



CITY OF
TAYLOR, TEXAS

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2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023





***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Taylor, Texas

**For the Year Ended
September 30, 2023**

Prepared by:
Finance Department

Jeffrey B. Wood
Chief Financial Officer



City of Taylor, Texas

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September 30, 2023

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INTRODUCTORY SECTION





March 20, 2024

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 Annual Comprehensive Financial Report (ACFR) of the City of Taylor for the fiscal year ended September 30, 2023.

This report is published to provide the City Council, city staff, citizens of Taylor, 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 solely with the City of Taylor. 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, 2023, 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 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 ACFR.

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 was incorporated in 1876 and is in eastern Williamson County, which is part of 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 22.69 square miles and services an estimated population of 16,975 residents, based on the July 1, 2022 Census Bureau data. 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 that changed the city governance 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 primarily responsible for setting policy, passing ordinances, adopting the annual budget, appointing committee members, and appointing 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. City 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 City Council members are elected by district with the remaining council member being elected at-large. After each election, the five members of the City Council select one of their 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 through city-owned facilities. 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, business incentives, and the City's proximity to Austin are major factors that have contributed to the City's economic growth.

For many years, the City's economy has been largely based on agriculture and small commercial businesses. These are still important aspects to the city and surrounding area today, however,

the City of Taylor and the Taylor Economic Development Corporation actively recruit companies that add to the diversity of the City's local economy while providing residents with good employment opportunities.

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.

In Q4 2021, Samsung Semiconductor announced that they would build a 6,000,000 square foot, \$17 billion next generation semiconductor manufacturing facility in Taylor. Construction of this facility began in early 2022 and it is anticipated that the first of two planned fabrication facilities will begin manufacturing by the end of 2024. This facility will provide thousands of construction jobs as well as 1,800 permanent jobs. The company owns more than 1,200 acres of property at the site and has requested property tax relief for an additional eight fabrication facilities with an estimated value of \$180 billion. There are no plans in place currently for the construction of these additional facilities. It is also anticipated that ancillary suppliers for Samsung will build facilities in the vicinity of the new plant, and several such developments are in various stages of the review/approval process.

The local economy remains vibrant with the county unemployment rate in September 2023 at 3.4%, up slightly from 2.6% in September 2022. This is still under the long-term unemployment average of 4.5%. 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

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 requires a minimum unassigned fund balance in 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 be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

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. The City Council adopted a strategic Plan in 2020 to guide city staff in developing programs and strategies for the good of the community. Future management of growth issues and budget decisions will be guided by the goals and strategies contained in the Strategic Plan. The following goals are used in the development and management of the City's operational focus:

- ❖ **Financial** – To be good stewards of the City's resources.
- ❖ **Customer** – Our residents and businesses are proud to call Taylor home.
- ❖ **Internal Process** – Our clearly defined processes and procedures make it easy to do business with the city.
- ❖ **Employee** – Our knowledgeable, engaged employees deliver an exceptional customer experience by doing a job they love.
- ❖ **Culture** – Our friendly, welcoming environment attracts residents, businesses, and visitors.

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.

Major Initiatives

During the 2019 fiscal year, the City issued a Combination Tax & Revenue Certificate of Obligations, Series 2019 to fund multiple street, utilities, and drainage projects. Proceeds were also allocated for improvements to the Animal Shelter, and for the acquisition of land and design of a new justice center. The City has completed all of these projects as of the end of the 2023 fiscal year.

Other major initiatives started during 2019 was 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 2019, most of the funding for these projects was included in the fiscal year 2020 and 2021 budgets. All of these projects were completed by the end of the 2023 fiscal year.

The City of Taylor issued \$22.91 million in debt in March 2022. This debt will be used to fund improvement projects in the City's water and wastewater infrastructure, street system, drainage system, animal shelter, and parks system. It will also provide funding for equipment to enhance the City's street maintenance program, as well as funding for public safety vehicles. These projects are currently ongoing.

The City of Taylor issued \$5.325 million in a Limited Tax Note in July 2022 to fund improvements to the City's parks, with the primary focus on improvements to the swimming pool in Murphy Park. This work is still ongoing.

In January 2022, the City of Taylor received notice from the Texas General Land Office Community Development and Revitalization division that it was awarded \$5,555,330 in grants

for the Donna Channel/Mustang Creek drainage improvement project to mitigate flooding in the city. In March 2023, the City received notification that the Texas Water Development Board had awarded the City an additional \$5,988,044 in grants and 0% loan for this project. This is the largest flood mitigation project in the history of Taylor.

The City of Taylor issued \$52,155,000 of debt in August 2023 for the design and construction of a new municipal complex. This complex will include a police station, municipal courthouse and city hall. It is anticipated that this project will be completed in late 2026 or early 2027. In conjunction with the August 2023 debt issue, Standard and Poor's Global Ratings raised the City's credit rating to AA from AA-, with a stable outlook.

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 and Finance Department staff use these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the City Council for review and budget workshops are scheduled. The City Council is required to hold a public hearing on the proposed budget and then adopt the final budget no later than September 15th.

The 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 of appropriations to a fund,

however, requires approval of an ordinance by the City Council that formally amends the adopted budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an 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 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the 15th consecutive year that the City of Taylor has received this prestigious award. To be awarded a Certificate of Achievement, a local government must publish an Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the requirements of the Certificate of Achievement Program and we will submit it to the GFOA for certification.

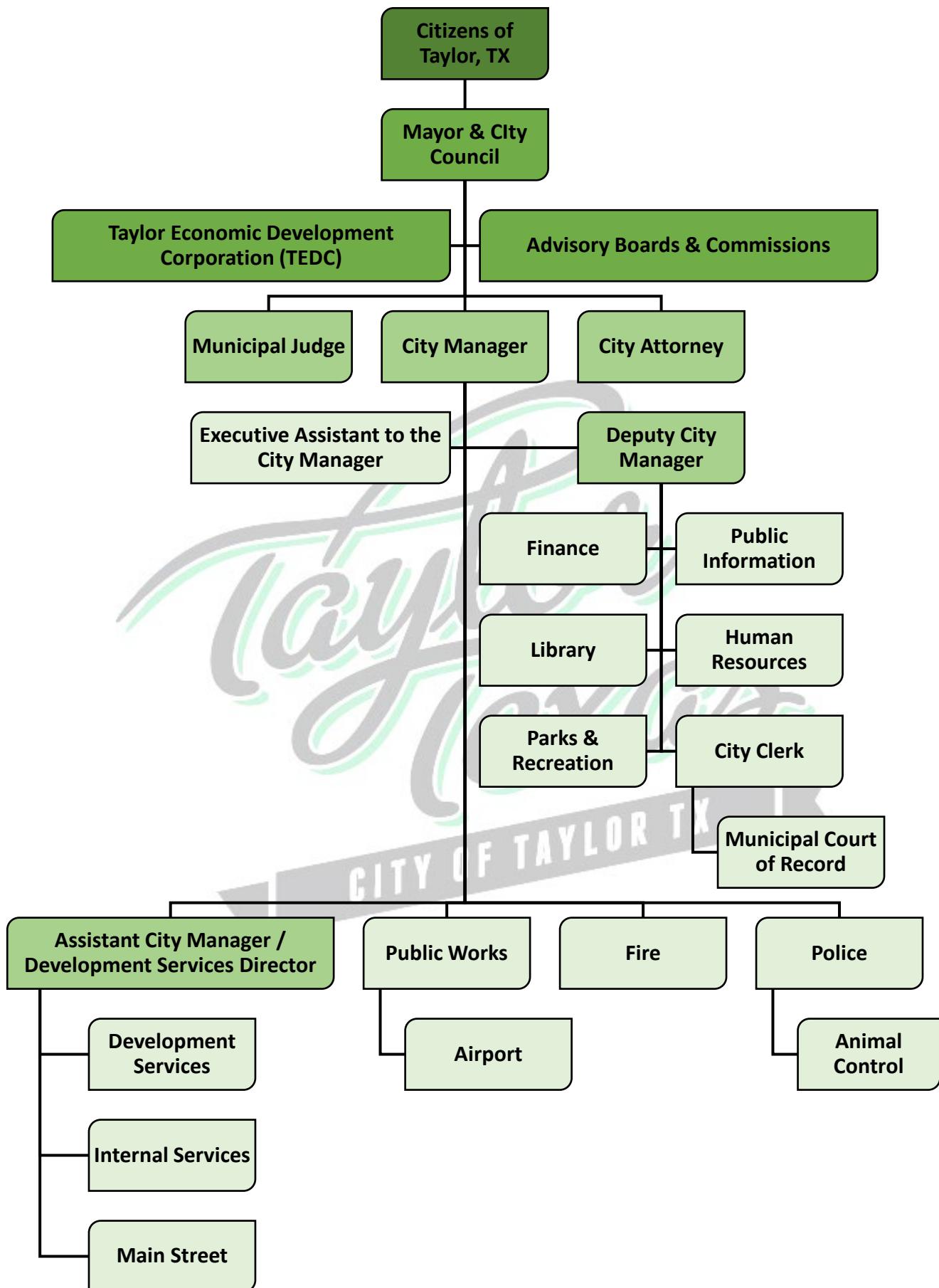
The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance Department, who have completed and recorded nearly 100,000 financial transactions that are reflected in the financial statements contained in this report. I would also like to thank the Mayor and the City Council for their continued support in 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, who have diligently examined the City's financial activities.

