented to Council for consideration in early 2021. Any rate increases recommended by the study will likely take effect in fiscal year 2022. Water and sewer rate increases are used to cover increasing operational costs, to fund future projects and build up reserves in the Public Utilities Fund. The current 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 City Council approved an ordinance establishing a Transportation User Fee (TUF) that applied to businesses and residents within the City of Taylor city limits. The new rate took effect in June of 2016. A flat fee of \$8.00 per residential unit was assessed, with commercial customers being assessed at 6 distinct tier rates that ranged from \$25 to \$133 per month. The total annual revenue generated from the TUF is projected to be \$790,000 for the fiscal year 2021. The TUF was designed to address a portion of

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2020

the street repair and maintenance expenses for Taylor's aged infrastructure but is not enough to meet the demands of all the lower rated streets.

The sanitation fee for residential garbage is a base charge of \$ 12.04 per month. There is no change in rates in the budget for the fiscal year 2021.

The City Council approved a residential curbside recycling program in December of 2017. The program's initial cost was \$2.50 per month per resident with the City paying \$.75 per month per resident for the first year of service. After the first year, the cost share ended and the rate increased to \$3.25 per month. There is no rate increase budgeted for fiscal year 2021

The drainage fee for a single-family dwelling remains at \$3.00 per month in fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2) September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 18,299,074	\$ 11,198,098	\$ 29,497,172
Investments	997,390	-	997,390
Restricted cash-customer deposits	-	474,981	474,981
Receivables, net	1,581,341	1,275,239	2,856,580
Due from primary government	-	-	-
Internal balances	-	-	-
Inventories	-	99,888	99,888
Total Current Assets	20,877,805	13,048,206	33,926,011
Land held for investment	-	-	-
Capital assets:			
Non-depreciable	6,573,697	2,195,134	8,768,831
Net depreciable capital assets	63,803,344	36,824,197	100,627,541
Noncurrent Assets	70,377,041	39,019,331	109,396,372
Total Assets	91,254,846	52,067,537	143,322,383
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	256,840	529,146	785,986
Pension outflows	1,052,278	175,575	1,227,853
OPEB outflows	167,776	9,812	177,588
Total Deferred Outflows of Resources	1,476,894	714,533	2,191,427

Component Units			
	Taylor		Tax Increment
	EDC		Financing
\$	2,879,882	\$	271,554
	-		-
	-		-
	222,177		-
	7,209		-
	-		-
	-		-
	3,109,268		271,554
	409,787		-
	-		-
	38,349		-
	448,136		-
	3,557,404		271,554
	-		-
	-		-
	-		-
	-		-

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,451,024	588,073	2,039,097
Due to component unit	7,209	-	7,209
Customer deposits	-	474,981	474,981
Compensated absences, current	1,233,724	26,856	1,260,580
Accrued interest payable	132,776	118,671	251,447
Long-term debt due within one year	2,625,508	1,800,000	4,425,508
Total Current Liabilities	5,450,241	3,008,581	8,458,822
Noncurrent liabilities:			
Net pension liability	3,993,127	666,260	4,659,387
OPEB liability	1,282,047	73,855	1,355,902
Compensated absences, noncurrent	137,080	2,984	140,064
Debt due in more than one year	30,119,846	24,336,509	54,456,355
	35,532,100	25,079,608	60,611,708
Total Liabilities	40,982,341	28,088,189	69,070,530
<u>Deferred Inflows of Resources</u>			
Pension inflows	765,323	127,695	893,018
OPEB Inflows	24,421	4,075	28,496
Total Deferred Inflows of Resources	789,744	131,770	921,514
<u>Net Position</u>			
Net investment in capital assets	47,078,362	17,661,875	64,740,237
Restricted for:			
Debt service	787,564	-	787,564
Capital projects	571,223	-	571,223
Community development	-	-	-
Cemetery land purchase	131,384	-	131,384
Moody museum	253,693	-	253,693
Library bequest funds	282,835	-	282,835
Cemetery - nonexpendable	697,390	-	697,390
Municipal court	94,730	-	94,730
Other purposes	696,047	-	696,047
Unrestricted	366,427	6,900,236	7,266,663
Total Net Position	\$ 50,959,655	\$ 24,562,111	\$ 75,521,766

See Notes to Financial Statements.

Component Units	
Taylor EDC	Tax Increment Financing
10,880	26,517
-	-
-	-
14,402	-
-	-
-	-
25,282	26,517
-	-
-	-
1,600	-
-	-
1,600	-
26,882	26,517
-	-
-	-
-	-
38,349	-
-	-
-	-
3,492,173	245,037
-	-
-	-
-	-
-	-
-	-
-	-
-	-
\$ 3,530,522	\$ 245,037

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,261,634	\$ 1,867,402	\$ 608,967	\$ 877,420
Culture and recreation	1,395,692	-	-	-
Community development	1,831,618	-	-	976,386
Public safety	6,694,441	203,814	-	-
Public works	3,611,256	499,559	-	-
Interest and fiscal charges	1,114,377	-	-	-
Total Governmental Activities	<u>18,909,018</u>	<u>2,570,775</u>	<u>608,967</u>	<u>1,853,806</u>
Business-Type Activities				
Public Utility	7,364,429	10,279,494	-	-
Airport	492,842	395,988	-	-
Cemetery Operating	156,441	220,123	-	-
Sanitation	1,429,656	1,650,438	-	-
Total Business-Type Activities	<u>9,443,368</u>	<u>12,546,043</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 28,352,386</u>	<u>\$ 15,116,818</u>	<u>\$ 608,967</u>	<u>\$ 1,853,806</u>
Component Units				
Taylor Economic Development Corporation	\$ 867,127	\$ -	\$ -	\$ -
Tax Increment Financing	616,304	-	-	-
Total Component Units	<u>\$ 1,483,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Taylor EDC	Tax Increment Financing
\$ (907,845)	\$ -	\$ (907,845)	\$ -	\$ -
(1,395,692)	-	(1,395,692)	-	-
(855,232)	-	(855,232)	-	-
(6,490,627)	-	(6,490,627)	-	-
(3,111,697)	-	(3,111,697)	-	-
(1,114,377)	-	(1,114,377)	-	-
(13,875,470)	-	(13,875,470)	-	-
-	2,915,065	2,915,065	-	-
-	(96,854)	(96,854)	-	-
-	63,682	63,682	-	-
-	220,782	220,782	-	-
-	3,102,675	3,102,675	-	-
(13,875,470)	3,102,675	(10,772,795)	-	-
			(867,127)	-
			-	(616,304)
			(867,127)	(616,304)
9,918,365	-	9,918,365	-	165,525
3,795,264	-	3,795,264	1,265,088	-
989,105	-	989,105	-	-
318,116	93,775	411,891	10,325	6,442
306,007	121,365	427,372	-	91,680
1,753,305	(1,753,305)	-	-	-
17,080,162	(1,538,165)	15,541,997	1,275,413	263,647
3,204,692	1,564,510	4,769,202	408,286	(352,657)
47,754,963	22,997,601	70,752,564	3,122,236	597,694
\$ 50,959,655	\$ 24,562,111	\$ 75,521,766	\$ 3,530,522	\$ 245,037

City of Taylor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	General	Capital Improvements	I & S For CO Bonds
<u>Assets</u>			
Cash and cash equivalents	\$ 5,944,311	\$ 5,754,581	\$ 719,638
Investments	997,390	-	-
Receivables, net	1,178,228	210,531	57,334
Due from other funds	162,532	-	67,926
Total Assets	\$ 8,282,461	\$ 5,965,112	\$ 844,898
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 815,160	\$ 503,786	\$ -
Due to other funds	67,926	-	-
Due to component unit	7,209	-	-
Total Liabilities	890,295	503,786	-
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	170,970	-	57,334
Total Deferred Inflows of Resources	170,970	-	57,334
<u>Fund Balances</u>			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	787,564
Capital projects	571,223	5,461,326	-
Library donation fund	282,835	-	-
Roadway impact fund	295,274	-	-
Special revenue	-	-	-
Moody museum	253,693	-	-
Other purposes	265,222	-	-
Committed for:			
Drainage	-	-	-
ERCOT	275,000	-	-
Givens Community Center	80,000	-	-
Cattainer	24,300	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	5,173,649	-	-
Total Fund Balances	7,221,196	5,461,326	787,564
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,282,461	\$ 5,965,112	\$ 844,898

See Notes to Financial Statements.

Transportation User Fee	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,203,301	\$ 1,404,164	\$ 18,025,995
-	-	997,390
82,822	52,426	1,581,341
-	-	230,458
<u>\$ 4,286,123</u>	<u>\$ 1,456,590</u>	<u>\$ 20,835,184</u>

\$ 48,446	\$ 28,531	\$ 1,395,923
-	162,532	230,458
-	-	7,209
<u>48,446</u>	<u>191,063</u>	<u>1,633,590</u>

-	-	228,304
<u>-</u>	<u>-</u>	<u>228,304</u>

-	697,390	697,390
-	-	787,564
-	-	6,032,549
-	-	282,835
-	-	295,274
-	361,665	361,665
-	-	253,693
-	-	265,222
-	206,472	206,472
-	-	275,000
-	-	80,000
-	-	24,300
4,237,677	-	4,237,677
-	-	5,173,649
<u>4,237,677</u>	<u>1,265,527</u>	<u>18,973,290</u>

<u>\$ 4,286,123</u>	<u>\$ 1,456,590</u>	<u>\$ 20,835,184</u>
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City of Taylor, Texas

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

September 30, 2020

Fund Balances - Total Governmental Funds	\$	18,973,290
------------------------------------------	----	------------

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	6,573,697
----------------------------------	-----------

Capital assets - net depreciable	60,562,733
----------------------------------	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	228,304
-----------------------------------------------------------------------------------------------------------------------------------------	---------

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	256,840
------------------------------	---------

Pension Outflows-TMRS	1,032,539
-----------------------	-----------

OPEB Outflows-TMRS	57,699
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OPEB Outflows-Retiree healthcare	108,974
----------------------------------	---------

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	323,931
----------------------------------------	---------

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 Inflows-TMRS	(750,967)
----------------------	-----------

OPEB Inflows-TMRS	(23,963)
-------------------	----------

Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension liability	(3,918,224)
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OPEB liability-Supplemental Death Fund	(434,333)
----------------------------------------	-----------

OPEB liability-Retiree Healthcare	(839,411)
-----------------------------------	-----------

Accrued interest	(132,776)
------------------	-----------

Bond premium	(1,432,819)
--------------	-------------

Compensated absences	(1,365,859)
----------------------	-------------

Non-current liabilities due in one year	(2,115,000)
-----------------------------------------	-------------

Non-current liabilities due in more than one year	(26,145,000)
---------------------------------------------------	--------------

Net Position of Governmental Activities	\$ 50,959,655
------------------------------------------------	----------------------

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, 2020

	General	Capital Improvements	I & S For CO Bonds
<u>Revenues</u>			
Property tax	\$ 7,436,415	\$ -	\$ 2,453,308
Sales tax	3,795,264	-	-
Franchise and local taxes	822,272	-	-
License and permits	840,831	-	-
Charges for services	223,699	-	-
Fines and forfeitures	192,865	-	-
Intergovernmental	259,467	976,386	339,500
Investment income	144,054	83,012	10,287
Other revenues	275,880	-	1,148
Total Revenues	13,990,747	1,059,398	2,804,243
<u>Expenditures</u>			
Current:			
General government	3,589,314	-	-
Culture and recreation	1,579,745	-	-
Community development	1,190,988	-	-
Public safety	6,686,089	-	-
Public works	1,818,532	-	-
Debt service:			
Principal retirement	-	-	1,760,000
Interest and fiscal charges	-	-	937,712
Capital outlay	-	2,749,950	-
Total Expenditures	14,864,668	2,749,950	2,697,712
Excess of Revenues Over (Under) Expenditures	(873,921)	(1,690,552)	106,531
<u>Other Financing Sources (Uses)</u>			
Transfers in	2,135,150	1,089,501	280,577
Transfers (out)	(14,600)	(181,148)	(247,300)
Total Other Financing Sources (Uses)	2,120,550	908,353	33,277
Net Change in Fund Balances	1,246,629	(782,199)	139,808
Beginning fund balances	5,974,567	6,243,525	647,756
Ending Fund Balances	\$ 7,221,196	\$ 5,461,326	\$ 787,564

See Notes to Financial Statements.

Transporation User Fee	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,889,723
-	-	3,795,264
-	166,833	989,105
-	-	840,831
793,556	508,875	1,526,130
-	10,949	203,814
-	10,000	1,585,353
45,575	26,387	309,315
-	40,858	317,886
839,131	763,902	19,457,421
-	271,608	3,860,922
-	-	1,579,745
-	-	1,190,988
-	-	6,686,089
337,138	-	2,155,670
85,000	-	1,845,000
208,442	-	1,146,154
-	37,855	2,787,805
630,580	309,463	21,252,373
208,551	454,439	(1,794,952)
-	58,398	3,563,626
(1,123,101)	(491,472)	(2,057,621)
(1,123,101)	(433,074)	1,506,005
(914,550)	21,365	(288,947)
5,152,227	1,244,162	19,262,237
\$ 4,237,677	\$ 1,265,527	\$ 18,973,290

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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, 2020

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

Net changes in fund balances - total governmental funds	\$	(288,947)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		3,190,484
Contributed capital		877,420
Depreciation expense		(2,491,794)
Net effect of capital disposals		(19,939)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		28,642
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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		338,513
OPEB expense		(93,223)
Compensated absences		(222,894)
Accrued interest		33,566
Amortization of deferred charges on refunding		(49,972)
Amortization of bond premium and discounts		163,856

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		1,845,000
--------------------	--	-----------

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.