Respectfully submitted,



Jeffrey B. Wood
Chief Financial Officer

CITY ORGANIZATION CHART



City of Taylor, Texas

PRINCIPAL OFFICIALS

September 30, 2023

City Council

Brandt Rydell.....	Mayor	Term Expires May 2024
Gerald Anderson.....	Mayor Pro Tem	Term Expires May 2025
Dwayne Ariola.....	Council Member	Term Expires May 2026
Robert Garcia.....	Council Member	Term Expires May 2025
Mitchell Drummond.....	Council Member	Term Expires May 2024

City Staff

Brian LaBorde.....	City Manager
Jeffery Jenkins.....	Deputy City Manager
Tom Yantis.....	Asst. City Manager
Rocio Lopez	Executive Assistant to the City Manager
Ted Hejl.....	City Attorney
Dianna McLean.....	City Clerk
Jeffrey Wood.....	Chief Financial Officer
Daniel Baum.....	Fire Chief
Karen Ellis.....	Library Director
Colin Harrison.....	Director of Development Services
LaShon Gros.....	Director of Human Resources
James Gray.....	Director of Public Works
Nicole Oman.....	Director of Internal Services
Kendra Maness.....	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Monell

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas, as of September 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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 City of Taylor, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal awards are 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 20, 2024 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.

The signature is handwritten in black ink. It starts with a large, stylized 'B', followed by 'rooks' and 'Watson', and ends with 'Co.' on a separate line.

BrooksWatson & Co., PLLC

Certified Public Accountants

Houston, Texas

March 20, 2024

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



City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

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, 2023. 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-vii of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2023 by \$124,828,903.
- The City's total net position increased by \$11,090,855. 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 \$96,890,032 at September 30, 2023, an increase of \$61,208,962 from the prior fiscal year; this includes an increase of \$6,665,829 in the general fund, an increase of \$54,017,520 in the capital improvements fund and an increase of \$177,425 in the I&S fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$16,196,409 or 52% of total general fund expenditures.
- The City's outstanding bonds, tax notes, and certificates of obligations increased by \$52,505,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$126,840,000.
- The City's net pension liability totaled \$6,927,338 as of yearend.

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, 2023

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 and Tax Increment Financing Zones for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24-29 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, 2023

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, capital improvements, 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 30-35 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 38-47 of this report.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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 49-101 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 and deferred outflows exceeded liabilities and deferred inflows by \$124,828,903 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, \$90,252,671, 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.

Total current and other assets for the City increased by \$57,470,083 or 77% primarily due to greater interest-bearing accounts and more cash on hand from unspent bond proceeds in the current year.

Total long-term liabilities for the City increased by \$57,719,140 or 72% when compared to the prior year. The increase is directly related to nonrecurring debt issuances in the current year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental	Business-Type		Governmental	Business-Type	
	Activities	Activities	Total	Activities	Activities	Total
Current and other assets						
other assets	\$ 104,561,884	\$ 27,384,470	\$ 131,946,354	\$ 40,717,245	\$ 33,759,026	\$ 74,476,271
Capital assets, net	77,944,738	63,547,285	141,492,023	77,183,054	53,126,474	130,309,528
Total Assets	182,506,622	90,931,755	273,438,377	117,900,299	86,885,500	204,785,799
Deferred Outflows of Resources						
	3,142,168	873,428	4,015,596	1,111,177	576,942	1,688,119
Other liabilities	9,981,523	4,773,640	14,755,163	6,327,606	4,319,121	10,646,727
Long-term liabilities	107,385,470	30,052,165	137,437,635	47,764,300	31,954,195	79,718,495
Total Liabilities	117,366,993	34,825,805	152,192,798	54,091,906	36,273,316	90,365,222
Deferred Inflows of Resources						
	342,255	90,017	432,272	1,962,104	408,544	2,370,648
Net Position:						
Net investment						
in capital assets	50,703,446	39,549,225	90,252,671	50,598,045	29,452,808	80,050,853
Restricted	5,633,617	6,513,184	12,146,801	6,845,822	12,233,931	19,079,753
Unrestricted	11,602,479	10,826,952	22,429,431	5,513,599	9,093,843	14,607,442
Total Net Position	\$ 67,939,542	\$ 56,889,361	\$ 124,828,903	\$ 62,957,466	\$ 50,780,582	\$ 113,738,048

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Statement of Activities:

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

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities		Total Primary Government	Governmental Activities		Total Primary Government
	Business-Type Activities			Business-Type Activities		
Revenues						
Program revenues:						
Charges for services	\$ 4,163,672	\$ 16,851,447	\$ 21,015,119	\$ 3,589,693	\$ 15,338,346	\$ 18,928,039
Operating grants	1,414,135	-	1,414,135	801,854	-	801,854
Capital grants	1,434,311	432,552	1,866,863	3,129,103	22,351,425	25,480,528
General revenues:						
Property tax	12,651,196	-	12,651,196	11,059,357	-	11,059,357
Sales tax	18,640,704	-	18,640,704	6,433,466	-	6,433,466
Franchise and local taxes	1,284,366	-	1,284,366	1,238,812	-	1,238,812
Investment income	2,363,285	1,031,741	3,395,026	234,574	187,444	422,018
Other revenues	2,819,532	122,424	2,941,956	1,996,649	119,066	2,115,715
Total Revenues	44,771,201	18,438,164	63,209,365	28,483,508	37,996,281	66,479,789
Expenses						
General government	12,783,759	-	12,783,759	5,318,826	-	5,318,826
Culture and recreation	1,828,400	-	1,828,400	1,416,522	-	1,416,522
Community develp.	5,935,803	-	5,935,803	3,650,230	-	3,650,230
Public safety	9,888,753	-	9,888,753	6,853,371	-	6,853,371
Public works	6,535,021	-	6,535,021	4,413,144	-	4,413,144
Interest & fiscal chrgs.	2,791,725	1,172,937	3,964,662	1,256,670	861,921	2,118,591
Public utility	-	8,642,116	8,642,116	-	8,355,013	8,355,013
Airport	-	593,898	593,898	-	669,811	669,811
Cemetery operating	-	295,823	295,823	-	243,933	243,933
Sanitation	-	1,650,275	1,650,275	-	1,597,481	1,597,481
Total Expenses	39,763,461	12,355,049	52,118,510	22,908,763	11,728,159	34,636,922
Change in Net Position						
Before Transfers	5,007,740	6,083,115	11,090,855	5,574,745	26,268,122	31,842,867
Transfers	(25,664)	25,664	-	1,912,713	(1,912,713)	-
Total	(25,664)	25,664	-	1,912,713	(1,912,713)	-
Change in Net Position	4,982,076	6,108,779	11,090,855	7,487,458	24,355,409	31,842,867
Beginning Net Position	62,957,466	50,780,582	113,738,048	55,470,008	26,425,173	81,895,181
Ending Net Position	\$ 67,939,542	\$ 56,889,361	\$ 124,828,903	\$ 62,957,466	\$ 50,780,582	\$ 113,738,048

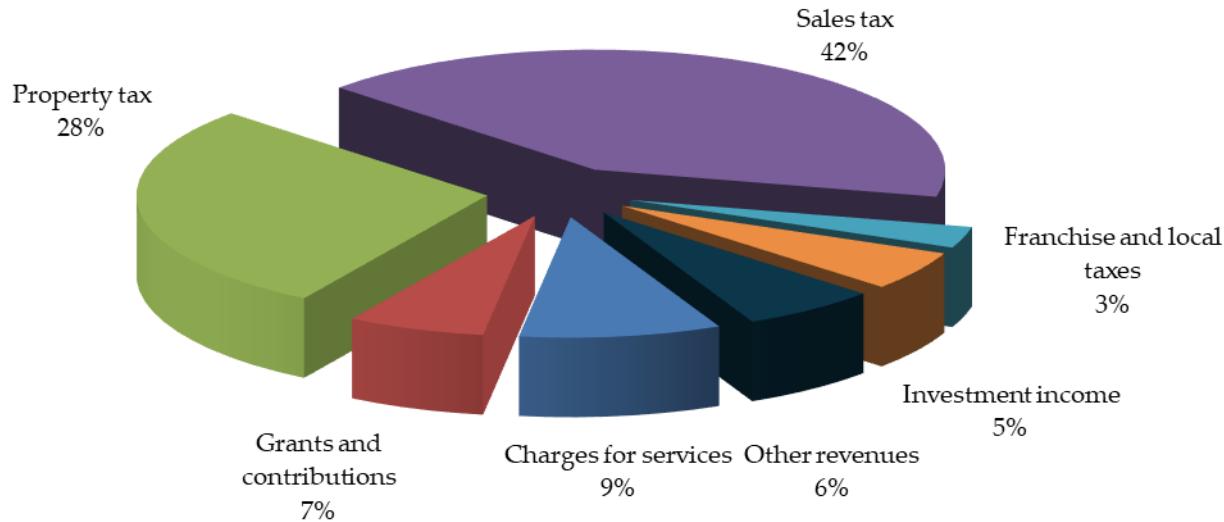
City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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

Governmental Activities - Revenues



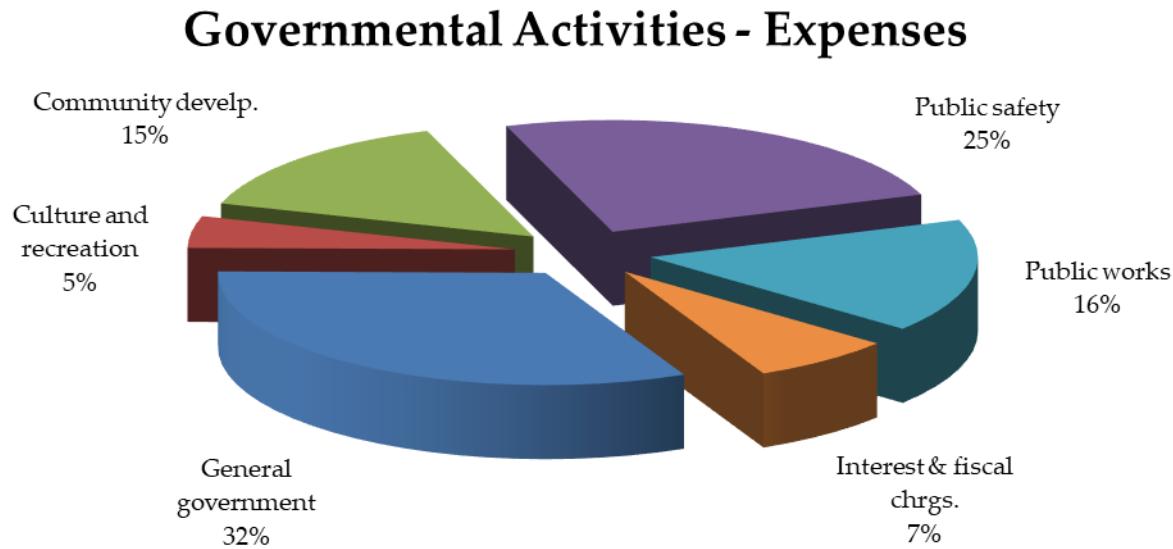
For the year ended September 30, 2023, revenues from governmental activities totaled \$44,771,201. Property tax, charges for services, capital grants, and sales tax are the City's largest general revenue sources. Overall revenue increased \$16,287,693 or 57% from the prior year. Total grants decreased by \$1,082,511 or 28% primarily due to nonrecurring federal grants received in the prior year. Property tax revenue increased \$1,591,839 or 14% due to greater property values and a growing tax base. Sales tax revenue increased by \$12,207,238 or over 100% due to construction and development related to the Samsung semiconductor facility. Charges for services increased \$573,979 or 16% due to greater plan review fees and subdivision fees resulting from new construction and local growth. Investment income increased by \$2,128,711 or over 100% due to rising interest rates and greater interest-bearing account balances. Other revenues increased by \$822,883 or 41% primarily due to greater roadway impact fees collected and nonrecurring funding received for the Samsung Semiconductor project in the current year. All other revenues remained relatively stable when compared to the previous year.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2023, expenses for governmental activities totaled \$39,763,461. This represents an increase of \$16,854,698 or 74% from the prior year. The City's largest functional expense is general government totaling \$12,783,759. General government expenses increased by \$7,464,933 or over 100% which was directly related to the expenses incurred related to the winter storm during the year. Public safety expenses totaled \$9,888,753 and increased \$3,035,382 or 44% when compared to the prior year. This was primarily due to greater personnel costs related to an increase in wages and new hires in the current year. Community development expenses increased by \$2,285,573 or 63% primarily as a result of greater engineering costs related to the Samsung Semiconductor project. In addition, the City incurred greater personnel costs from an increase in salaries and added staff. Culture and recreation increased by \$411,878 or 29% primarily due to nonrecurring expenses incurred in the prior year. Public works increased by \$2,121,877 or 48% resulting from current year raises and greater engineering service costs for city projects over the course of the year. In addition, the City incurred greater replacement fund costs related to equipment purchases in the current year. Interest and fiscal charges increased by \$1,535,055 or over 100% primarily due to nonrecurring bond issuance costs and accrued interest recognized in the current year. All remaining expenses remained relatively consistent with the previous year.

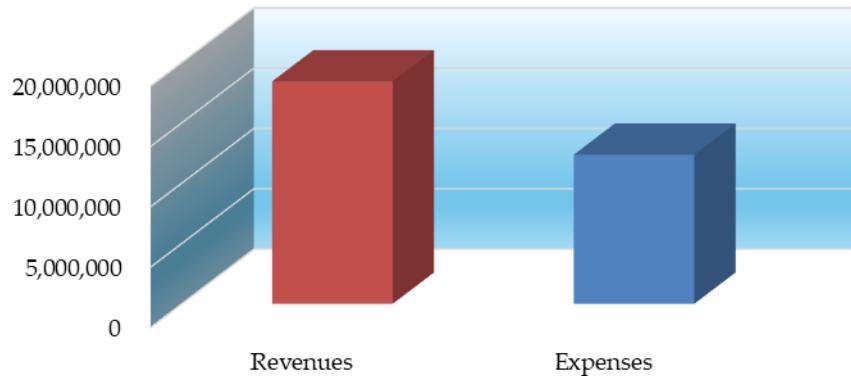
City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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, 2023, charges for services by business-type activities totaled \$16,851,447. This is an increase of \$1,513,101, or 10%, from the previous year. This increase is primarily attributed to the 10% increase in water and sewer service rates during the year. In addition, local growth resulted in new connections, increased consumption, and overall utility customers were up as of the end of the year. Investment income increased by \$844,297 or over 100% primarily due to greater interest bearing accounts and the realization of higher interest rates in the current year.

Total expenses increased \$626,890 or 5% to a total of \$12,355,049. Public utility expenses totaled \$8,642,116, while airport, cemetery operations, and sanitation totaled \$593,898, \$295,823, and \$1,650,275, respectively. The largest increase was seen in public utility expenses. This increase was mainly attributed to personnel costs related to salary increase due to inflation, pump and water line repairs, and water treatment expenses. Interest and fiscal charges increased by \$311,016 or 36% primarily due to new debt issuances in the current year and the transfers of principal and interest payments between funds.

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.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

At September 30, 2023, the City's governmental funds reported combined fund balances of \$96,890,032, an increase of \$61,208,962 in comparison with the prior year. Approximately 17% of this amount, \$16,196,409, 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 \$733,569, 2) committed \$2,122,496 or 3) restricted for particular purposes \$77,837,558.

As of the end of the year the general fund reflected a total fund balance of \$17,634,897. Of this, \$1,438,488 is considered restricted and \$16,196,409 is unassigned. General fund balance increased by \$6,665,829. This increase is primarily due to greater than anticipated sales tax and intergovernmental revenues.

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 \$16,196,409 is 52% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of \$74,652,688 as of yearend. Total fund balance increased by \$54,017,520 from the prior year primarily due to proceeds from bond issuances in the current year. During the year, the City expended \$5,261,766 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$1,310,194 at September 30, 2023, an increase of \$177,425 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$3,964,988 and property tax revenue of \$3,958,547. The increase in fund balance was a result of I&S tax levies exceeding expectations.