		(106,020)
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Change in Net Position of Governmental Activities	\$	3,204,692
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See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 9,741,106	\$ 1,079,868	\$ 109,328
Restricted cash:			
Customer deposits	474,981	-	-
Receivables, net	1,016,462	18,568	15,796
Inventories	99,888	-	-
Total Current Assets	11,332,437	1,098,436	125,124
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	1,322,421	872,713	-
Net depreciable capital assets	32,008,543	4,808,631	7,023
Total Noncurrent Assets	33,330,964	5,681,344	7,023
Total Assets	44,663,401	6,779,780	132,147
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	527,224	1,922	-
Pension outflows	161,085	5,884	8,606
OPEB outflows	9,002	329	481
Total Deferred Outflows of Resources	697,311	8,135	9,087

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 267,796	\$ 11,198,098	\$ 273,079
-	474,981	-
224,413	1,275,239	-
-	99,888	-
492,209	13,048,206	273,079
-	2,195,134	-
-	36,824,197	3,240,611
-	39,019,331	3,240,611
492,209	52,067,537	3,513,690
-	529,146	-
-	175,575	19,739
-	9,812	1,103
-	714,533	20,842

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	426,963	4,642	14,010
Customer deposits	474,981	-	-
Current maturities of long-term debt	1,775,000	25,000	-
Compensated absences, current	26,856	-	-
Accrued interest	112,620	6,051	-
Total Current Liabilities	2,816,420	35,693	14,010
<u>Noncurrent Liabilities</u>			
Long-term debt	22,938,361	1,398,148	-
Compensated absences, noncurrent	2,984	-	-
Net pension liability	611,275	22,328	32,657
OPEB liability	67,760	2,475	3,620
Total Liabilities	26,436,800	1,458,644	50,287
<u>Deferred Inflows of Resources</u>			
Pension inflows	117,157	4,279	6,259
OPEB Inflows	3,738	137	200
Total Deferred Inflows of Resources	120,895	4,416	6,459
<u>Net Position</u>			
Net investment in capital assets	13,394,734	4,260,118	7,023
Unrestricted	5,408,283	1,064,737	77,465
Total Net Position	\$ 18,803,017	\$ 5,324,855	\$ 84,488

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
142,458	588,073	55,101
-	474,981	-
-	1,800,000	510,508
-	26,856	4,451
-	118,671	-
142,458	3,008,581	570,060
-	24,336,509	2,542,027
-	2,984	494
-	666,260	74,903
-	73,855	8,303
142,458	28,088,189	3,195,787
-	127,695	14,356
-	4,075	458
-	131,770	14,814
-	17,661,875	599,009
349,751	6,900,236	(275,078)
\$ 349,751	\$ 24,562,111	\$ 323,931

City of Taylor, Texas

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

For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Operating Revenues</u>			
Water revenue	\$ 5,843,492	\$ -	\$ -
Sewer revenue	4,436,002	-	-
Airport services	-	395,988	-
Cemetery services	-	-	220,123
Sanitation	-	-	-
Other income	36,914	-	1,475
Charges for services	-	-	-
State grants	-	-	-
Rents and royalties	82,976	-	-
Total Operating Revenues	10,399,384	395,988	221,598
<u>Operating Expenses</u>			
Personnel services	1,515,480	83,427	71,966
Contractual services	3,173,325	200,021	82,568
Material and supplies	520,683	3,677	1,405
Depreciation	1,222,183	163,693	502
Total Operating Expenses	6,431,671	450,818	156,441
Operating Income (Loss)	3,967,713	(54,830)	65,157
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	84,632	9,143	-
Interest expense	(932,758)	(42,024)	-
Total Nonoperating Revenues (Expenses)	(848,126)	(32,881)	-
Income Before Transfers & Capital Contributions	3,119,587	(87,711)	65,157
<u>Transfers and Capital Contributions</u>			
Transfers in	-	-	25,895
Transfers (out)	(1,600,000)	(15,000)	-
Change in Net Position	1,519,587	(102,711)	91,052
Beginning net position	17,283,430	5,427,566	(6,564)
Ending Net Position	\$ 18,803,017	\$ 5,324,855	\$ 84,488

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ -	\$ 5,843,492	\$ -
-	4,436,002	-
-	395,988	-
-	220,123	-
1,650,438	1,650,438	-
-	38,389	8,060
-	-	1,259,055
-	-	-
-	82,976	-
1,650,438	12,667,408	1,267,115
-	1,670,873	178,680
1,429,656	4,885,570	495,601
-	525,765	-
-	1,386,378	839,282
1,429,656	8,468,586	1,513,563
220,782	4,198,822	(246,448)
-	93,775	8,801
-	(974,782)	(115,673)
-	(881,007)	(106,872)
220,782	3,317,815	(353,320)
-	25,895	247,300
(164,200)	(1,779,200)	-
56,582	1,564,510	(106,020)
293,169	22,997,601	429,951
\$ 349,751	\$ 24,562,111	\$ 323,931

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 10,409,134	\$ 387,880	\$ 219,492
Payments to suppliers and contractors	(3,445,803)	(202,551)	(82,299)
Payments to employees for salaries and benefits	(1,562,937)	(85,160)	(278,447)
Net Cash Provided (Used) by Operating Activities	5,400,394	100,169	(141,254)
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	-	25,895
Transfer (out)	(1,600,000)	(15,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,600,000)	(15,000)	25,895
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	(1,057,289)	(12,880)	-
Proceeds from capital debt	-	-	-
Principal paid on capital debt	(1,630,000)	(65,000)	-
Interest paid on capital debt	(990,417)	(43,700)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,677,706)	(121,580)	-
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of investments	497,862	-	-
Interest on investments	84,632	9,143	-
Net Cash Provided by Investing Activities	582,494	9,143	-
Net Increase (Decrease) in Cash and Cash Equivalents	705,182	(27,268)	(115,359)
Beginning cash and cash equivalents	9,510,905	1,107,136	224,687
Cash and Cash Equivalents (Including Restricted Cash)	\$ 10,216,087	\$ 1,079,868	\$ 109,328

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 1,636,827	\$ 12,653,333	\$ 1,267,115
(1,429,612)	(5,160,265)	(507,161)
-	(1,926,544)	(184,495)
207,215	5,566,524	575,459
-	25,895	247,300
(164,200)	(1,779,200)	-
(164,200)	(1,753,305)	247,300
-	(1,070,169)	(1,394,870)
-	-	163,750
-	(1,695,000)	(637,854)
-	(1,034,117)	(120,062)
-	(3,799,286)	(1,989,036)
-	497,862	-
-	93,775	8,801
-	591,637	8,801
43,015	605,570	(1,157,476)
224,781	11,067,509	1,430,555
\$ 267,796	\$ 11,673,079	\$ 273,079

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 3,967,713	\$ (54,830)	\$ 65,157
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,222,183	163,693	502
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(15,069)	(8,108)	(2,106)
Due from other funds	-	-	-
Deferred Outflows of Resources:			
Pension outflows	112,833	(2,324)	(3,399)
OPEB outflows	(8,428)	(376)	(550)
Increase (Decrease) in:			
Accounts payable	271,329	(213)	1,674
Customer deposits	24,819	-	-
Net pension liability	(270,451)	(9,879)	(14,449)
OPEB liability	12,319	450	658
Deferred Inflows of Resources:			
Pension inflows	104,805	6,568	178
OPEB inflows	1,465	3,828	15,026
Net Cash Provided (Used) by Operating Activities	\$ 5,400,394	\$ 100,169	\$ (141,254)

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 220,782	\$ 4,198,822	\$ (246,448)
-	1,386,378	839,282
(13,611)	(38,894)	-
-	-	(1,360)
-	107,110	(7,797)
-	(9,354)	(1,261)
44	272,834	(10,200)
-	24,819	-
-	(294,779)	(33,139)
-	13,427	1,510
-	111,551	35,928
-	20,319	(1,056)
<u>\$ 207,215</u>	<u>\$ 5,566,524</u>	<u>\$ 575,459</u>

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City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

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

B. Reporting Entity

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

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

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

Discretely Presented Component Units

Taylor Economic Development Corporation

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

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

Tax Increment Financing Fund

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

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

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

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

The government reports the following major governmental funds:

General Fund

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

Capital Improvements Fund

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

I&S for CO Bonds Fund

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

Transportation User Fee Fund

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The government reports the following major enterprise funds:

Public Utilities Fund

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

Airport

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

Cemetery Operating Fund

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

Sanitation Fund

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

Additionally, the government reports the following fund types:

Special Revenue Funds

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

Internal Service Funds

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Permanent Fund

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

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

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

D. Measurement focus and basis of accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

5. Capital Assets

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

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

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

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

6. Deferred Outflows / Inflows of Resources

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

13. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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

3. Compensated Absences

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

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

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utility fund, airport fund, cemetery operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

A. Expenditures Over Appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations at the legal level of control as follows:

Tax Increment Financing	\$10,653
Drainage	\$5,758
Cemetery Permanent	\$10,895

B. Deficit Fund Balance

At September 30, 2020, the equipment services funds have a deficit net position of \$25,881. The deficits will be eliminated in the future through reimbursements from other funds.

C. Restricted/Committed Fund Equity

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

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

	<u>Restricted</u>	<u>Committed</u>
Debt service	\$ 787,564	\$ -
Capital projects	6,032,549	-
Cemetery land purchase	131,384	-
Municipal court	* 94,730	-
Moody museum	253,693	-
Library bequest funds	282,835	-
Roadway impact fees	295,274	-
PEG Fees	164,254	-
Public safety	9,381	-
Other purposes	227,138	-
ERCOT	-	275,000
Givens Community Center	-	80,000
Cattainer	-	24,300
Drainage	-	206,472
Road maintenance	-	4,237,677
Total	<u>\$ 8,278,802</u>	<u>\$ 4,823,449</u>

* Restricted by enabling legislation

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Municipal bonds	\$ 997,390	2.50	AAA
External investment pools	28,310,589	0.13	AAAm
Total fair value	<u>\$ 29,307,979</u>		
Portfolio weighted average maturity		0.20	

As of September 30, 2020, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
External investment pools	\$ 855,994	0.13	AAAm
Total fair value	<u>\$ 855,994</u>		
Portfolio weighted average maturity		0.13	

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, 2020, 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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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, 2020, 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, 2020, 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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Texas CLASS

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

B. Fair Value Measurement

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

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

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2020.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	\$ 997,390	\$ 997,390	\$ -	\$ -
Total Assets at fair value	\$ 997,390	\$ 997,390	\$ -	\$ -

C. Receivables

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

	Governmental Activities					
	General	I&S for CO Bonds	Capital Improvements	Transportation User Fee	Nonmajor Governmental	Total
Property taxes	\$ 170,970	\$ 57,334	\$ -	\$ -	\$ -	\$ 228,304
Sales tax	656,949	-	-	-	-	656,949
Franchise taxes	223,431	-	-	-	-	223,431
Accounts	-	-	-	98,616	66,785	165,401
Other	126,878	-	210,531	-	-	337,409
Allowance	-	-	-	(15,794)	(14,359)	(30,153)
	<u>\$ 1,178,228</u>	<u>\$ 57,334</u>	<u>\$ 210,531</u>	<u>\$ 82,822</u>	<u>\$ 52,426</u>	<u>\$ 1,581,341</u>

Business-Type Activities					
	Public Utilities	Airport	Cemetery Operating	Sanitation	Total
Accounts	\$ 1,043,607	\$ 18,568	\$ 15,796	\$ 229,544	\$ 1,307,515
Allowance	(27,145)	-	-	(5,131)	(32,276)
	<u>\$ 1,016,462</u>	<u>\$ 18,568</u>	<u>\$ 15,796</u>	<u>\$ 224,413</u>	<u>\$ 1,275,239</u>