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 \$50,942,340. Unrestricted net position at the close of the fiscal year amounted to \$8,945,613, a total increase of \$612,017 from the previous year. Total investment in capital assets, net of related debt of was \$35,483,543, and capital assets, net of depreciation totaled \$58,265,217

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$6,091,331 and increasing total revenues by \$11,399,793 resulting in a net increase in budgeted fund balance of \$6,045,419. The primary reasons for the budget revision were due to higher than expected sales taxes, as well as higher than expected funding received from local grants and reimbursements. Expenditures were amended to account for general revisions to reflect actual operating results. Total budgeted revenues of \$34,792,993 were less than actual revenues of \$35,819,921, resulting in a total positive revenue variance of \$1,026,928. Total budgeted expenditures of \$30,309,197

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

were less than actual expenditures of \$31,289,470, resulting in a total negative expenditure variance of \$980,273.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$77,944,738 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$1,807,513. The City's business-type activities funds had invested \$63,547,285 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:

- Improvements to the school flashing beacon for \$13,650.
- Improvements to the Fred Kerley Mural for \$47,000.
- Hung wallpaper in the museum for \$21,730.
- Purchased two Chevy Silverados for \$119,782.
- Purchased two vehicles for the police department totaling \$231,240.
- Purchased a 2023 freightliner for \$115,620.
- Purchased a utility cab truck for \$56,561.
- Purchased a new fire engine for \$47,722.
- Purchased new fire station equipment totaling \$53,145.
- Drainage improvements totaling \$66,453.
- Entered into two new Axon subscription agreements totaling \$173,601.
- Entered into an Avaya lease for a phone system for \$147,329.
- Began work on the Mustang Creek Tributary project for \$218,456.
- Improvements to downtown signage and streets for \$667,758.
- Remodeled the animal shelter for \$1,360,009.
- Park expansions and projects totaling \$193,084.
- Construction on County Road 101 for \$75,430.
- Drainage improvements to Bull Branch totaling \$339,503.
- Street maintenance and upgrades totaling \$315,545.
- Purchased a Gradall Remote for \$465,440.
- Purchased two Tahoes for \$99,802.
- Mustang Creek WWTP improvements totaling \$4,227,902.
- FM 973 and County Road 401 water and sewer improvements totaling \$5,068,170.
- North pump station improvements totaling \$1,909,328.
- Various pump repairs totaling \$158,070.

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

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

LONG-TERM DEBT

The City's outstanding bonds, tax notes, and certificates of obligation payable net of all premiums and discounts increased by \$52,505,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$126,840,000, 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. F 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 FY2023, the City issued 1267 building permits with a total valuation of \$142,087,613. While growth provides additional revenue to the City of Taylor, it also increases the demands on City services and infrastructure. The City has been planning for growth by updating the Taylor Comprehensive Plan, by completing a public utilities assessment, a park facilities plan, and a comprehensive drainage improvement plan. In 2023, the City issued \$52,155,000 in debt to fund the construction of a new criminal justice/city hall facility to help meet some of the anticipated growth in service demands.

One of the larger challenges the City of Taylor faces is the utility infrastructure in the core, central part of town. This area is the oldest part of the city with a downtown area that dates back to 1876. This area has water and wastewater pipes that are decades old and in need of replacement. To fund improvements to this aging infrastructure and expand the system's capacity for growth, the City plans to issue a series of bonds that are funded by a combination of utility revenues and property tax proceeds. The most recent bond in this series of planned debt was issued in March 2022. The next planned issue in this series will be in the Spring 2024.

Meeting the challenges created by growth requires financial resources, a City Council vision, and budgetary constraint. The Avery Glen residential development was completed by the end of 2021. The Grove residential development began infrastructure construction in 2020 and began home construction in 2021. This community was completed by mid-year 2023. Both of these developments significantly increased the number of single-family homes within the city. In addition, a new mixed residential development named Castlewood completed its infrastructure construction in mid-2022 and began home construction in the Fall of 2022. This development has two planned phases offering a mix of individual and multi-family housing and will be built over the next 24 to 36 months. Other residential developments are currently under consideration and review.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

On the commercial side, the City of Taylor continues to attract interest from family-owned businesses and regional chain establishments. The City has contracted with a consultant to assist in marketing the area to potential new commercial entities and helping them find suitable locations in Taylor. These efforts have resulted in a new Starbucks location that opened in late 2022 and a regional pet store that opened in the first quarter of 2023. The continued growth in population and improvements in economic demographics continue to attract interest in Taylor.

The City of Taylor continues to seek and attract industrial business. RCR Taylor Logistics Park, a master planned rail-served logistic & industrial park broke ground in 2019 and continues to develop and market the property, with a recently completed 300,000 square foot facility located within the Park. The mix of commercial and industrial businesses located in the park will provide both sales and property taxes to the City. In Q4 2021, Samsung Semiconductor announced that they would build a 6,000,000 square foot, \$17 billion semiconductor manufacturing facility in Taylor. Construction of this facility began in early 2022 and it is anticipated that the first of two planned fabrication facilities will begin manufacturing by the end of 2024. This facility has provided thousands of construction jobs and will provide 1,800 permanent jobs. The company owns more than 1,200 acres of property at the site and has requested property tax relief for an additional eight fabrication facilities. There are no plans in place currently for the construction of these additional facilities. Additionally, ancillary suppliers for Samsung are planning to build facilities in the vicinity of the new plant, including within a new 200-acre industrial park under development.

For many years, the City's economy has been largely based on agriculture and small commercial businesses. These are still important aspects to the city and surrounding area today, however, the City of Taylor and the Taylor Economic Development Corporation actively recruit companies that add to the diversity of the City's local economy while providing residents with good employment opportunities. In addition to Samsung, 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 has 600 employees working in Taylor. Other large employers in the city include the Taylor Independent School District (TISD), Wal-Mart and Durcon.

The property tax rate for tax year 2023 (fiscal year 2024) is \$0.628774 per \$100 valuation, a reduction of 2.02 cents from the previous year. Approximately 57 percent of this rate, or \$0.360653, is utilized for General Fund maintenance and operating activities. The remaining 43 percent, or \$0.268121, is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2024 is estimated to be \$7,940,000. Sales tax revenue for fiscal year 2024 is budgeted at \$14,200,000. The higher sales tax revenues are indicative of the economic impact of the new Samsung Semiconductor facility being built and the residential growth experienced over the last three years. The additional sales tax revenue has allowed the City Council to lower the property tax rate.

The City's Fund Balance Policy requires that the General Fund maintains a minimum of three months of operating expenditures as unassigned reserves. The unassigned fund balance for the general fund

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

can be found in the Financial Highlights section of the Management Discussion and Analysis. It is intended that the available fund balance beyond the minimum will be used for capital outlay and emergency expenditures. We anticipate that revenues and expenditures for fiscal year 2024 will allow fund balance to remain at adequate levels to meet these stated goals and objectives.

The largest revenue source for the Utilities Fund is water and wastewater user fees, accounting for 94 percent of utility revenues. A water and sewer rate study was completed and adopted by the City Council in 2021. Ten percent rate increases for both water and sewer services were approved for fiscal year 2022 and a ten percent increase to the water rates and an eight percent increase to the sewer rates were approved for fiscal year 2023. An eight percent increase to water rates was approved for fiscal year 2024. An update to the rate study will be completed in early 2024, but it is anticipated that additional rate increases will be needed in the coming fiscal years. Water and sewer rate increases are used to cover increasing operational costs, to fund capital improvements and to 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.

In 2016, the City Council approved an ordinance establishing a Transportation User Fee (TUF) that applies to properties within the City of Taylor. A flat fee of \$8.00 per equivalent residential unit is assessed, with commercial customers being assessed at 6 different tier levels that ranged from \$25 to \$133 per month. The total annual revenue generated from the TUF is projected to be \$860,000 for the fiscal year 2024. The TUF was designed to address a portion of the street repair and maintenance expenses for Taylor's aged infrastructure but is not enough to meet the demands of all the lower rated streets.

The City contracts with a solid waste collection provider for sanitation and recycling services within the city limits. Sanitation and recycling fees for all customer classes were increased 3.4% for fiscal year 2023. This was the second part of a two-year rate increase that was approved in 2021. The City negotiated an extension with our current solid waste collection provider that resulted in adjustments to all rates for fiscal year 2024. Residential customers saw a slight increase in total rates while commercial customers saw various increases depending on service levels.

The City of Taylor assesses a Municipal Drainage Utility System (MDUS) fee to provide funding for the maintenance and improvement of the City's drainage system. The fee for residential dwellings remains at \$3.00 per equivalent residential unit per month in fiscal year 2024. The fee for non-residential properties remains at \$3.00 per 2,500 square feet of impervious area. The total annual revenue generated from the MDUS fee is projected to be \$563,500 for the fiscal year 2024.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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.

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FINANCIAL STATEMENTS

City of Taylor, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities		Business-Type Activities
			Total
<u>Assets</u>			
Cash and cash equivalents	\$ 85,493,175	\$ 17,565,371	\$ 103,058,546
Investments	8,282,111	54,000	8,336,111
Restricted cash	6,553,682	7,098,686	13,652,368
Receivables, net	4,096,075	2,552,449	6,648,524
Lease receivable	26,692	22,494	49,186
Other assets	-	-	-
Inventories	-	57,237	57,237
Total Current Assets	<u>104,451,735</u>	<u>27,350,237</u>	<u>131,801,972</u>
Land held for investment	-	-	-
Lease receivable	110,149	34,233	144,382
Capital assets:			
Non-depreciable	10,240,730	26,301,135	36,541,865
Net depreciable capital assets	67,704,008	37,246,150	104,950,158
Total Noncurrent Assets	<u>78,054,887</u>	<u>63,581,518</u>	<u>141,636,405</u>
Total Assets	<u>182,506,622</u>	<u>90,931,755</u>	<u>273,438,377</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	85,704	363,451	449,155
Pension outflows	3,045,057	508,073	3,553,130
OPEB outflows TMRS	11,407	1,904	13,311
Total Deferred Outflows of Resources	<u>3,142,168</u>	<u>873,428</u>	<u>4,015,596</u>

Component Units		
Taylor	Tax Increment	
EDC	Financing	
\$ 10,435,615	\$ 700,276	
-	-	
-	-	
808,296	-	
-	-	
125	-	
-	-	
11,244,036	700,276	
299,595	-	
-	-	
-	-	
76,184	-	
375,779	-	
11,619,815	700,276	
-	-	
-	-	
-	-	
-	-	

City of Taylor, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable and accrued liabilities	4,915,619	1,597,640	6,513,259
Due to component unit	10,058	-	10,058
Customer deposits	-	585,502	585,502
Compensated absences, current	1,067,235	32,019	1,099,254
Accrued interest payable	466,929	138,479	605,408
Long-term debt due within one year	3,481,682	2,420,000	5,901,682
OPEB liability - Retiree healthcare, current	40,000	-	40,000
Total Current Liabilities	9,981,523	4,773,640	14,755,163
Noncurrent liabilities:			
Net pension liability	5,936,776	990,562	6,927,338
OPEB liability TMRS	371,208	61,937	433,145
OPEB liability Retiree healthcare	736,642	-	736,642
Compensated absences, noncurrent	118,581	3,558	122,139
Advances payable	1,402,313	-	1,402,313
Debt due in more than one year	98,819,950	28,996,108	127,816,058
Total Noncurrent Liabilities	107,385,470	30,052,165	137,437,635
Total Liabilities	117,366,993	34,825,805	152,192,798
Deferred Inflows of Resources			
Lease related	114,680	66,816	181,496
OPEB inflows TMRS	139,046	23,201	162,247
OPEB inflows Retiree healthcare	88,529	-	88,529
Total Deferred Inflows of Resources	342,255	90,017	432,272
Net Position			
Net investment in capital assets	50,703,446	39,549,225	90,252,671
Restricted for:			
Debt service	1,310,194	-	1,310,194
Capital projects	2,258,523	6,513,184	8,771,707
Community development	-	-	-
Cemetery land purchase	134,404	-	134,404
Moody museum	233,890	-	233,890
Library bequest funds	330,800	-	330,800
Cemetery - nonexpendable	733,569	-	733,569
Municipal court	105,411	-	105,411
Peg fees	243,790	-	243,790
Donations	22,268	-	22,268
Weatherization	53,326	-	53,326
Tourism	130,575	-	130,575
Other purposes	76,867	-	76,867
Unrestricted	11,602,479	10,826,952	22,429,431
Total Net Position	\$ 67,939,542	\$ 56,889,361	\$ 124,828,903

Component Units		
Taylor EDC	Tax Increment Financing	
443,361	-	
-	-	
-	-	
23,969	-	
-	-	
30,248	-	
-	-	
497,578	-	
-	-	
-	-	
-	-	
2,664	-	
-	-	
10,524	-	
13,188	-	
510,766	-	
-	-	
-	-	
-	-	
-	-	
76,184	-	
-	-	
-	-	
11,032,865	700,276	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
\$ 11,109,049	\$ 700,276	

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 12,783,759	\$ 3,399,160	\$ 501,280	\$ -
Culture and recreation	1,828,400	-	-	226,501
Community development	5,935,803	-	666,323	-
Public safety	9,888,753	162,559	204,922	-
Public works	6,535,021	601,953	41,610	1,207,810
Interest and fiscal charges	2,791,725	-	-	-
Total Governmental Activities	39,763,461	4,163,672	1,414,135	1,434,311
Business-Type Activities				
Public Utility	9,779,437	14,001,188	-	432,552
Airport	629,514	484,614	-	-
Cemetery Operating	295,823	305,721	-	-
Sanitation	1,650,275	2,059,924	-	-
Total Business-Type Activities	12,355,049	16,851,447	-	432,552
Total Primary Government	\$ 52,118,510	\$ 21,015,119	\$ 1,414,135	\$ 1,866,863
Component Units				
Taylor Economic Development Corporation	\$ 1,204,983	\$ -	\$ -	\$ -
Tax Increment Financing	422,139	-	-	-
Total Component Units	\$ 1,627,122	\$ -	\$ -	\$ -
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	
\$ (8,883,319)	\$ -	\$ (8,883,319)	\$ -	\$ -	\$ -
(1,601,899)	-	(1,601,899)	-	-	-
(5,269,480)	-	(5,269,480)	-	-	-
(9,521,272)	-	(9,521,272)	-	-	-
(4,683,648)	-	(4,683,648)	-	-	-
(2,791,725)	-	(2,791,725)	-	-	-
<u>(32,751,343)</u>	<u>-</u>	<u>(32,751,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,654,303	4,654,303	-	-	-
-	(144,900)	(144,900)	-	-	-
-	9,898	9,898	-	-	-
-	409,649	409,649	-	-	-
<u>-</u>	<u>4,928,950</u>	<u>4,928,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(32,751,343)</u>	<u>4,928,950</u>	<u>(27,822,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>
			(1,204,983)	-	-
			-	(422,139)	
			<u>(1,204,983)</u>	<u>(422,139)</u>	
12,651,196	-	12,651,196	-	602,054	
18,640,704	-	18,640,704	6,213,568	-	
1,284,366	-	1,284,366	-	-	
2,363,285	1,031,741	3,395,026	190,881	14,531	
2,819,532	122,424	2,941,956	-	237,323	
(25,664)	25,664	-	-	-	
<u>37,733,419</u>	<u>1,179,829</u>	<u>38,913,248</u>	<u>6,404,449</u>	<u>853,908</u>	
4,982,076	6,108,779	11,090,855	5,199,466	431,769	
62,957,466	50,780,582	113,738,048	5,909,583	268,507	
<u>\$ 67,939,542</u>	<u>\$ 56,889,361</u>	<u>\$ 124,828,903</u>	<u>\$ 11,109,049</u>	<u>\$ 700,276</u>	

City of Taylor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2023

	General	Capital Improvements	I & S for CO Bonds
Assets			
Cash and cash equivalents	\$ 10,201,759	\$ 70,994,365	\$ 932,562
Restricted cash	598,211	5,955,471	-
Investments	7,336,111	-	-
Receivables, net	3,029,236	796,234	75,129
Lease receivable	136,841	-	-
Due from other funds	167,856	-	377,632
Total Assets	\$ 21,470,014	\$ 77,746,070	\$ 1,385,323
Liabilities			
Accounts payable and accrued liabilities	\$ 3,097,641	\$ 3,029,189	\$ -
Due to other funds	375,838	7,118	-
Due to component unit	10,058	-	-
Total Liabilities	3,483,537	3,036,307	-
Deferred Inflows of Resources			
Lease related	114,680	-	-
Unavailable revenue - property taxes	195,290	-	75,129
Unavailable revenue - grants	41,610	57,075	-
Total Deferred Inflows of Resources	351,580	57,075	75,129
Fund Balances			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	1,310,194
Capital projects	56,019	74,652,688	-
Library donation fund	330,800	-	-
Roadway impact fund	487,326	-	-
Special revenue	-	-	-
Moody museum	233,890	-	-
Peg fees	243,790	-	-
LaFrance donations	13,323	-	-
Weatherization	53,326	-	-
Seized funds (police)	11,069	-	-
Animal shelter donations	8,945	-	-
Committed for:			
Drainage	-	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	16,196,409	-	-
Total Fund Balances	17,634,897	74,652,688	1,310,194
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,313,724	\$ 77,688,995	\$ 1,385,323

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,450,100	\$ 84,578,786
-	6,553,682
946,000	8,282,111
195,476	4,096,075
-	136,841
-	545,488
\$ 3,591,576	\$ 104,192,983
\$ 136,791	\$ 6,263,621
162,532	545,488
-	10,058
299,323	6,819,167
-	114,680
-	270,419
-	98,685
-	483,784
733,569	733,569
-	1,310,194
-	74,708,707
-	330,800
-	487,326
436,188	436,188
-	233,890
-	243,790
-	13,323
-	53,326
-	11,069
-	8,945
446,545	446,545
1,675,951	1,675,951
-	16,196,409
3,292,253	96,890,032
\$ 3,591,576	\$ 103,979,618