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

D. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,557,024	\$ 382,659	\$ -	\$ 2,939,683
Construction in progress	2,683,002	2,898,635	(1,947,623)	3,634,014
Construction in progress - internal service funds	107,814	-	(107,814)	-
Total capital assets not being depreciated	<u>5,347,840</u>	<u>3,281,294</u>	<u>(2,055,437)</u>	<u>6,573,697</u>
Capital assets, being depreciated:				
Streets and bridges	54,694,820	-	11,701	54,706,521
Parks and dams	17,199,949	5,600	1,879,822	19,085,371
Sidewalks, curbs and gutters	3,789,523	-	-	3,789,523
Buildings and improvements	10,916,510	544,077	23,200	11,483,787
Operating equipment	3,211,474	236,933	-	3,448,407
Equipment in internal service funds	6,192,512	1,394,870	67,848	7,655,230
Total capital assets being depreciated	<u>96,004,788</u>	<u>2,181,480</u>	<u>1,982,571</u>	<u>100,168,839</u>
Less accumulated depreciation				
Streets and bridges	18,527,656	1,375,918	-	19,903,574
Parks and dams	3,637,191	580,292	-	4,217,483
Sidewalks, curbs and gutters	678,972	94,738	-	773,710
Buildings and improvements	3,768,933	321,944	(12,961)	4,077,916
Operating equipment	2,859,291	118,902	-	2,978,193
Equipment in internal service funds	3,615,303	839,282	(39,966)	4,414,619
Total accumulated depreciation	<u>33,087,346</u>	<u>3,331,076</u>	<u>(52,927)</u>	<u>36,365,495</u>
Net capital assets being depreciated	<u>62,917,442</u>	<u>(1,149,596)</u>	<u>2,035,498</u>	<u>63,803,344</u>
Total Capital Assets	<u><u>\$ 68,265,282</u></u>	<u><u>\$ 2,131,698</u></u>	<u><u>\$ (19,939)</u></u>	<u><u>\$ 70,377,041</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 263,728
Community development	144,682
Public safety	607,606
Public works	1,475,778
Internal service funds	839,282
Total Governmental Activities Depreciation Expense	<u><u>\$ 3,331,076</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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	148,358	787,691	(57,950)	878,099
Total capital assets not being depreciated	<u>1,465,393</u>	<u>787,691</u>	<u>(57,950)</u>	<u>2,195,134</u>
Capital assets, being depreciated:				
Plant distribution and collection	49,721,568	145,248	57,950	49,924,766
Buildings	10,718,045	-	-	10,718,045
Runway	2,238,416	-	-	2,238,416
Equipment	834,283	137,230	-	971,513
Total capital assets being depreciated	<u>63,512,312</u>	<u>282,478</u>	<u>57,950</u>	<u>63,852,740</u>
Less accumulated depreciation				
Plant distribution and collection	20,620,873	1,057,718	-	21,678,591
Buildings	3,394,025	248,255	-	3,642,280
Runway	856,933	55,960	-	912,893
Equipment	770,334	24,445	-	794,779
Total accumulated depreciation	<u>25,642,165</u>	<u>1,386,378</u>	<u>-</u>	<u>27,028,543</u>
Net capital assets being depreciated	<u>37,870,147</u>	<u>(1,103,900)</u>	<u>57,950</u>	<u>36,824,197</u>
Total Capital Assets	<u><u>\$ 39,335,540</u></u>	<u><u>\$ (316,209)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,019,331</u></u>

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,222,183
Airport	163,693
Cemetery	502
Total Business-type Activities Depreciation Expense	<u><u>\$ 1,386,378</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	26,795	-	-	26,795
Commercial sign	17,244	-	-	17,244
Office Equipment	35,723	-	-	35,723
Total capital assets being depreciated	<u>79,762</u>	<u>-</u>	<u>-</u>	<u>79,762</u>
Less accumulated depreciation				
Industrial building	-	-	-	-
Leasehold improvements	1,787	1,787	-	3,574
Commercial sign	5,316	1,724	-	7,040
Office Equipment	28,659	2,140	-	30,799
Total Accumulated Depreciation	<u>35,762</u>	<u>5,651</u>	<u>-</u>	<u>41,413</u>
Total Capital Assets, Net	<u>\$ 44,000</u>	<u>\$ (5,651)</u>	<u>\$ -</u>	<u>\$ 38,349</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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, 2020. 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	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 9,680,000	\$ -	\$ (975,000)	\$ 8,705,000	\$ 1,135,000
Combination Tax and Revenue Certificates of Obligation	20,425,000	-	(870,000)	19,555,000	980,000
Revenue Certificates of Obligation - ISF	1,910,000	-	(190,000)	1,720,000	195,000
Less deferred amounts:					
For discounts	(2,310)	-	2,310	-	-
For premiums	1,598,985	-	(166,166)	1,432,819	-
For premiums - ISF	48,281	-	(4,389)	43,892	-
Total Bonds Payable	<u>33,659,956</u>	<u>-</u>	<u>(2,203,245)</u>	<u>31,456,711</u>	<u>2,310,000</u>
Note Payable - internal service fund	391,289	-	(180,849)	210,440	137,447
Capital Lease - internal service fund	1,181,458	163,750	(267,005)	1,078,203	178,061
Total Governmental Activities	<u>\$ 35,232,703</u>	<u>\$ 163,750</u>	<u>\$ (2,651,099)</u>	<u>\$ 32,745,354</u>	<u>\$ 2,625,508</u>
Long-term liabilities due in more than one year				<u>\$ 30,119,846</u>	
Business-Type Activities:					
General Obligation Bonds	\$ 9,105,000	\$ -	\$ (695,000)	\$ 8,410,000	\$ 505,000
Combination Tax and Revenue Certificates of Obligation	17,560,000	-	(1,000,000)	16,560,000	1,295,000
Less deferred amounts:					
For discounts	(2,133)	-	2,133	-	-
For premiums	1,273,098	-	(106,589)	1,166,509	-
Total Bonds Payable	<u>27,935,965</u>	<u>-</u>	<u>(1,799,456)</u>	<u>26,136,509</u>	<u>1,800,000</u>
Total Business-Type Activities	<u>\$ 27,935,965</u>	<u>\$ -</u>	<u>\$ (1,799,456)</u>	<u>\$ 26,136,509</u>	<u>\$ 1,800,000</u>
Long-term liabilities due in more than one year				<u>\$ 24,336,509</u>	

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Capital leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. The Taylor EDC has an unused line of credit totaling \$3,500,000. Assets under capital lease have a net book value of \$1,029,847 of year end.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$3,945,000 General Obligation Refunding Bonds, Series 2010, due in installments through 2022, interest at 1.5% to 4%	\$ 180,000	\$ 50,000	\$ 230,000
\$5,450,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2025, interest at 1% to 2.5%	2,560,000	560,000	3,120,000
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	1,865,000	1,375,000	3,240,000
\$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	5,065,000	8,010,000
\$3,020,000 General Obligation Refunding Bonds, Series 2017, due in installments through 2029, interest at 2% to 4%	1,155,000	1,360,000	2,515,000
Total General Obligation Bonds	\$ 8,705,000	\$ 8,410,000	\$ 17,115,000
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%	\$ -	\$ 3,410,000	\$ 3,410,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,500,000	5,160,000	7,660,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2032, interest at 4.25% to 5%	1,980,000	-	1,980,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,795,000	-	2,795,000
\$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	1,350,000	3,620,000	4,970,000
\$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	4,625,000	-	4,625,000
\$12,590,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, due in annual installments through 2044, interest at 2.75%	8,025,000	4,370,000	12,395,000
Total Combination Tax and Revenue/Certificates of Obligation	\$ 21,275,000	\$ 16,560,000	\$ 37,835,000

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	\$ 1,476,711	\$ 1,166,509	\$ 2,643,220
Notes Payable			
\$300,000 Note Payable to Citizens Bank, due in monthly installments of \$5,329 through June 2020, interest at 2.5%	66,568	-	66,568
\$320,000 Note Payable to Citizens Bank, due in annual installments of \$68,626 through August 2021, interest at 3.05%	143,871	-	143,871
Capital Leases Payable:			
\$53,931 Capital lease payable to John Deere, due in monthly installments of \$4,733 through 2017, interest at 3.25%	24,448	-	12,408
\$27,372 Capital lease payable to John Deere, due in monthly installments of \$229 through 2018, interest at 3.25%	12,408	-	22,167
\$72,633 Capital lease payable to Wells Fargo, due in monthly installments of \$28,815 through 2017, interest at 3.25%	22,167	-	24,799
\$52,750 Capital lease payable to Wells Fargo, due in monthly installments of \$28,815 through 2017, interest at 3.25%	24,799	-	748,507
\$1,030,100 Capital lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	748,507	-	748,507
\$192,000 Capital lease payable to Frost Bank, due in annual installments of \$41,076 through 2023, interest at 3.48%	115,110	-	115,110
\$163,750 Capital lease payable to Clayton Holdings, LLC, due in annual installments of \$34,550.64 through 2024, interest at 2.25%	130,765	-	130,765
Total Notes and Capital Leases Payable	1,288,643	-	2,012,702
Total Debt	\$ 32,745,354	\$ 26,136,509	\$ 58,881,863

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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
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	\$ 8,705,000	\$ 1,847,653	\$ 8,410,000	\$ 2,324,177

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Combination Tax and Revenue Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,175,000	\$ 382,817	\$ 1,295,000	\$ 621,539
2022	1,200,000	363,577	1,345,000	569,462
2023	1,245,000	342,037	1,420,000	514,188
2024	1,625,000	319,247	1,665,000	456,066
2025	1,835,000	293,786	1,585,000	389,578
2026	2,190,000	259,489	1,665,000	325,587
2027	2,255,000	218,005	1,025,000	255,952
2028	1,605,000	175,312	420,000	215,754
2029	1,425,000	144,994	430,000	200,424
2030	1,230,000	119,629	445,000	186,249
2031	930,000	98,267	460,000	171,584
2032	970,000	81,307	475,000	156,374
2033	675,000	63,597	495,000	140,674
2034	340,000	50,097	510,000	124,284
2035	350,000	43,297	525,000	107,404
2036	365,000	36,297	545,000	89,979
2037	385,000	28,997	565,000	71,919
2038	395,000	23,222	220,000	54,094
2039	405,000	17,297	225,000	47,494
2040	125,000	10,969	235,000	40,463
2041	130,000	8,938	240,000	32,825
2042	135,000	6,825	250,000	25,025
2043	140,000	4,631	255,000	16,900
2044	145,000	2,356	265,000	8,613
Total	\$ 21,275,000	\$ 3,094,990	\$ 16,560,000	\$ 4,822,427

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 178,061	\$ 37,360	\$ 215,421
2022	167,626	31,638	199,264
2023	146,328	26,421	172,749
2024	104,176	21,696	125,872
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	\$ 1,078,203	\$ 183,035	\$ 1,261,238

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

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 137,447	\$ 6,346	\$ 143,793
2022	72,993	2,175	75,168
Total	\$ 210,440	\$ 8,521	\$ 218,961

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

F. Other Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,142,965	\$ 621,656	\$ (398,762)	\$ 1,365,859	\$ 1,229,273
Compensated Absences in internal service funds	4,945	8,017	(8,017)	4,945	4,451
Total Governmental Activities	<u>\$ 1,147,910</u>	<u>\$ 629,673</u>	<u>\$ (406,779)</u>	<u>\$ 1,370,804</u>	<u>\$ 1,233,724</u>
Business-Type Activities:					
Compensated Absences	\$ 29,840	\$ 45,028	\$ (45,028)	\$ 29,840	\$ 26,856
Total Business-Type Activities	<u>\$ 29,840</u>	<u>\$ 45,028</u>	<u>\$ (45,028)</u>	<u>\$ 29,840</u>	<u>\$ 26,856</u>
Component Unit Activities - Taylor EDC					
Compensated Absences	\$ 11,740	\$ 4,262	\$ -	\$ 16,002	\$ 14,402
Total Component Unit Activities	<u>\$ 11,740</u>	<u>\$ 4,262</u>	<u>\$ -</u>	<u>\$ 16,002</u>	<u>\$ 14,402</u>

G. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2009, 2010, 2012, 2015, 2016 and 2017 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$256,840 and \$529,146, respectively. Current year amortization expense for governmental and business-type activities totaled \$49,973 and \$65,659, respectively.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

H. Interfund Transactions

Transfers between the primary government funds during the 2020 year were as follows:

Transfer out:	Transfer In:						Total
	General	Capital Improvements	I&S for CO Bonds	Nonmajor Government	Cemetery Operating	Equipment Replacement	
General	\$ -	\$ -	\$ -	\$ 14,600	\$ -	\$ -	\$ 14,600
Capital Improvements	175,950	-	-	5,198	-	-	181,148
I&S for CO Bonds	-	-	-	-	-	247,300	247,300
Transportation	-	1,089,501	-	33,600	-	-	1,123,101
Nonmajor Governmental	180,000	-	280,577	5,000	25,895	-	491,472
Public Utilities	1,600,000	-	-	-	-	-	1,600,000
Airport	15,000	-	-	-	-	-	15,000
Sanitation	164,200	-	-	-	-	-	164,200
Total	\$ 2,135,150	\$ 1,089,501	\$ 280,577	\$ 58,398	\$ 25,895	\$ 247,300	\$ 3,836,821

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, 2020 were as follows:

Payable Fund:	Receivable Fund:		
	General	I&S For CO Bonds	Total
General	\$ -	\$ 67,926	67,926
Nonmajor governmental	162,532	-	162,532
Total	\$ 162,532	\$ 67,926	\$ 230,458

Interfund receivables and payables relate to 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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

B. Commitments and Contingent Liabilities

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

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

C. Construction Commitments

In November 2019, the City of Taylor awarded a bid for the Community Development Grant (CDBG) reconstruction of the Dickey-Givens Community Center in the amount of \$515,348. As of September 30, 2020, this project had \$37,015 remaining.

In June 2020, the City of Taylor awarded a bid for the Community Development Block Grant (CDBG) reconstruction of W. Third St in the amount of \$1,107,255. As of September 30, 2020, this project had \$941,848 remaining.

In June 2020, the City of Taylor awarded a bid for the 2019 Infrastructure Bond Street Reconstruction of W. Third St in the amount of \$5,560,514. As of September 30, 2020 this project had \$5,208,215 remaining.

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 888 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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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

2. Benefits Provided

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

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

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

	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	127
Active employees	<u>159</u>
Total	<u>396</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 12.70% and 11.88% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$1,113,923, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 12/31/18	\$ 32,037,059	\$ 25,316,189	\$ 6,720,870
Changes for the year:			
Service cost	1,401,414	-	1,401,414
Interest	2,112,720	-	2,112,720
Change in benefit terms	(645,002)	-	(645,002)
Difference between expected and actual experience	368,547	-	368,547
Changes of assumptions	239,530	-	239,530
Contributions – employer	-	1,035,374	(1,035,374)
Contributions – employee	-	610,069	(610,069)
Net investment income	-	3,916,028	(3,916,028)
Benefit payments, including refunds of emp. contributions	(1,586,423)	(1,586,423)	-
Administrative expense	-	(22,115)	22,115
Other changes	-	(664)	664
Net changes	1,890,786	3,952,269	(2,061,483)
Balance at 12/31/19	<u>\$ 33,927,845</u>	<u>\$ 29,268,458</u>	<u>\$ 4,659,387</u>

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%
\$ 9,793,006	\$ 4,659,387	\$ 490,107

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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

For the year ended September 30, 2020, the City recognized pension expense of \$711,871.

At September 30, 2020, 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	\$	\$ 893,018
Changes in actuarial assumptions	173,178	-
Differences between expected and actual economic experience	232,755	-
Contributions subsequent to the measurement date	821,920	-
Total	\$ 1,227,853	\$ 893,018

The City reported \$821,920 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, 2021. 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:

2020	\$ (120,124)
2021	(93,210)
2022	167,686
2023	(441,437)
2024	-
Thereafter	-
	\$ (487,085)

Supplemental Death Benefits Fund

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 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, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	25
Active employees	159
Total	256

The City's contributions to the TMRS SDBF for the years ended 2020, 2019 and 2018 were \$6,251, \$5,982 and \$5,321, 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
2018	0.07%	0.07%	100.0%
2019	0.07%	0.07%	100.0%
2020	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, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.375%
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. For service retirees and beneficiary mortality rates, the OPEB liability and the OPEB contribution rates utilized the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. For disabled annuitants mortality rates, the OPEB liability and the OPEB contribution rates utilized the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75%, 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

1% Decrease (1.75%)	Current Single Rate Assumption 2.75%	1% Increase (3.75%)
\$ 625,624	\$ 516,491	\$ 432,831

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/18	\$ 422,593
Changes for the year:	
Service Cost	22,660
Interest	15,985
Difference between expected and actual experience	(21,171)
Changes of assumptions	82,525
Benefit payments	(6,101)
Net changes	93,898
Balance at 12/31/19	\$ 516,491

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$47,110.

At September 30, 2020, 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	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 28,496
Change in assumptions	64,061	-
Contributions subsequent to measurement date	4,553	-
Total	\$ 68,614	\$ 28,496

The City reported \$4,553 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, 2021.

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Year ended December 31:		
2020	\$	8,465
2021		8,465
2022		5,943
2023		6,021
2024		6,671
Thereafter		-
	<u>\$</u>	<u>35,565</u>

E. Deferred Compensation Plan

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

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

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 \$52,993 for the year ended September 30, 2020.

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 2.25%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2020.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.25%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

1% Decrease (1.25%)	Current Single Rate Assumption 2.25%	1% Increase (3.25%)
\$ 908,299	\$ 839,411	\$ 774,906

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
\$ 748,721	\$ 839,411	\$ 945,364

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2019	\$ 671,551
Changes for the year:	
Service Cost	44,401
Interest	28,470
Difference between expected and actual experience	46,574
Changes of assumptions	77,880
Benefit payments	(29,465)
Net changes	167,860
Balance at 9/30/2020	\$ 839,411

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$88,351.

At September 30, 2020, 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 expected and actual experience	\$ 40,781
Change in assumptions	68,193
Total	\$ 108,974

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

Year ended September 30:	
2021	\$ 15,480
2022	15,480
2023	15,480
2024	15,480
2025	15,480
Thereafter	31,574
	\$ 108,974

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	1	2
Active employees	91	53
Total	92	55

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, 2020 uses the mortality table: RPH 2014 Total Table with Projection MP-2019 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2018 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2020 and roll forward using a measurement date of September 30, 2020.

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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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	2.25%
Inflation Rate	2.5%
Salary Growth	3.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

The amount of OPEB expenses during the year were \$711,871 and \$88,351 for the SDB and Retiree Healthcare plans, respectively, totaling \$800,222.

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, 2020:

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year Property Tax</u>
Construction of a 20,000sf data center information services facility with machinery and equipment to create positive economic benefits through employment and tax revenue.	75%	\$ 89,959
Total		\$ 89,959

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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

H. Restatement

Due to an accounting error relating to timing of expenditures incurred, the City restated beginning fund balance of the general and nonmajor governmental funds. The restatement of beginning net position/fund balance is as follows:

	<u>Governmental Activities</u>	<u>General</u>	<u>Nonmajor Governmental</u>
Prior year ending net position/ fund balance, as reported	\$ 47,733,657	\$ 5,950,121	\$ 1,247,302
To correct timing of expenditures incurred	21,306	24,446	(3,140)
Restated beginning net position/fund balance	<u>\$ 47,754,963</u>	<u>\$ 5,974,567</u>	<u>\$ 1,244,162</u>

I. Subsequent Events

There were no material subsequent events through March 31, 2021, 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 7,234,000	\$ 7,502,187	\$ 7,436,415	\$ (65,772)
Sales tax	3,395,000	3,747,522	3,795,264	47,742
Franchise and local taxes	930,963	757,083	822,272	65,189
License and permits	333,308	843,690	840,831	(2,859)
Charges for services	291,840	224,497	223,699	(798)
Fines and forfeitures	304,400	192,866	192,865	(1)
Intergovernmental	121,572	138,809	259,467	120,658
Investment income	154,500	144,055	144,054	(1)
Other revenues	147,651	377,025	275,880	(101,145)
Total Revenues	12,913,234	13,927,734	13,990,747	63,013
Expenditures				
Current:				
General government				
City council	164,688	275,777	275,622	155
City management	672,574	677,615	676,615	1,000
Public information	170,963	168,534	168,416	118
Human resources	242,056	241,033	240,750	283
Financial services	582,467	605,974	605,253	721
Municipal court	407,379	353,214	352,801	413
Building maintenance	501,225	475,791	475,412	379
Information technology	218,882	244,853	244,739	114
Nondepartmental	614,128	622,745	549,706	73,039
Total general government	3,574,362	3,665,536	3,589,314	76,222
Culture and recreation				
Moody museum	7,952	7,480	7,480	-
Public library	503,138	499,313	497,060	2,253
Parks and recreation	1,023,713	1,090,630	1,075,205	15,425
Total culture and recreation	1,534,803	1,597,423	1,579,745	17,678

City of Taylor, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	\$ 1,043,847	\$ 1,133,642	\$ 1,105,936	\$ 27,706
Main Street program	113,681	85,191	85,052	139
Total community development	1,157,528	1,218,833	1,190,988	27,845
Public safety				
Fire department	2,617,355	2,693,960	2,570,314	123,646
Police department	3,912,922	3,932,655	3,916,082	16,573
Animal control	224,561	199,872	199,693	179
Total public safety	6,754,838	6,826,487	6,686,089	140,398
Public works				
Maintenance	1,673,423	1,652,447	1,654,397	(1,950)
Engineering and inspection	150,750	169,914	164,135	5,779
Total public works	1,824,173	1,822,361	1,818,532	3,829
Total Expenditures	14,845,704	15,130,640	14,864,668	265,972
Revenues Over (Under) Expenditures	(1,932,470)	(1,202,906)	(873,921)	328,985
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,959,200	2,135,150	2,135,150	-
Transfers (out)	(14,600)	(14,600)	(14,600)	-
Total Other Financing Sources (Uses)	1,944,600	2,120,550	2,120,550	-
Net Change in Fund Balance	\$ 12,130	\$ 917,644	1,246,629	\$ 328,985
Beginning fund balance			5,974,567	
Ending Fund Balance			\$ 7,221,196	

Notes to Required Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

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City of Taylor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION USER FEE
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for services	\$ 793,698	\$ 749,138	\$ 793,556	\$ 44,418
Investment income	2,500	45,575	45,575	-
Total Revenues	796,198	794,713	839,131	44,418
<u>Expenditures</u>				
Public works	490,000	338,946	337,138	1,808
Debt service:				
Principal	85,000	85,000	85,000	-
Interest	208,442	208,442	208,442	-
Total Expenditures	783,442	632,388	630,580	1,808
Excess of Revenues Over (Under) Expenditures	12,756	162,325	208,551	46,226
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	(1,123,101)	(1,123,101)	-
Total Other Financing Sources (Uses)	-	(1,123,101)	(1,123,101)	-
Net Change in Fund Balance	\$ 12,756	\$ (960,776)	(914,550)	\$ 46,226
Beginning fund balance			5,152,227	
Ending Fund Balance			\$ 4,237,677	

Notes to Required Supplementary Information

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

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	¹ 12/31/2019	12/31/2018	12/31/2017
Total pension liability			
Service cost	\$ 1,401,414	\$ 1,182,552	\$ 1,041,311
Interest	2,112,720	2,033,920	1,924,860
Changes in benefit terms	(645,002)	-	-
Differences between expected and actual experience	368,547	(21,953)	(109,310)
Changes of assumptions	239,530	-	-
Benefit payments, including refunds of participant contributions	(1,586,423)	(1,396,663)	(1,226,886)
Net change in total pension liability	1,890,786	1,797,856	1,629,975
Total pension liability - beginning	32,037,059	30,239,203	28,609,228
Total pension liability - ending (a)	33,927,845	32,037,059	30,239,203
Plan fiduciary net position			
Contributions - employer	\$ 1,035,374	\$ 963,711	\$ 865,382
Contributions - members	610,069	567,366	508,931
Net investment income	3,916,028	(778,480)	3,147,066
Benefit payments, including refunds of participant contributions	(1,586,423)	(1,396,663)	(1,226,886)
Administrative expenses	(22,115)	(15,038)	(16,304)
Other	(664)	(786)	(826)
Net change in plan fiduciary net position	3,952,269	(659,890)	3,277,363
Plan fiduciary net position - beginning	25,316,189	25,976,079	22,698,716
Plan fiduciary net position - ending (b)	\$ 29,268,458	\$ 25,316,189	\$ 25,976,079
Fund's net pension liability - ending (a) - (b)	\$ 4,659,387	\$ 6,720,870	\$ 4,263,124
Plan fiduciary net position as a percentage of the total pension liability	86.27%	79.02%	85.90%
Covered payroll	\$ 8,715,264	\$ 8,105,224	\$ 7,246,423
Fund's net pension liability as a percentage of covered payroll	53.46%	82.92%	58.83%

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.

12/31/2016	12/31/2015	12/31/2014
\$ 968,428	\$ 969,566	\$ 849,391
1,820,956	1,807,443	1,722,971
-	-	-
(103,381)	(453,575)	(316,854)
-	67,202	-
(1,139,378)	(1,327,734)	(889,978)
1,546,625	1,062,902	1,365,530
27,062,603	25,999,701	24,634,171
28,609,228	27,062,603	25,999,701
\$ 823,209	\$ 856,984	\$ 816,847
472,404	477,619	443,939
1,428,482	31,157	1,123,153
(1,139,378)	(1,327,734)	(889,978)
(16,128)	(18,976)	(11,725)
(867)	(937)	(964)
1,567,722	18,113	1,481,272
21,130,994	21,112,881	19,631,609
\$ 22,698,716	\$ 21,130,994	\$ 21,112,881
\$ 5,910,512	\$ 5,931,609	\$ 4,886,820

79.34%	78.08%	81.20%
\$ 6,748,626	\$ 6,823,122	\$ 6,341,992
87.58%	86.93%	77.05%

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Actuarially determined employer contributions	\$ 1,113,923	\$ 1,015,485	\$ 939,599	\$ 853,691
Contributions in relation to the actuarially determined	\$ 1,113,923	\$ 1,015,485	\$ 939,599	\$ 853,691
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 8,711,109	\$ 8,545,927	\$ 7,900,339	\$ 7,124,866
Employer contributions as a percentage of covered payroll	12.70%	11.88%	11.89%	11.98%

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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes 1) Decreased repeating COLA from 70% to 30%.
2) Increased municipal matching ratio from 1.5 - 1 to 2 - 1.