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City of Taylor, Texas

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

September 30, 2023

Fund Balances - Total Governmental Funds	\$ 96,890,032
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	10,137,565
Capital assets - net depreciable	65,999,660
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
	369,104
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	85,704
Pension Outflows-TMRS	2,987,938
OPEB Outflows-TMRS	11,193
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	482,758
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.	
OPEB Inflows-TMRS	(136,438)
OPEB Inflows-Healthcare	(88,529)
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.	
Net pension liability	(5,825,415)
OPEB liability-Supplemental Death Fund	(364,245)
OPEB liability-Retiree Healthcare	(776,642)
Accrued interest	(466,929)
Bond premium	(3,863,726)
Compensated absences	(1,180,871)
Non-current liabilities due in one year	(3,036,966)
Non-current liabilities due in more than one year	(93,284,651)
Net Position of Governmental Activities	\$ 67,939,542

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Year Ended September 30, 2023

	General	Capital Improvements	I & S for CO Bonds
Revenues			
Property tax	\$ 8,655,314	\$ -	\$ 3,958,547
Sales tax	18,640,704	-	-
Franchise and local taxes	950,393	-	-
License and permits	1,699,205	-	-
Charges for services	828,203	-	-
Fines and forfeitures	151,575	-	-
Intergovernmental	1,128,253	1,716,158	341,700
Investment income	993,959	1,266,915	87,066
Other revenues	2,772,315	-	-
Total Revenues	35,819,921	2,983,073	4,387,313
Expenditures			
Current:			
General government	10,907,404	-	-
Culture and recreation	1,865,071	-	-
Community development	5,068,328	-	-
Public safety	9,392,230	-	-
Public works	3,965,021	-	-
Debt service:			
Principal retirement	76,784	-	2,375,000
Interest and fiscal charges	14,632	-	1,589,988
Bond issuance costs	-	1,061,564	-
Capital outlay	-	5,261,766	-
Total Expenditures	31,289,470	6,323,330	3,964,988
Excess of Revenues Over (Under) Expenditures	4,530,451	(3,340,257)	422,325
Other Financing Sources (Uses)			
Transfers in	1,881,920	-	-
Transfers (out)	(67,472)	(1,688,857)	(244,900)
Bond issuance	-	57,245,000	-
Bond premium	-	1,801,634	-
Lease issuance	173,601	-	-
SBITA issuance	147,329	-	-
Total Other Financing Sources (Uses)	2,135,378	57,357,777	(244,900)
Net Change in Fund Balances	6,665,829	54,017,520	177,425
Beginning fund balances	10,969,068	20,635,168	1,132,769
Ending Fund Balances	\$ 17,634,897	\$ 74,652,688	\$ 1,310,194

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 12,613,861
-	18,640,704
333,973	1,284,366
-	1,699,205
1,473,705	2,301,908
10,984	162,559
63,650	3,249,761
5,190	2,353,130
43,415	2,815,730
<u>1,930,917</u>	<u>45,121,224</u>
683,114	11,590,518
-	1,865,071
-	5,068,328
-	9,392,230
631,418	4,596,439
-	2,451,784
-	1,604,620
-	1,061,564
116,942	5,378,708
<u>1,431,474</u>	<u>43,009,262</u>
499,443	2,111,962
56,290	1,938,210
(207,545)	(2,208,774)
-	57,245,000
-	1,801,634
-	173,601
-	147,329
<u>(151,255)</u>	<u>59,097,000</u>
348,188	61,208,962
2,944,065	35,681,070
<u>\$ 3,292,253</u>	<u>\$ 96,890,032</u>

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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, 2023

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

Net changes in fund balances - total governmental funds \$ 61,208,962

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	4,507,259
Depreciation expense	(3,541,294)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (363,980)

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	(178,433)
OPEB expense	(37,009)
Compensated absences	(269,025)
Accrued interest	(238,528)
Amortization of deferred charges on refunding	(25,704)
Amortization of bond premium and discounts	208,838

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	2,451,784
Bonds issued	(57,245,000)
Lease issuance	(173,601)
SBITA issuance	(147,329)
Premiums on debt issued	(1,801,634)

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.

626,770

Change in Net Position of Governmental Activities \$ 4,982,076

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
Assets			
Current Assets			
Cash and cash equivalents	\$ 15,811,288	\$ 1,055,655	\$ 162,284
Investments	-	-	54,000
Restricted cash:			
Customer deposits	585,502	-	-
Capital improvements	6,513,184	-	-
Receivables, net	1,824,137	1,402	10,129
Lease receivable	22,494	-	-
Grants receivable	358,204	-	-
Inventories	57,237	-	-
Total Current Assets	25,172,046	1,057,057	226,413
Noncurrent Assets			
Lease receivable	34,233	-	-
Capital assets:			
Non-depreciable	25,383,792	917,343	-
Net depreciable capital assets	32,881,425	4,324,565	40,160
Total Noncurrent Assets	58,299,450	5,241,908	40,160
Total Assets	83,471,496	6,298,965	266,573
Deferred Outflows of Resources			
Deferred charge on refunding	363,451	-	-
Pension outflows	466,143	17,027	24,903
OPEB outflows TMRS	1,747	64	93
Total Deferred Outflows of Resources	831,341	17,091	24,996

Business-Type Activities		Governmental Activities
Enterprise Funds		Internal Service
Sanitation	Total	
\$ 536,144	\$ 17,565,371	\$ 914,389
-	54,000	-
-	585,502	-
-	6,513,184	-
358,577	2,194,245	-
-	22,494	-
-	358,204	-
-	57,237	-
894,721	27,350,237	914,389
-	34,233	-
-	26,301,135	103,165
-	37,246,150	1,704,348
-	63,581,518	1,807,513
894,721	90,931,755	2,721,902
-	363,451	-
-	508,073	57,119
-	1,904	214
-	873,428	57,333

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2) PROPRIETARY FUNDS

September 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
Liabilities			
Current Liabilities			
Accounts payable	1,356,138	57,864	12,380
Customer deposits	585,502	-	-
Current maturities of long-term debt	2,350,000	70,000	-
Compensated absences, current	28,294	-	3,725
Accrued interest	133,957	4,522	-
Total Current Liabilities	4,453,891	132,386	16,105
Noncurrent Liabilities			
Long-term debt	27,849,722	1,146,386	-
Compensated absences, noncurrent	3,144	-	414
Net pension liability	908,813	33,196	48,553
OPEB liability TMRS	56,825	2,076	3,036
Total Noncurrent Liabilities	28,818,504	1,181,658	52,003
Total Liabilities	33,272,395	1,314,044	68,108
Deferred Inflows of Resources			
Lease related	66,816	-	-
OPEB Inflows TMRS	21,286	778	1,137
Total Deferred Inflows of Resources	88,102	778	1,137
Net Position			
Net investment in capital assets	35,483,543	4,025,522	40,160
Restricted for capital improvements	6,513,184	-	-
Unrestricted	8,945,613	975,712	182,164
Total Net Position	\$ 50,942,340	\$ 5,001,234	\$ 222,324

See Notes to Financial Statements.

Business-Type Activities		Governmental Activities	
Enterprise Funds		Internal Service	
Sanitation	Total		
171,258	1,597,640	54,311	
-	585,502	-	
-	2,420,000	444,716	
-	32,019	4,451	
-	138,479	-	
171,258	4,773,640	503,478	
-	28,996,108	1,671,573	
-	3,558	494	
-	990,562	111,361	
-	61,937	6,963	
-	30,052,165	1,790,391	
171,258	34,825,805	2,293,869	
-	66,816	-	
-	23,201	2,608	
-	90,017	2,608	
-	39,549,225	(79,161)	
-	6,513,184	-	
723,463	10,826,952	561,919	
\$ 723,463	\$ 56,889,361	\$ 482,758	

City of Taylor, Texas

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

For the Year Ended September 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Operating Revenues</u>			
Water revenue	\$ 8,498,543	\$ -	\$ -
Sewer revenue	5,502,645	-	-
Airport services	-	484,614	-
Cemetery services	-	-	305,721
Sanitation	-	-	-
Other income	27,407	-	2,616
Charges for services	-	-	-
Rents and royalties	92,401	-	-
Total Operating Revenues	14,120,996	484,614	308,337
<u>Operating Expenses</u>			
Personnel services	2,123,338	129,761	160,823
Contractual services	4,382,210	288,627	126,413
Material and supplies	706,907	9,480	6,262
Depreciation	1,429,661	166,030	2,325
Total Operating Expenses	8,642,116	593,898	295,823
Operating Income (Loss)	5,478,880	(109,284)	12,514
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	987,957	43,784	-
Interest expense	(1,137,321)	(35,616)	-
Total Nonoperating Revenues (Expenses)	(149,364)	8,168	-
Income Before Transfers & Capital Contributions	5,329,516	(101,116)	12,514
<u>Transfers and Capital Contributions</u>			
Capital grants and contributions	432,552	-	-
Transfers in	1,583,485	-	18,726
Transfers (out)	(1,397,347)	(15,000)	-
Change in Net Position	5,948,206	(116,116)	31,240
Beginning net position	44,994,134	5,117,350	191,084
Ending Net Position	\$ 50,942,340	\$ 5,001,234	\$ 222,324

See Notes to Financial Statements.