	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$	812,004	\$ 830,507
\$	812,004	\$ 830,507
\$	-	\$ -
\$	6,602,710	\$ 6,572,876
	12.30%	12.64%

City of Taylor, Texas

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

TEXAS MUNICIPAL RETIREMENT SYSTEM

SUPPLEMENTAL DEATH BENEFITS PLAN

Year Ended:

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> ¹
Total OPEB liability			
Service cost	\$ 22,660	\$ 24,316	\$ 19,565
Interest	15,985	14,756	14,401
Differences between expected and actual experience	(21,171)	(17,300)	-
Changes of assumptions	82,525	(29,995)	33,502
Benefit payments, including refunds of participant contributions	(6,101)	(5,674)	(4,348)
Net change in total OPEB liability	<u>93,898</u>	<u>(13,897)</u>	<u>63,120</u>
Total OPEB liability - beginning	<u>422,593</u>	<u>\$ 436,490</u>	<u>\$ 373,370</u>
Total OPEB liability - ending (a)	<u><u>516,491</u></u>	<u><u>\$ 422,593</u></u>	<u><u>\$ 436,490</u></u> ²
 Covered payroll	 \$ 8,715,264	 \$ 8,105,224	 \$ 7,246,423
City's total OPEB liability as a percentage of	5.93%	5.21%	6.02%

Notes to schedule:

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

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

City of Taylor, Texas

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

Year Ended:

	9/30/2020	9/30/2019	9/30/2018	¹
Total OPEB liability				
Service cost	\$ 44,401	\$ 44,401	\$ 42,669	
Interest	28,470	25,128	25,079	
Changes in benefit terms	-	-	-	
Differences between expected and actual experience	46,574	-	-	
Changes of assumptions	77,880	-	-	
Benefit payments, including refunds of participant contributions	(29,465)	(33,771)	(13,977)	
Net change in total OPEB liability	167,860	35,758	53,771	
Total OPEB liability - beginning	671,551	\$ 635,793	\$ 582,022	
Total OPEB liability - ending (a)	839,411	\$ 671,551	\$ 635,793	²
 Covered payroll	 \$ 7,206,702	 \$ 6,466,936	 \$ 6,466,936	
City's total OPEB liability as a percentage of covered payroll	11.65%	10.38%	9.83%	

Notes to schedule:

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

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

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

City of Taylor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Assets</u>					
Cash and cash equivalents	\$ 87,239	\$ 4,252	\$ 72,591	\$ 243,233	\$ 94,730
Accounts receivable, net	-	-	-	-	-
Total Assets	\$ 87,239	\$ 4,252	\$ 72,591	\$ 243,233	\$ 94,730
<u>Liabilities</u>					
Accounts payable	\$ 27,792	\$ -	\$ -	\$ -	\$ 739
Due to other funds	-	-	-	111,849	-
Total Liabilities	27,792	-	-	111,849	739
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	59,447	4,252	72,591	131,384	93,991
Committed	-	-	-	-	-
Total Fund Balances	59,447	4,252	72,591	131,384	93,991
Total Liabilities and Fund Balances	\$ 87,239	\$ 4,252	\$ 72,591	\$ 243,233	\$ 94,730

Drainage	Total Nonmajor Special Revenue	Cemetery Permanent Fund	Total Nonmajor Governmental
\$ 154,046	\$ 656,091	\$ 748,073	\$ 1,404,164
52,426	52,426	-	52,426
<u>\$ 206,472</u>	<u>\$ 708,517</u>	<u>\$ 748,073</u>	<u>\$ 1,456,590</u>
\$ -	\$ 28,531	\$ -	\$ 28,531
-	111,849	50,683	162,532
<u>-</u>	<u>140,380</u>	<u>50,683</u>	<u>191,063</u>
-	-	697,390	697,390
-	361,665	-	361,665
206,472	206,472	-	206,472
<u>206,472</u>	<u>568,137</u>	<u>697,390</u>	<u>1,265,527</u>
<u>\$ 206,472</u>	<u>\$ 708,517</u>	<u>\$ 748,073</u>	<u>\$ 1,456,590</u>

City of Taylor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2020

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Revenues</u>					
Hotel occupancy tax	\$ 166,833	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	10,949
Intergovernmental	-	-	10,000	-	-
Other revenue	-	-	37,786	-	3,072
Investment income	-	-	-	492	-
Total Revenues	<u>166,833</u>	<u>-</u>	<u>47,786</u>	<u>492</u>	<u>14,021</u>
<u>Expenditures</u>					
General government	182,388	-	58,681	-	24,635
Capital outlay	-	-	-	-	-
Total Expenditures	<u>182,388</u>	<u>-</u>	<u>58,681</u>	<u>-</u>	<u>24,635</u>
Revenues Over (Under) Expenditures	<u>(15,555)</u>	<u>-</u>	<u>(10,895)</u>	<u>492</u>	<u>(10,614)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	19,600	38,798	-
Transfers (out)	(5,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>-</u>	<u>19,600</u>	<u>38,798</u>	<u>-</u>
Net Change in Fund Balances	<u>(20,555)</u>	<u>-</u>	<u>8,705</u>	<u>39,290</u>	<u>(10,614)</u>
Beginning fund balances	80,002	4,252	63,886	92,094	104,605
Ending Fund Balances	<u>\$ 59,447</u>	<u>\$ 4,252</u>	<u>\$ 72,591</u>	<u>\$ 131,384</u>	<u>\$ 93,991</u>

<u>Drainage</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 166,833	\$ -	\$ 166,833
499,559	499,559	9,316	508,875
-	10,949	-	10,949
-	10,000	-	10,000
-	40,858	-	40,858
-	492	25,895	26,387
<u>499,559</u>	<u>728,691</u>	<u>35,211</u>	<u>763,902</u>
5,904	271,608	-	271,608
37,855	37,855	-	37,855
<u>43,759</u>	<u>309,463</u>	<u>-</u>	<u>309,463</u>
455,800	419,228	35,211	454,439
-	58,398	-	58,398
<u>(460,577)</u>	<u>(465,577)</u>	<u>(25,895)</u>	<u>(491,472)</u>
<u>(460,577)</u>	<u>(407,179)</u>	<u>(25,895)</u>	<u>(433,074)</u>
(4,777)	12,049	9,316	21,365
211,249	556,088	688,074	1,244,162
<u>\$ 206,472</u>	<u>\$ 568,137</u>	<u>\$ 697,390</u>	<u>\$ 1,265,527</u>

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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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 2,321,242	\$ 2,387,536	\$ 2,453,308	\$ 65,772
Investment income	25,000	10,288	10,287	(1)
Intergovernmental	339,500	339,500	339,500	-
Other revenue	-	1,148	1,148	-
Total Revenues	2,685,742	2,738,472	2,804,243	65,771
<u>Expenditures</u>				
Debt service:				
Principal retirement	1,950,000	1,760,000	1,760,000	-
Interest and fiscal charges	994,819	937,714	937,712	2
Total Expenditures	2,944,819	2,697,714	2,697,712	2
Excess of Revenues Over (Under) Expenditures	(259,077)	40,758	106,531	65,773
<u>Other Financing Sources (Uses)</u>				
Transfers in	280,577	280,577	280,577	-
Transfers (out)	-	(247,300)	(247,300)	-
Total Other Financing Sources (Uses)	280,577	33,277	33,277	-
Net Change in Fund Balance	\$ 21,500	\$ 74,035	139,808	\$ 65,773
Beginning fund balance			647,756	
Ending Fund Balance			\$ 787,564	

Notes to Supplementary Information

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

City of Taylor, Texas

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

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Hotel occupancy tax	\$ 70,000	\$ 166,834	\$ 166,833	\$ (1)
Total Revenues	<u>70,000</u>	<u>166,834</u>	<u>166,833</u>	<u>(1)</u>
<u>Expenditures</u>				
General government	65,000	182,388	182,388	-
Total Expenditures	<u>65,000</u>	<u>182,388</u>	<u>182,388</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>5,000</u>	<u>(15,554)</u>	<u>(15,555)</u>	<u>(1)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (20,554)</u>	<u>(20,555)</u>	<u>\$ (1)</u>
Beginning fund balance			80,002	
Ending Fund Balance			<u>\$ 59,447</u>	

Notes to Supplementary Information

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

City of Taylor, Texas

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

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	-
Other revenue	24,000	37,785	37,786	\$ 1
Total Revenues	<u>34,000</u>	<u>47,785</u>	<u>47,786</u>	<u>1</u>
<u>Expenditures</u>				
General government	47,500	58,680	58,681	(1)
Total Expenditures	<u>47,500</u>	<u>58,680</u>	<u>58,681</u>	<u>(1)</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,500)</u>	<u>(10,895)</u>	<u>(10,895)</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	19,600	19,600	19,600	-
Total Other Financing Sources (Uses)	<u>19,600</u>	<u>19,600</u>	<u>19,600</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,100</u>	<u>\$ 8,705</u>	<u>8,705</u>	<u>\$ -</u>
Beginning fund balance			63,886	
Ending Fund Balance			<u>\$ 72,591</u>	

Notes to Supplementary Information

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

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MUNICIPAL COURT SECURITY AND TECHNOLOGY For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 20,464	\$ 14,021	\$ 14,021	\$ -
Total Revenues	<u>20,464</u>	<u>14,021</u>	<u>14,021</u>	<u>-</u>
<u>Expenditures</u>				
General government	38,553	32,306	24,635	7,671
Total Expenditures	<u>38,553</u>	<u>32,306</u>	<u>24,635</u>	<u>7,671</u>
Net Change in Fund Balance	<u>\$ (18,089)</u>	<u>\$ (18,285)</u>	(10,614)	<u>\$ 7,671</u>
Beginning fund balance			104,605	
Ending Fund Balance			<u>\$ 93,991</u>	

Notes to Supplementary Information

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

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX INCREMENT FINANCING For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 168,348	\$ 165,525	\$ 165,525	\$ -
Intergovernmental	98,000	91,680	91,680	-
Investment income	8,000	6,443	6,442	(1)
Total Revenues	<u>274,348</u>	<u>263,648</u>	<u>263,647</u>	<u>(1)</u>
<u>Expenditures</u>				
General government	374,500	605,651	616,304	(10,653)
Total Expenditures	<u>374,500</u>	<u>605,651</u>	<u>616,304</u>	<u>(10,653) *</u>
Net Change in Fund Balance	<u>\$ (100,152)</u>	<u>\$ (342,003)</u>	(352,657)	<u>\$ (10,654)</u>
Beginning fund balance			597,694	
Ending Fund Balance			<u>\$ 245,037</u>	

Notes to Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

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

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 500,760	\$ 466,538	\$ 499,559	\$ 33,021
Total Revenues	<u>500,760</u>	<u>466,538</u>	<u>499,559</u>	<u>33,021</u>
<u>Expenditures</u>				
General government	650	146	5,904	(5,758)
Total Expenditures	<u>650</u>	<u>38,001</u>	<u>43,759</u>	<u>(5,758) *</u>
Excess of Revenues Over (Under) Expenditures	<u>500,110</u>	<u>428,537</u>	<u>455,800</u>	<u>27,263</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(460,577)	(460,577)	(460,577)	-
Total Other Financing Sources (Uses)	<u>(460,577)</u>	<u>(460,577)</u>	<u>(460,577)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 39,533</u>	<u>\$ (32,040)</u>	<u>(4,777)</u>	<u>\$ 27,263</u>
Beginning fund balance			211,249	
Ending Fund Balance			<u>\$ 206,472</u>	

Notes to Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

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

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 6,300	\$ 9,316	\$ 3,016
Investment income	15,000	25,895	10,895
Total Revenues	21,300	35,211	13,911
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(15,000)	(25,895)	(10,895) *
Total Other Financing Sources (Uses)	(15,000)	(25,895)	(10,895)
Net Change in Fund Balance	\$ 6,300	9,316	\$ 3,016
Beginning fund balance		688,074	
Ending Fund Balance		\$ 697,390	

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
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2020

	Equipment Services	Equipment Replacement	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 85,355	\$ 187,724	\$ 273,079
Total Current Assets	85,355	187,724	273,079
<u>Noncurrent Assets</u>			
Capital assets:			
Net depreciable capital assets	-	3,240,611	3,240,611
Total Noncurrent Assets	-	3,240,611	3,240,611
Total Assets	85,355	3,428,335	3,513,690
<u>Deferred Outflows of Resources</u>			
Pension outflows	19,739	-	19,739
OPEB outflows	1,103	-	1,103
Total Deferred Outflows of Resources	20,842	-	20,842
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	29,113	25,988	55,101
Current maturities of long-term debt	-	510,508	510,508
Compensated absences, current	4,451	-	4,451
Total Current Liabilities	33,564	536,496	570,060
<u>Noncurrent Liabilities</u>			
Long-term debt	-	2,542,027	2,542,027
Compensated absences, noncurrent	494	-	494
OPEB liability	8,303	-	8,303
Net pension liability	74,903	-	74,903
Total Liabilities	117,264	3,078,523	3,195,787
<u>Deferred Inflows of Resources</u>			
Pension inflows	14,356	-	14,356
OPEB inflows	458	-	458
Total Deferred Inflows of Resources	14,814	-	14,814
<u>Net Position</u>			
Net investment in capital assets	-	599,009	599,009
Unrestricted	(25,881)	(249,197)	(275,078)
Total Net Position	\$ (25,881)	\$ 349,812	\$ 323,931

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, 2020

	Equipment Services	Equipment Replacement	Total
<u>Operating Revenues</u>			
Charges for services	\$ 694,668	\$ 564,387	\$ 1,259,055
Other revenue	53	8,007	8,060
Total Operating Revenues	694,721	572,394	1,267,115
<u>Operating Expenses</u>			
Personnel services	178,680	-	178,680
Contractual services	475,789	19,812	495,601
Depreciation	-	839,282	839,282
Total Operating Expenses	654,469	859,094	1,513,563
Operating Income (Loss)	40,252	(286,700)	(246,448)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	-	8,801	8,801
Interest expense	-	(115,673)	(115,673)
Total Nonoperating Revenues (Expenses)	-	(106,872)	(106,872)
<u>Transfers</u>			
Transfers in	-	247,300	247,300
Total Transfers	-	247,300	247,300
Change in Net Position	40,252	(146,272)	(106,020)
Beginning net position	(66,133)	496,084	429,951
Ending Net Position	\$ (25,881)	\$ 349,812	\$ 323,931

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, 2020

	Equipment Services	Equipment Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 694,721	\$ 572,394	\$ 1,267,115
Payments to suppliers and contractors	(462,506)	(44,655)	(507,161)
Payments to employees for salaries and benefits	(184,495)	-	(184,495)
Net Cash Provided (Used) by Operating Activities	47,720	527,739	575,459
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	247,300	247,300
Net Cash Provided (Used) by Noncapital Financing Activities	-	247,300	247,300
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	-	(1,394,870)	(1,394,870)
Proceeds from capital debt	-	163,750	163,750
Principal paid on capital debt	-	(637,854)	(637,854)
Interest paid on capital debt	-	(120,062)	(120,062)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,989,036)	(1,989,036)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	-	8,801	8,801
Net Cash Provided by Investing Activities	-	8,801	8,801
Net (Decrease) in Cash and Cash Equivalents	47,720	(1,205,196)	(1,157,476)
Beginning cash and cash equivalents	37,635	1,392,920	1,430,555
Ending Cash and Cash Equivalents	\$ 85,355	\$ 187,724	\$ 273,079

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, 2020

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Reconciliation of Operating (Loss)</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 40,252	\$ (286,700)	\$ (246,448)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	839,282	839,282
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Due to other funds	8,213	(9,573)	(1,360)
Deferred Outflows of Resources:			
Pension outflows	(7,797)	-	(7,797)
OPEB outflows	(1,261)	-	(1,261)
Increase (Decrease) in:			
Accounts payable	5,070	(15,270)	(10,200)
Net pension liability	(33,139)	-	(33,139)
OPEB liability	1,510	-	1,510
Deferred Inflows of Resources:			
Pension inflows	35,928	-	35,928
OPEB inflows	(1,056)	-	(1,056)
Net Cash Provided (Used) by Operating Activities	<u>\$ 47,720</u>	<u>\$ 527,739</u>	<u>\$ 575,459</u>

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
Financial Trends	126
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	136
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	142
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	149
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	152
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 47,078,362	\$ 44,951,472	\$ 45,342,543	\$ 42,810,269
Restricted	3,514,866	3,241,616	3,580,816	2,627,354
Unrestricted (Deficit)	<u>366,427</u>	<u>(438,125)</u>	<u>(1,490,350)</u>	<u>(812,248)</u>
Total governmental activities net position	<u><u>\$ 50,959,655</u></u>	<u><u>\$ 47,754,963</u></u>	<u><u>\$ 47,433,009</u></u>	<u><u>\$ 44,625,375</u></u>
Business-type activities				
Net investment in capital assets	\$ 17,661,875	\$ 16,703,213	\$ 16,205,762	\$ 13,463,393
Unrestricted (Deficit)	<u>6,900,236</u>	<u>6,294,388</u>	<u>4,248,544</u>	<u>2,719,836</u>
Total business-type activities net position	<u><u>\$ 24,562,111</u></u>	<u><u>\$ 22,997,601</u></u>	<u><u>\$ 20,454,306</u></u>	<u><u>\$ 16,183,229</u></u>
Primary government				
Net investment in capital assets	\$ 64,740,237	\$ 61,654,685	\$ 61,548,305	\$ 56,273,662
Restricted	3,514,866	3,241,616	3,580,816	2,627,354
Unrestricted	<u>7,266,663</u>	<u>5,856,263</u>	<u>2,758,194</u>	<u>1,907,588</u>
Total primary government net position	<u><u>\$ 75,521,766</u></u>	<u><u>\$ 70,752,564</u></u>	<u><u>\$ 67,887,315</u></u>	<u><u>\$ 60,808,604</u></u>

Source: City Audited Financials.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 41,563,836	\$ 41,623,407	\$ 41,768,181	\$ 42,658,990	\$ 39,458,232	\$ 42,533,107
3,248,859	2,787,325	2,676,573	2,630,586	7,311,640	4,142,402
<u>(1,790,067)</u>	<u>(1,155,715)</u>	<u>(1,311,590)</u>	<u>2,842,851</u>	<u>2,436,264</u>	<u>2,753,160</u>
<u><u>\$ 43,022,628</u></u>	<u><u>\$ 43,255,017</u></u>	<u><u>\$ 43,133,164</u></u>	<u><u>\$ 48,132,427</u></u>	<u><u>\$ 49,206,136</u></u>	<u><u>\$ 49,428,669</u></u>
\$ 13,597,654	\$ 13,247,923	\$ 12,540,010	\$ 9,092,144	\$ 12,109,434	\$ 12,332,757
<u>658,527</u>	<u>220,034</u>	<u>1,146,589</u>	<u>5,339,652</u>	<u>1,967,586</u>	<u>1,533,418</u>
<u><u>\$ 14,256,181</u></u>	<u><u>\$ 13,467,957</u></u>	<u><u>\$ 13,686,599</u></u>	<u><u>\$ 14,431,796</u></u>	<u><u>\$ 14,077,020</u></u>	<u><u>\$ 13,866,175</u></u>
\$ 55,161,490	\$ 54,871,330	\$ 54,308,191	\$ 51,751,134	\$ 51,567,666	\$ 54,865,864
3,248,859	2,787,325	2,676,573	2,630,586	7,311,640	4,142,402
<u>(1,131,540)</u>	<u>(935,681)</u>	<u>(165,001)</u>	<u>8,182,503</u>	<u>4,403,850</u>	<u>4,286,578</u>
<u><u>\$ 57,278,809</u></u>	<u><u>\$ 56,722,974</u></u>	<u><u>\$ 56,819,763</u></u>	<u><u>\$ 62,564,223</u></u>	<u><u>\$ 63,283,156</u></u>	<u><u>\$ 63,294,844</u></u>

City of Taylor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2020	2019	2018	2017
Expenses				
Governmental activities:				
General government	\$ 4,261,634	\$ 5,012,235	\$ 3,365,998	\$ 3,903,456
Culture and recreation	1,395,692	1,359,674	1,252,029	1,266,740
Community services	1,831,618	1,371,973	833,796	854,916
Public safety	6,694,441	6,924,255	6,404,119	5,987,519
Public works	3,611,256	3,915,394	3,230,070	3,012,792
Interest on long-term debt	1,114,377	1,013,513	983,114	931,650
Total governmental activities expenses	18,909,018	19,597,044	16,069,126	15,957,073
Business-type activities:				
Public utilities fund	6,431,671	5,918,157	5,418,007	5,036,902
Airport fund	450,818	405,680	369,772	380,583
Cemetery operating fund	156,441	175,801	160,970	172,778
Sanitation fund	1,429,656	1,427,419	1,403,324	1,378,240
Interest on long-term debt	974,782	882,959	891,073	932,864
Total business-type activities expenses	9,443,368	8,810,016	8,243,146	7,901,367
Total primary government expenses	\$ 28,352,386	\$ 28,407,060	\$ 24,312,272	\$ 23,858,440
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,867,402	\$ 1,589,404	\$ 1,348,310	\$ 1,433,520
Public safety	203,814	335,026	373,280	279,426
Public works	499,559	491,082	486,165	332,653
Community services	-	-	-	-
Operating grants and contributions	608,967	527,698	204,610	126,478
Capital grants and contributions	1,853,806	1,238,407	1,319,107	2,166,109
Total governmental activities program revenues	5,033,548	4,181,617	3,731,472	4,338,186
Business-type activities:				
Charges for services:				
Public utilities fund	10,279,494	10,118,130	9,756,417	9,081,323
Airport fund	395,988	419,847	413,634	364,728
Cemetery fund	220,123	197,994	158,910	86,733
Sanitation fund	1,650,438	1,632,265	1,608,016	1,642,591
Capital grants and contributions	-	156,197	2,263,131	-
Total business-type activities program revenues	12,546,043	12,524,433	14,200,108	11,175,375
Total primary government program revenues	\$ 17,579,591	\$ 16,706,050	\$ 17,931,580	\$ 15,513,561

2016	2015	2014	2013	2012	2011
\$ 3,647,370	\$ 4,860,808	\$ 4,862,420	\$ 4,770,073	\$ 3,820,796	\$ 4,106,565
1,132,102	1,098,786	1,109,876	1,112,269	1,056,650	-
866,779	628,159	661,224	655,822	502,428	343,860
5,292,525	5,233,324	5,135,384	4,654,499	4,501,449	4,937,819
2,767,401	2,839,114	2,919,795	2,905,400	2,778,499	4,334,567
946,971	911,760	970,486	1,009,285	900,074	826,560
14,653,148	15,571,951	15,659,185	15,107,348	13,559,896	14,549,371
5,287,437	5,167,958	4,865,365	4,696,288	4,883,367	6,005,089
386,176	407,521	473,911	480,214	395,849	426,345
178,182	146,682	163,769	133,354	120,031	88,368
1,362,258	-	-	-	-	-
861,912	1,067,397	1,107,014	1,202,405	1,219,817	-
8,075,965	6,789,558	6,610,059	6,512,261	6,619,064	6,519,802
\$ 22,729,113	\$ 22,361,509	\$ 22,269,244	\$ 21,619,609	\$ 20,178,960	\$ 21,069,173
\$ 795,794	\$ 1,732,647	\$ 1,740,528	\$ 1,631,501	\$ 2,283,280	\$ 2,515,187
248,042	266,967	319,668	323,928	247,130	382,919
326,121	299,593	330,203	325,698	69,481	-
-	-	-	-	-	338,965
498,965	141,889	129,182	127,201	-	-
353,415	470,172	142,440	184,969	-	707,816
2,222,337	2,911,268	2,662,021	2,593,297	2,599,891	3,944,887
7,804,655	6,300,263	6,875,146	6,929,109	7,150,801	7,568,944
426,245	450,606	484,048	500,255	426,859	669,510
145,705	117,340	135,458	118,160	120,529	119,721
1,638,338	-	-	-	-	-
24,580	530,695	79,326	164,979	-	-
10,039,523	7,398,904	7,573,978	7,712,503	7,698,189	8,358,175
\$ 12,261,860	\$ 10,310,172	\$ 10,235,999	\$ 10,305,800	\$ 10,298,080	\$ 12,303,062

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

	2020	2019	2018	2017
Net (Expenses) Revenue				
Governmental activities	\$ (13,875,470)	\$ (15,415,427)	\$ (12,337,654)	\$ (11,618,887)
Business-type activities	3,102,675	3,714,417	5,956,962	3,274,008
Total primary government net expense	<u>\$ (10,772,795)</u>	<u>\$ (11,701,010)</u>	<u>\$ (6,380,692)</u>	<u>\$ (8,344,879)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 9,918,365	\$ 8,885,991	\$ 8,270,706	\$ 7,655,907
Sales taxes	3,795,264	3,438,534	3,244,108	2,989,454
Franchise taxes	989,105	958,665	1,001,000	938,187
Investment earnings	318,116	518,264	259,866	110,551
Other revenues	306,007	476,896	495,695	603,343
Transfers	1,753,305	1,437,725	1,873,913	1,493,201
Total governmental activities	<u>17,080,162</u>	<u>15,716,075</u>	<u>15,145,288</u>	<u>13,790,643</u>
Business-type activities:				
Investment earnings	93,775	128,330	48,199	24,796
Miscellaneous	121,365	138,273	139,829	174,389
Transfers	(1,753,305)	(1,437,725)	(1,873,913)	(1,493,201)
Total business-type activities	<u>(1,538,165)</u>	<u>(1,171,122)</u>	<u>(1,685,885)</u>	<u>(1,294,016)</u>
Total primary government	<u><u>\$ 15,541,997</u></u>	<u><u>\$ 14,544,953</u></u>	<u><u>\$ 13,459,403</u></u>	<u><u>\$ 12,496,627</u></u>
Change in Net Position				
Governmental activities	\$ 3,204,692	\$ 300,648	\$ 2,807,634	\$ 2,171,756
Business-type activities	1,564,510	2,543,295	4,271,077	1,979,992
Total primary government	<u><u>\$ 4,769,202</u></u>	<u><u>\$ 2,843,943</u></u>	<u><u>\$ 7,078,711</u></u>	<u><u>\$ 4,151,748</u></u>