Business-Type Activities		Governmental Activities	
Enterprise Funds		Internal Service	
Sanitation	Total		
\$ -	\$ 8,498,543	\$ -	
-	5,502,645	-	
-	484,614	-	
-	305,721	-	
2,059,924	2,059,924	-	
-	30,023	3,802	
-	-	2,394,592	
-	92,401	-	
<u>2,059,924</u>	<u>16,973,871</u>	<u>2,398,394</u>	
 - 1,650,275	 2,413,922 6,447,525	 197,326 718,954	
-	722,649	-	
<u>- 1,650,275</u>	<u>11,182,112</u>	<u>1,040,252</u>	
 <u>409,649</u>	 <u>5,791,759</u>	 <u>441,862</u>	
 - -	 1,031,741 (1,172,937)	 10,155 (70,147)	
<u>- -</u>	<u>(141,196)</u>	<u>(59,992)</u>	
 409,649	 5,650,563	 381,870	
 - -	 432,552 1,602,211	 - 244,900	
<u>(164,200)</u>	<u>(1,576,547)</u>	<u>-</u>	
<u>245,449</u>	<u>6,108,779</u>	<u>626,770</u>	
 <u>478,014</u>	 <u>50,780,582</u>	 <u>(144,012)</u>	
 <u>\$ 723,463</u>	 <u>\$ 56,889,361</u>	 <u>\$ 482,758</u>	

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 13,484,662	\$ 483,212	\$ 298,208
Payments to suppliers and contractors	(4,827,373)	(277,596)	(127,214)
Payments to employees for salaries and benefits	(2,095,131)	(128,714)	(155,152)
Net Cash Provided (Used) by Operating Activities	6,562,158	76,902	15,842
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	1,583,485	-	18,726
Transfer (out)	(1,397,347)	(15,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	186,138	(15,000)	18,726
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital grants	432,552	-	-
Purchases of capital assets	(11,937,732)	(44,630)	(36,465)
Principal paid on capital debt	(2,090,000)	(70,000)	-
Interest paid on capital debt	(1,276,728)	(37,373)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,871,908)	(152,003)	(36,465)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	987,957	43,784	-
Net Cash Provided (Used) by Investing Activities	1,987,957	43,784	-
Net Increase (Decrease) in Cash and Cash Equivalents	(6,135,655)	(46,317)	(1,897)
Beginning cash and cash equivalents	29,045,629	1,101,972	164,181
Ending Cash and Cash Equivalents (Including Restricted Cash)	\$ 22,909,974	\$ 1,055,655	\$ 162,284

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service	
Sanitation	Total		
\$ 1,961,689	\$ 16,227,771	\$ 2,398,394	
(1,644,879)	(6,877,062)	(707,013)	
-	(2,378,997)	(193,815)	
<u>316,810</u>	<u>6,971,712</u>	<u>1,497,566</u>	
-	1,602,211	244,900	
(164,200)	(1,576,547)	-	
<u>(164,200)</u>	<u>25,664</u>	<u>244,900</u>	
-	432,552	-	
-	(12,018,827)	(777,332)	
-	(2,160,000)	(485,493)	
-	(1,314,101)	(74,536)	
<u>-</u>	<u>(15,060,376)</u>	<u>(1,337,361)</u>	
-	1,031,741	10,155	
<u>-</u>	<u>2,031,741</u>	<u>10,155</u>	
152,610	(6,031,259)	415,260	
383,534	30,695,316	499,129	
<u>\$ 536,144</u>	<u>\$ 24,664,057</u>	<u>\$ 914,389</u>	

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	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)	\$ 5,478,880	\$ (109,284)	\$ 12,514
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,429,661	166,030	2,325
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(685,256)	(1,402)	(10,129)
Inventory	97,995	-	-
Lease receivable	5,828	-	-
Deferred Outflows of Resources:			
Pension outflows	(327,596)	(11,966)	(17,501)
OPEB outflows	12,753	466	682
Increase (Decrease) in:			
Accounts payable	163,749	20,511	5,461
Customer deposits	43,094	-	-
Net pension liability	633,384	23,135	33,838
OPEB liability	(29,293)	(1,070)	(1,565)
Deferred Inflows of Resources:			
Pension inflows	(277,951)	635	927
OPEB inflows	17,360	(10,153)	(14,849)
Net Cash Provided (Used) by Operating Activities	\$ 6,562,158	\$ 76,902	\$ 15,842

Schedule of Non-Cash Capital and Related Financing Activities

Lease issuance	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

See Notes to Financial Statements.

Business-Type Activities		Governmental Activities	
Enterprise Funds		Internal Service	
Sanitation	Total		
\$ 409,649	\$ 5,791,759	\$ 441,862	
-	1,598,016	1,040,252	
(98,235)	(795,022)	-	
-	97,995	-	
-	5,828	-	
-	(357,063)	(40,142)	
-	13,901	1,563	
5,396	195,117	11,941	
-	43,094	-	
-	690,357	77,611	
-	(31,928)	(3,589)	
-	(276,389)	(34,059)	
-	(7,642)	2,127	
\$ 316,810	\$ 6,971,712	\$ 1,497,566	
\$ -	\$ -	\$ 58,639	
\$ -	\$ -	\$ 58,639	

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City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

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, 2023

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, 2023

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

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

The government reports the following major governmental funds:

General Fund

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

Capital Improvements Fund

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

I&S for CO Bonds Fund

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

The government reports the following major enterprise funds:

Public Utilities Fund

Water and wastewater services provided by the City are accounted for in the public utilities fund. Activities of the fund include administration, operation and maintenance of the water and wastewater system, and billing and collection activities. The fund also

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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, and drainage 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.

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, 2023

Permanent Fund

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

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

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

D. Measurement focus and basis of accounting

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

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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 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, 2023

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, 2023

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 assets 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 two items that qualify for reporting in this category. It is the deferred charge on refunding and deferred pension/OPEB outflows 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023

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 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, lease transactions are recorded as other

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers and a road tolling system. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

12. Subscription Based Information Technology Arrangements (“SBITA”)

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). The City has noncancelable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

13. 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.

14. 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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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.

15. 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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

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

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Williamson County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment 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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utility fund, airport fund, cemetery operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, capital projects, and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations at the legal level of control as follows:

General Fund:	
Total expenditures	\$ 980,273
Main Street Revenue:	
Total expenditures	\$ 23,033
Transportation User Fee Fund:	
Total expenditures	\$ 1,771
Capital Improvements	
Total expenditures	\$ 4,812,305

B. Deficit Fund Balance

At September 30, 2023, the equipment services fund had a deficit fund balance of \$47,068. 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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

	<u>Restricted</u>	<u>Committed</u>
Debt service	\$ 1,310,194	\$ -
Capital projects	74,708,707	-
Cemetery land purchase	134,404	-
Municipal court	* 105,411	-
Moody museum	233,890	-
Library bequest funds	330,800	-
Roadway impact fees	487,326	-
PEG Fees	243,790	-
Pubic safety	11,069	-
Donations	22,268	-
Weaterization	53,326	-
Tourism	130,575	-
Main street	61,546	-
Other purposes	4,252	-
rainage	-	446,545
Road maintenance	-	1,675,951
Total	\$ 77,837,558	\$ 2,122,496

* Restricted by enabling legislation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity		Credit Rating
		(Years)		
Municipal bonds	\$ 8,336,111	0.96		AAA
External investment pools	102,227,477	0.12		AAAm
Total fair value	\$ 110,563,588			
Portfolio weighted average maturity		0.18		

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

As of September 30, 2023, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
External investment pools	\$ 599,013	0.07	AAAm
Total fair value	<u><u>\$ 599,013</u></u>		
Portfolio weighted average maturity		0.07	

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, 2023, the City's investment in investment pools were rated AAAm by Standard & Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, 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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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 AAA. 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, 2023, 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 AAA by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

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

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are remeasured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

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

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2023.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	\$ 8,336,111	\$ 8,336,111	\$ -	\$ -
Total Assets at fair value	<u>\$ 8,336,111</u>	<u>\$ 8,336,111</u>	<u>\$ -</u>	<u>\$ -</u>

C. Receivables

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

	Governmental Activities				
	I&S for		Capital	Nonmajor	Total
	General	CO Bonds	Improvements	Governmental	
Property taxes	\$ 249,902	\$ 93,806	\$ -	\$ -	\$ 343,708
Sales tax	2,394,952	-	-	-	2,394,952
Franchise taxes	267,600	-	-	-	267,600
Accounts	-	-	-	220,928	220,928
Other	171,393	-	796,234	-	967,627
Allowance	(54,611)	(18,677)	-	(25,452)	(98,740)
	<u>\$ 3,029,236</u>	<u>\$ 75,129</u>	<u>\$ 796,234</u>	<u>\$ 195,476</u>	<u>\$ 4,096,075</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

	Business-Type Activities				
	Public		Cemetery		
	Utilities	Airport	Operating	Sanitation	Total
Accounts	\$ 1,829,441	\$ 1,402	\$ 10,129	\$ 359,396	\$ 2,200,368
Grants	358,204	-	-	-	358,204
Allowance	<u>(5,304)</u>	<u>-</u>	<u>-</u>	<u>(819)</u>	<u>(6,123)</u>
	<u>\$ 2,182,341</u>	<u>\$ 1,402</u>	<u>\$ 10,129</u>	<u>\$ 358,577</u>	<u>\$ 2,552,449</u>

The Taylor Economic Development Corporation receivables consisted of sales tax totaling \$808,296.