Source: City Audited Financials.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ (12,430,811)	\$ (12,660,683)	\$ (12,997,164)	\$ (12,514,051)	\$ (10,960,005)	\$ (10,604,484)
1,963,558	609,346	963,919	1,200,242	1,079,125	1,838,373
<u>\$ (10,467,253)</u>	<u>\$ (12,051,337)</u>	<u>\$ (12,033,245)</u>	<u>\$ (11,313,809)</u>	<u>\$ (9,880,880)</u>	<u>\$ (8,766,111)</u>
\$ 7,247,922	\$ 6,858,118	\$ 6,420,308	\$ 6,374,806	\$ 6,212,695	\$ 6,078,005
2,962,203	2,952,740	2,744,362	2,535,174	2,411,533	2,219,629
939,301	1,087,771	1,103,835	1,055,651	890,874	816,039
38,666	19,475	31,020	38,322	25,783	38,451
251,452	626,032	212,420	384,719	391,765	1,373,359
1,416,323	1,251,871	1,244,003	1,051,670	869,999	805,020
<u>12,855,867</u>	<u>12,796,007</u>	<u>11,755,948</u>	<u>11,440,342</u>	<u>10,802,649</u>	<u>11,330,503</u>
2,825	465	412	3,149	5,467	10,086
208,164	423,418	161,510	203,055	221,503	619,970
(1,386,323)	(1,251,871)	(1,244,003)	(1,051,670)	(869,999)	(805,020)
<u>(1,175,334)</u>	<u>(827,988)</u>	<u>(1,082,081)</u>	<u>(845,466)</u>	<u>(643,029)</u>	<u>(174,964)</u>
<u>\$ 11,680,533</u>	<u>\$ 11,968,019</u>	<u>\$ 10,673,867</u>	<u>\$ 10,594,876</u>	<u>\$ 10,159,620</u>	<u>\$ 11,155,539</u>
\$ 425,056	\$ 135,324	\$ (1,241,216)	\$ (1,073,709)	\$ (157,356)	\$ 726,019
788,224	(218,642)	(118,162)	354,776	436,096	1,663,409
<u>\$ 1,213,280</u>	<u>\$ (83,318)</u>	<u>\$ (1,359,378)</u>	<u>\$ (718,933)</u>	<u>\$ 278,740</u>	<u>\$ 2,389,428</u>

City of Taylor, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Restricted	\$ 1,668,247	\$ 1,557,807	\$ 1,955,258	\$ 1,133,876
Committed	379,300	460,085	10,785	10,785
Assigned	-	-	-	-
Unassigned	5,173,649	3,956,675	3,481,297	3,427,943
Total general fund	<u><u>\$ 7,221,196</u></u>	<u><u>\$ 5,974,567</u></u>	<u><u>\$ 5,447,340</u></u>	<u><u>\$ 4,572,604</u></u>
 All Other Governmental Funds				
Non-spendable	\$ 697,390	\$ 688,074	\$ 679,385	\$ 670,852
Restricted	6,610,555	7,236,120	4,973,144	3,944,577
Committed	4,444,149	5,363,476	884,560	1,388,667
Total all other governmental funds	<u><u>\$ 11,752,094</u></u>	<u><u>\$ 13,287,670</u></u>	<u><u>\$ 6,537,089</u></u>	<u><u>\$ 6,004,096</u></u>

Source: City Audited Financials.

2016	2015	2014	2013	2012	2011
\$ 1,223,913	\$ 865,526	\$ 778,132	\$ 781,021	\$ 612,452	\$ 615,461
10,785	10,785	10,785	10,785	10,785	17,739
-	-	-	-	409,969	-
3,285,095	3,216,861	3,290,862	3,686,745	3,855,829	2,943,662
<u>\$ 4,519,793</u>	<u>\$ 4,093,172</u>	<u>\$ 4,079,779</u>	<u>\$ 4,478,551</u>	<u>\$ 4,889,035</u>	<u>\$ 3,576,862</u>
\$ 703,783	\$ 697,882	\$ 701,766	\$ 697,543	\$ 729,268	\$ 735,606
4,422,813	5,058,875	7,244,749	7,778,543	6,389,661	2,886,566
697,454	450,768	462,996	450,114	327,257	155,415
<u>\$ 5,824,050</u>	<u>\$ 6,207,525</u>	<u>\$ 8,409,511</u>	<u>\$ 8,926,200</u>	<u>\$ 7,446,186</u>	<u>\$ 3,777,587</u>

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2020	2019	2018	2017
Revenues				
Taxes	\$ 14,674,092	\$ 13,283,190	\$ 12,484,783	\$ 11,583,548
Licenses, permits, and fees	840,831	492,187	280,039	331,723
Charges for services	1,526,130	1,588,299	1,554,436	1,434,450
Fines and forfeitures	203,814	335,026	373,280	279,426
Intergovernmental	1,585,353	1,766,105	1,523,717	2,292,587
Investment earnings	309,315	476,346	253,842	110,548
Other revenues	317,886	299,600	798,161	227,976
Total Revenues	19,457,421	18,240,753	17,268,258	16,260,258
Expenditures				
Current:				
General government	3,860,922	3,605,447	3,106,456	3,620,828
Culture and recreation	1,579,745	1,485,635	1,308,251	1,255,298
Community development	1,190,988	1,097,759	829,836	828,646
Public safety	6,686,089	7,004,920	6,333,181	5,705,113
Public works	2,155,670	2,629,260	1,494,728	1,304,925
Debt Service:				
Principal retirement	1,845,000	1,655,000	1,455,000	1,290,000
Interest and fiscal changes	1,146,154	761,379	689,374	725,728
Bond issuance costs	-	120,931	112,216	34,807
Capital outlay:	2,787,805	2,840,031	5,538,230	4,348,143
Unrealized loss on investments	-	-	557	35,019
Total Expenditures	21,252,373	21,200,362	20,867,829	19,148,507
Excess of Revenues Over (Under)				
Expenditures	(1,794,952)	(2,959,609)	(3,599,571)	(2,888,249)
Other financing sources (uses)				
Transfers in	3,563,626	1,964,603	3,576,414	2,441,818
Transfers (out)	(2,057,621)	(729,574)	(2,098,750)	(987,462)
Debt issuance	-	8,165,000	4,825,000	1,620,000
Premium on debt issuance	-	816,082	249,402	46,750
Payments to escrow agent	-	-	(1,544,766)	-
Total Other Financing Sources				
(Uses)	1,506,005	10,216,111	5,007,300	3,121,106
Net Change in Fund Balances	\$ (288,947)	\$ 7,256,502	\$ 1,407,729	\$ 232,857
Debt service as percentage of				
noncapital expenditures	16.6%	13.2%	14.1%	13.6%

Source: City Audited Financials.

2016	2015	2014	2013	2012	2011
\$ 11,297,631	\$ 10,880,953	\$ 10,246,691	\$ 9,940,659	\$ 9,588,691	\$ 9,168,082
282,906	214,560	134,322	101,808	169,159	92,220
839,009	1,817,680	1,936,409	1,855,391	1,948,547	1,794,596
248,042	266,967	319,668	323,928	247,130	382,919
673,865	612,061	271,622	312,170	146,780	1,046,781
40,324	19,256	31,020	38,322	25,381	38,452
505,598	601,386	174,181	382,384	235,561	1,294,289
13,887,375	14,412,863	13,113,913	12,954,662	12,361,249	13,817,339
3,031,068	4,132,938	4,193,947	4,147,828	3,874,060	2,527,926
1,141,441	1,099,300	1,107,678	1,110,059	-	343,860
841,276	632,021	660,441	631,422	-	-
5,134,332	5,174,338	4,915,960	4,441,585	4,051,068	4,214,072
1,153,524	1,252,245	1,316,652	1,374,935	2,465,390	3,823,790
1,494,972	1,271,180	1,207,384	1,213,983	993,484	938,129
692,008	861,304	919,438	823,110	839,966	808,698
95,074	-	-	134,800	54,500	-
794,863	3,253,720	775,494	1,883,518	825,405	2,086,699
-	-	-	-	-	-
14,378,558	17,677,046	15,096,994	15,761,240	13,103,873	14,743,174
(491,183)	(3,264,183)	(1,983,081)	(2,806,578)	(742,624)	(925,835)
2,029,948	1,822,939	1,633,050	1,126,893	1,595,738	1,648,065
(1,054,459)	(747,349)	(565,430)	(578,678)	(747,342)	(853,657)
5,845,000	-	-	6,990,000	4,875,000	1,030,000
544,267	-	-	254,070	-	-
(6,152,746)	-	-	(4,132,346)	-	(964,535)
1,212,010	1,075,590	1,067,620	3,659,939	5,723,396	859,873
\$ 720,827	\$ (2,188,593)	\$ (915,461)	\$ 853,361	\$ 4,980,772	\$ (65,962)
16.1%	14.6%	14.7%	14.5%	15.0%	13.8%

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	
2011	\$ 451,487	\$ 197,816	\$ 39,566	\$ 128,562	\$ -	\$ 39,471
2012	444,086	220,153	38,771	144,280	-	26,915
2013	444,424	229,683	39,361	137,607	-	28,839
2014	482,453	238,861	43,761	133,642	-	31,398
2015	526,702	248,870	44,524	148,777	-	30,906
2016	579,978	264,734	48,240	155,488	-	34,349
2017	678,682	275,597	50,185	156,899	-	37,156
2018	737,483	291,010	52,915	154,804	-	43,906
2019	807,773	316,189	63,127	164,307	-	53,831
2020	814,077	340,511	66,323	161,119		60,414

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
\$ 777,960	\$ 0.81389	\$ 777,960	100.0%
820,375	0.81389	820,375	100.0%
822,236	0.81389	822,236	100.0%
867,319	0.81390	867,319	100.0%
937,967	0.81389	937,967	100.0%
1,014,091	0.81389	1,014,091	100.0%
1,124,207	0.80389	1,124,207	100.0%
1,192,307	0.79800	1,192,307	100.0%
1,297,565	0.78800	1,297,565	100.0%
1,321,616	0.80922	1,321,616	100.0%

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

Fiscal Year	CITY OF TAYLOR			WILLIAMSON COUNTY			
	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2011	\$ 0.58982	\$ 0.22407	\$ 0.81389	\$ 0.28769	\$ 0.17000	\$ 0.03000	\$ 0.48769
2012	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2013	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2014	0.59069	0.22321	0.81390	0.27903	0.16750	0.04000	0.48653
2015	0.59344	0.22045	0.81389	0.27403	0.16750	0.04000	0.48153
2016	0.59344	0.22045	0.81389	0.26903	0.16750	0.04000	0.47653
2017	0.59949	0.20441	0.80389	0.26903	0.16750	0.04000	0.47653
2018	0.60178	0.19622	0.79800	0.25903	0.16750	0.04000	0.46653
2019	0.59600	0.19200	0.78800	0.25153	0.16750	0.04000	0.45903
2020	0.61155	0.19766	0.80922	0.25153	0.16719	0.04000	0.45872

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

Source: Williamson County Tax Collector.

TAYLOR SCHOOL DISTRICT

Operating	Debt Service	Total Rate	Total Direct & Overlapping Rates
\$ 1.04000	\$ 0.41000	\$ 1.45000	\$ 2.75158
1.17000	0.28000	1.45000	2.75292
1.17000	0.28000	1.45000	2.75292
1.17000	0.28000	1.45000	2.75043
1.17000	0.28000	1.45000	2.74542
1.17000	0.40000	1.57000	2.86042
1.17000	0.40000	1.57000	2.85042
1.17000	0.40000	1.57000	2.83453
1.17000	0.40000	1.57000	2.81703
1.06830	0.40000	1.46830	2.73623

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

Taxpayer	2020			2011		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Electric Reliability						
Council of TX Inc	\$ 36,460,778	1	2.81%	\$ -	-	-
CoreCivic	15,220,805	2	1.17%	-	-	-
ONCOR Electric Delivery						
Co	13,594,854	3	1.05%	-	-	-
Electric Reliability						
Council of TX Inc	13,138,026	4	1.01%	-	-	-
Durcon Laboratory Tops						
Inc.	11,341,892	5	0.87%	-	-	-
HEB Grocery Company LP	11,268,426	6	0.87%	-	-	-
Union Pacific RR CO	9,673,628	7	0.75%	-	-	-
WalMart Real Estate						
Business Trust	9,586,200	8	0.74%	-	-	-
WBW Development						
Group LLC-Series 033	8,604,019	9	0.66%	-	-	-
Taylor CPB Property LLC	7,940,640	10	0.61%	-	-	-
ERCOT	-	-	-	\$31,464,400	1	4.02%
Electric Reliability						
Council of TX	-	-	-	19,579,634	2	2.50%
CCA Properties of Texas LP	-	-	-	13,200,000	3	1.69%
HEB Grocery Co LP	-	-	-	11,557,671	4	1.48%
Wal-Mart Real Estate Trust	-	-	-	10,294,624	5	1.32%
ONCOR Electric Delivery						
Co	-	-	-	8,220,841	6	1.05%
Texas HWY 95 LP	-	-	-	6,217,444	7	0.80%
Wal-Mart Stores East Inc	-	-	-	5,333,673	8	0.68%
Taylor CPB Property	-	-	-	5,112,960	9	0.65%
Union Pacific RR Co.	-	-	-	4,276,869	10	0.55%
Total	\$ 136,829,268			\$ 115,258,116		

Source: Williamson County Tax Collector.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal year of the Levy			Percentage of Tax Levy	Percentage of Tax Levy
		Amount	Percentage of Tax Levy			
2011	\$ 6,050,622	\$ 5,976,895	98.8%	\$ 69,593	\$ 6,046,488	99.9%
2012	6,195,426	6,119,868	98.8%	70,957	6,190,825	99.9%
2013	6,255,176	6,197,753	99.1%	52,521	6,250,274	99.9%
2014	6,352,505	6,292,672	99.1%	53,405	6,346,077	99.9%
2015	6,797,312	6,723,090	98.9%	65,904	6,788,994	99.9%
2016	7,318,681	7,245,999	99.0%	62,277	7,308,276	99.9%
2017	7,754,442	7,678,073	99.0%	61,848	7,739,921	99.8%
2018	8,377,844	8,274,955	98.8%	78,746	8,353,701	99.7%
2019	8,978,568	8,881,948	98.9%	57,048	8,938,996	99.6%
2020	9,988,936	9,894,518	99.1%	-	9,894,518	99.1%

Source: Williamson County Appraisal District Reports.

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts	Contractual Obligation	Capital Lease	Note Payable
2011	\$ 9,192,005	\$ 9,768,476	72,281	\$ 145,398	\$ 418,071	\$ -
2012	8,723,764	14,516,902	65,197	120,375	351,050	-
2013	8,739,097	16,479,268	293,387	93,267	340,278	-
2014	7,884,431	16,183,943	267,506	68,244	582,143	-
2015	7,059,764	15,796,861	241,626	43,221	379,215	285,899
2016	11,871,687	10,230,646	737,333	-	1,425,252	228,547
2017	10,205,000	11,490,000	710,249	-	1,310,951	424,225
2018	10,635,000	15,010,000	929,110	-	1,232,192	582,657
2019	9,680,000	22,335,000	1,644,956	-	1,181,458	391,289
2020	8,705,000	21,275,000	1,476,711	-	1,078,203	210,440

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

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Combination Tax & Revenue Bonds	General Obligation Bonds	Premiums/ Discounts			
\$ 25,441,524	\$ 5,982,995	\$ 149,009	51,169,759	16.12%	3,242
23,228,602	5,380,070	126,434	52,512,394	16.09%	3,266
21,420,022	5,971,060	181,061	53,517,440	16.25%	3,349
21,044,132	5,087,051	152,052	51,269,502	14.34%	3,110
20,650,000	4,178,042	123,043	48,757,671	15.01%	3,126
13,280,000	10,759,095	1,004,096	49,536,656	13.73%	3,005
16,690,000	8,685,000	956,162	50,471,587	12.49%	2,851
14,025,000	9,790,000	1,063,146	53,267,105	13.65%	3,137
17,560,000	9,105,000	1,270,965	63,168,668	15.08%	3,680
16,560,000	8,410,000	1,166,509	58,881,863	12.99%	3,387

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

Fiscal Year	General Obligation Bonds	Premiums/ Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2011	\$ 15,175,000	\$ -	\$ 287,894	\$ 14,887,106	1.91%	943
2012	14,103,834	191,631	145,607	13,958,227	1.70%	868
2013	14,710,158	458,021	236,346	14,473,812	1.76%	906
2014	12,971,482	412,207	225,505	12,745,977	1.47%	773
2015	11,237,806	366,392	185,697	11,052,109	1.18%	709
2016	22,630,782	1,752,228	276,695	22,354,087	2.20%	1,356
2017	18,890,000	1,609,052	387,965	18,502,035	1.65%	1,045
2018	20,425,000	1,808,742	573,932	19,851,068	1.66%	1,169
2019	18,785,000	1,653,335	645,602	18,139,398	1.40%	1,057
2020	17,115,000	1,435,049	719,638	16,395,362	1.24%	943

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

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

Note:

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

City of Taylor, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020 (Unaudited)

	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes:			
Williamson County	\$ 1,010,794,956	1.77%	\$ 17,891,071
Taylor ISD	\$ 61,164,943	100.00%	61,164,943
Subtotal, overlapping debt			<u>79,056,014</u>
 City of Taylor	 \$ 32,745,354	 100%	 <u>32,745,354</u>
 Total direct and overlapping debt			 <u><u>\$ 111,801,368</u></u>

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

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

Source: Data from Texas Municipal Advisory Council

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt limit	\$ 345,508	\$ 337,849	\$ 309,053	\$ 290,341
Total net debt applicable to limit	<u>58,162</u>	<u>62,523</u>	<u>30,850</u>	<u>29,915</u>
Legal debt margin	<u><u>\$ 287,345</u></u>	<u><u>\$ 275,326</u></u>	<u><u>\$ 278,203</u></u>	<u><u>\$ 260,426</u></u>

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 1,321,616
Add back: exempt real property	<u>60,414</u>
Total assessed value	<u>1,382,030</u>
Debt limit (10% of total assessed value)	345,508
Debt applicable to limit:	
Total Debt	58,882
Less: Amount set aside for repayment of general obligation debt	<u>(720)</u>
Total net debt applicable to limit	<u>58,162</u>
Legal debt margin	<u><u>\$ 287,345</u></u>

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 262,110	\$ 242,218	\$ 224,679	\$ 212,769	\$ 211,823	\$ 204,358
25,164	37,137	37,205	37,875	37,719	35,210
<u>\$ 236,946</u>	<u>\$ 205,082</u>	<u>\$ 187,474</u>	<u>\$ 174,894</u>	<u>\$ 169,148</u>	<u>\$ 166,941</u>

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

Fiscal Year	Water Revenue Bonds						
	Utility	Less:	Net	Debt Service			Coverage
	Service Charges	Operating Expenses	Available Revenue	Principal	Interest		
2011	\$ 8,185,627	\$ 3,386,091	\$ 4,799,536	\$ -	\$ -	100.0%	
2012	7,259,363	3,704,075	3,555,288	-	-	100.0%	
2013	6,929,109	3,529,757	3,399,352	-	-	100.0%	
2014	6,875,146	3,618,109	3,257,037	-	-	100.0%	
2015	6,300,263	3,824,509	2,475,754	-	-	100.0%	
2016	7,804,655	3,917,205	3,887,450	-	-	100.0%	
2017	9,081,323	3,769,347	5,311,976	-	-	100.0%	
2018	9,756,417	4,105,939	5,650,478	-	-	100.0%	
2019	10,118,130	4,617,540	5,500,590	-	-	100.0%	
2020	10,279,494	5,209,488	5,070,006	-	-	100.0%	

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

City of Taylor, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population¹	Personal Income³	Per Capita⁵ Personal Income	School Enrollment⁴	Unemployment Rate²
2011	15,783	\$ 305,582	20,116	3,086	7.1%
2012	16,080	\$ 326,360	20,296	3,178	6.8%
2013	15,979	\$ 329,263	20,606	3,239	5.6%
2014	16,483	\$ 337,502	21,691	4,178	4.2%
2015	15,595	\$ 324,891	20,833	4,333	3.4%
2016	16,483	\$ 360,763	21,887	4,547	3.3%
2017	17,701	\$ 404,149	22,832	4,249	2.8%
2018	16,982	\$ 390,263	22,981	4,368	2.8%
2019	17,167	\$ 418,823	24,397	3,894	2.6%
2020	17,383	\$ 453,210	26,072	3,399	5.9%

Data Sources:

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

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

Employer	2020		2011	
	No. Employees *	Rank	No. Employees **	Rank
ERCOT	600+	1	-	
Taylor ISD	500+	2	-	
Durcon, Inc	400+	3	-	
Baylor Scott & White	180+	4	-	
Corrections Corporation of Amer	160+	5	-	
HEB Grocery Co	160+	6	-	
City of Taylor	150+	7	-	
Wal-Mart	125+	8	-	
Floydco, Inc	120+	9	-	
Burrow Cabinets/TaylorCraft	100+	10	-	
ERCOT	-		635	1
Taylor ISD	-		548	2
Wal-Mart	-		240	3
Durcon Laboratory Tops	-		211	4
Scott & White	-		163	5
Corrections Corp of America	-		161	6
HEB	-		161	7
City of Taylor	-		148	8
Floydco, Inc	-		130	9
Burrows Cabinets	-		100	10
Total	2,495		2,497	

* Source: www.taylorcdc.org

** Source: www.mactexas.com.

City of Taylor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2020	2019	2018	2017	2016
General Government					
Management services	4	5	5	4	4
Public information	1	1	1	1	1
Human resources	2	2	2	2	2
Finance	5	5	5	4	4
Municipal court	4	5	5	4	3
C D - planning	8	8	7	7	6
Main street	1	1	1	1	1
Building	3	3	3	3	3
General services	1	1	1	1	1
Information technology	1	1	1	1	1
Other		-	1	1	1
Police					
Officers	30	29	29	27	27
Civilians	10	10	10	8	9
Animal control	3	3	4	3	2
Fire					
Firefighters and officers	23	23	23	23	23
Civilians	1	1	1	1	1
Other Public Works					
Engineering/inspection	0	1	1	1	1
Street maintenance	16	16	15	14	14
Grounds		-	-	-	-
Other		-	-	-	-
Parks and recreation	8	8	6	6	6
Library	7	8	8	9	8
Water	15	14	14	14	14
Wastewater	3	4	4	3	3
Utilities admin.	6	6	6	6	6
Airport	1	2	2	2	2
Cemetery	2	2	2	2	2
Fleet services	2	2	2	2	2
Total all governmental funds	157	160	158	150	147

Source: City records.

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

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2020	2019	2018	2017
General government				
Building permits issued	188	155	70	95
Building inspections conducted	outsourced	outsourced	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	394	561	708	573
Parking violations	23	53	15	37
Traffic violations	3,922	6,073	7,436	4,546
Fire:				
Emergency responses	2,282	2,096	2,118	2,281
Fires extinguished	93	78	80	82
Inspections	206	266	343	329
Highways and streets				
Street resurfacing (miles)	n/a	3	1	-
Potholes repaired	n/a	1,097	240	130
Recreation				
Athletic field permits issued	27	39	41	30
Library				
Volumes in collection	54,947	57,129	55,098	54,117
Total volumes borrowed	32,937	63,645	61,669	74,872
Water				
New connections	300	227	190	137
Water main breaks	85	385	360	353
Average daily consumption (millions of gallons)	2	2	2	2
Peak daily consumption (millions of gallons)	3	3	3	3
Wastewater				
Average daily treatment (millions of gallons)	2	2	1	1
Airport				
LL fuel (thousand gallon)	38	40	43	46
Jet A fuel (thousand gallon)	9	10	11	14
Landings / Take off (thousand)	19	20	17	14
Cemetery				
Lots sold	79	65	144	33
Municipal Court				
Cases processed	1567	2,858	3,393	2,675
General Services				
Facilities				
Work orders	410	708	629	577
Fleet				
Work orders	816	880	870	941
Information Technology				
Personal computers / laptops	186	180	180	171
Service requests	448	565	629	475

Source: City records.

2016	2015	2014	2013	2012	2011
94 outsourced	63 outsourced	129 outsourced	101 outsourced	82 1,637	33 1,291
813	722	717	669	653	653
36	33	54	67	86	76
3,429	1,543	1,604	3,615	2,660	3,388
2,127	2,036	1,915	1,069	1,813	2,225
44	64	61	56	45	110
361	359	316	137	194	315
15	17	10	-	-	-
741	777	655	461	771	171
32	33	30	37	37	36
53,011	50,223	47,952	44,850	45,413	46,099
78,368	75,581	78,186	79,187	87,895	91,408
160	50	44	96	720	1,246
222	235	352	437	445	584
2	3	2	2	2	3
3	2	3	3	4	4
2	2	1	2	1	2
59	48	46	45	35	47
27	29	23	32	23	26
12	9	14	14	11	12
77	66.5	80	84	75	63
1,876	2,113	2,562	4,158	4,852	6,863
645	553	538	453	450	423
834	903	816	1071	1,270	1,243
155	152	135	135	132	120
415	407	549	555	562	413

City of Taylor, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2020	2019	2018	2017
Police				
Number of stations	1	1	1	1
Zone Officers	28	29	29	27
Number of patrol units	25	25	23	15
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	114	114	114	106
Streetlights	1,114	1,114	1,114	1,114
Traffic signals	14	14	14	12
Recreation				
Acreage	463	463	463	462
Playgrounds	8	8	8	7
Baseball/softball diamonds	20	20	20	20
Swimming pools	1	1	1	2
Skate park	1	1	1	-
Tennis courts	8	8	8	8
Water				
Water mains	130	128	123	118
Fire hydrants	685	652	619	808
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4	4
Sanitary sewer (miles)	110	110	91	95
Storm sewers (miles)	20	18	6	6
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	64	64	64	52
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	20	19	19	19
Fleet vehicles	176	171	171	168
Network servers	7	7	7	7

Source: City records.

2016	2015	2014	2013	2012	2011
1	1	1	1	1	1
27	27	27	27	25	25
15	15	15	15	15	12
2	2	2	2	2	2
106	106	106	106	93	93
1,114	1,113	1,102	1,102	1,102	1,097
12	12	12	12	13	11
462	462	462	462	387	387
7	7	7	7	7	6
20	20	20	20	20	20
2	2	2	2	2	2
-	-	-	-	-	-
8	8	8	8	8	10
125	121	121	120	119	115
808	604	604	598	598	596
5	5	5	5	5	5
4	4	4,000	4,000	4,000	4,000
95	90	90	89	89	86
6	5	5	4	4	3
4,000	4,000	4,000	4,000	4,000	4,000
52	52	52	52	52	52
27	27	27	27	27	27
135	135	135	135	135	135
19	19	19	19	16	14
165	164	164	162	157	154
7	7	7	4	4	3