Lease Receivables

The City is the lessor of three contracts in which the City receives lease payments from lessees. This includes two separate cell phone companies for the use of existing water tower antenna space and two tolling equipment companies. The cell tower leases commenced in 2018 and 2021 and are renewable in 5-year increments. Annual lease payments of \$18,150 will be received from AT&T through September 2026. Monthly lease payments of \$2,133.75 will be received from Verizon through December 2023. Monthly lease payments of \$2,200 will be received from Telvent through June 2023, for the use and access of roadway to test a road tolling system. The Telvent lease was paid in full to the City as of September 30, 2023. During the year, the City entered into a new agreement with Kapsch for the use and access of roadway to test a rad tolling system. Monthly lease payments of \$2,640 will be received from Kapsch through June 2028. As of September 30, 2023, the lease receivable and offsetting deferred inflows amounted to \$56,727 and \$66,816, respectively, for the cell tower leases. The lease receivable and offsetting deferred inflows amounted to \$136,841 and \$114,680, respectively, for the new tolling company roadway lease.

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Business-Type Activities	
	Principal	Interest (4%)
2024	\$ 22,494	\$ 2,057
2025	16,781	1,369
2026	17,452	698
	<u>\$ 56,727</u>	<u>\$ 4,125</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Year ending September 30,	Governmental Activities	
	Principal	Interest (4%)
2024	\$ 26,692	\$ 4,988
2025	27,780	3,900
2026	28,911	2,769
2027	30,089	1,591
2028	23,369	391
	<u>\$ 136,841</u>	<u>\$ 13,639</u>

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	\$ 4,003,688	\$ 4,500	\$ -	\$ 4,008,188
Construction in progress	<u>5,116,824</u>	<u>3,380,990</u>	<u>(2,265,272)</u>	<u>6,232,542</u>
Total capital assets not being depreciated	<u>9,120,512</u>	<u>3,385,490</u>	<u>(2,265,272)</u>	<u>10,240,730</u>
Capital assets, being depreciated:				
Streets and bridges	61,976,110	66,453	357,829	62,400,392
Parks and dams	19,737,987	-	1,907,443	21,645,430
Sidewalks, curbs and gutters	3,789,523	-	-	3,789,523
Buildings and improvements	12,447,027	82,380	-	12,529,407
Operating equipment	5,458,655	755,172	-	6,213,827
Right-of-use assets	82,739	379,569	-	462,308
Equipment in internal service funds	<u>8,286,937</u>	<u>674,166</u>	<u>-</u>	<u>8,961,103</u>
Total capital assets being depreciated	<u>111,778,978</u>	<u>1,957,740</u>	<u>2,265,272</u>	<u>116,001,990</u>
Less accumulated depreciation				
Streets and bridges	22,744,505	1,568,265	-	24,312,770
Parks and dams	5,449,108	755,430	-	6,204,538
Sidewalks, curbs and gutters	963,186	94,738	-	1,057,924
Buildings and improvements	4,805,123	385,186	-	5,190,309
Operating equipment	3,479,103	656,942	-	4,136,045
Right-of-use assets	268	95,394	-	95,662
Equipment in internal service funds	<u>6,275,143</u>	<u>1,025,591</u>	<u>-</u>	<u>7,300,734</u>
Total accumulated depreciation	<u>43,716,436</u>	<u>4,581,546</u>	<u>-</u>	<u>48,297,982</u>
Net capital assets being depreciated	68,062,542	(2,623,806)	2,265,272	67,704,008
Total Capital Assets	\$ 77,183,054	\$ 761,684	\$ -	\$ 77,944,738

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Depreciation was charged to governmental functions as follows:

General government	\$ 318,872
Community development	414,597
Public safety	863,052
Public works	1,944,773
Internal service funds	1,040,252
Total Governmental Activities Depreciation Expense	\$ 4,581,546

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	\$ 2,050,412	\$ -	\$ -	\$ 2,050,412
Construction in progress	12,600,037	11,803,416	(152,730)	24,250,723
Total capital assets not being depreciated	<u>14,650,449</u>	<u>11,803,416</u>	<u>(152,730)</u>	<u>26,301,135</u>
Capital assets, being depreciated:				
Plant distribution and collection	54,070,659	-	152,730	54,223,389
Buildings	10,718,045	-	-	10,718,045
Runway	2,238,416	-	-	2,238,416
Equipment	1,267,120	215,411	-	1,482,531
Total capital assets being depreciated	<u>68,294,240</u>	<u>215,411</u>	<u>152,730</u>	<u>68,662,381</u>
Less accumulated depreciation				
Plant distribution and collection	23,905,508	1,167,723	-	25,073,231
Buildings	4,133,784	247,575	-	4,381,359
Runway	1,024,813	55,960	-	1,080,773
Equipment	754,110	126,758	-	880,868
Total accumulated depreciation	<u>29,818,215</u>	<u>1,598,016</u>	<u>-</u>	<u>31,416,231</u>
Net capital assets being depreciated	38,476,025	(1,382,605)	152,730	37,246,150
Total Capital Assets	\$ 53,126,474	\$ 10,420,811	\$ -	\$ 63,547,285

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,429,661
Airport	166,030
Cemetery	2,325
Total Business-type Activities Depreciation Expense	\$ 1,598,016

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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				
Leasehold improvements	\$ 26,261	\$ -	\$ -	\$ 26,261
Commercial sign	17,244	-	-	17,244
Office Equipment	59,279	-	-	59,279
RTU Asset	85,552	-	-	85,552
Total capital assets being depreciated	<u>188,336</u>	<u>-</u>	<u>-</u>	<u>188,336</u>
Less accumulated depreciation				
Leasehold improvements	7,076	1,751	-	8,827
Commercial sign	10,488	1,724	-	12,212
Office Equipment	36,526	7,058	-	43,584
RTU Asset	19,012	28,517	-	47,529
Total Accumulated Depreciation	<u>73,102</u>	<u>39,050</u>	<u>-</u>	<u>112,152</u>
Total Capital Assets, Net	<u>\$ 115,234</u>	<u>\$ (39,050)</u>	<u>\$ -</u>	<u>\$ 76,184</u>

E. 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.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 911,846	\$ 1,068,235	\$ (799,210)	\$ 1,180,871	\$ 1,062,784
Compensated Absences in internal service funds	4,945	4,945	(4,945)	4,945	4,451
Total Governmental Activities	<u>\$ 916,791</u>	<u>\$ 1,073,180</u>	<u>\$ (804,155)</u>	<u>\$ 1,185,816</u>	<u>\$ 1,067,235</u>
Business-Type Activities:					
Compensated Absences	\$ 31,888	\$ 35,577	\$ (31,888)	\$ 35,577	\$ 32,019
Total Business-Type Activities	<u>\$ 31,888</u>	<u>\$ 35,577</u>	<u>\$ (31,888)</u>	<u>\$ 35,577</u>	<u>\$ 32,019</u>
Component Unit Activities - Taylor EDC					
Compensated Absences	\$ 25,677	\$ 26,633	\$ (25,677)	\$ 26,633	\$ 23,969
Total Component Unit Activities	<u>\$ 25,677</u>	<u>\$ 26,633</u>	<u>\$ (25,677)</u>	<u>\$ 26,633</u>	<u>\$ 23,969</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

F. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2023. 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	Refunds/ Payments	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 7,585,000	\$ -	\$ (1,305,000)	\$ 6,280,000	\$ 985,000
Combination Tax and Revenue Certificates of Obligation	28,215,000	57,245,000	(975,000)	84,485,000	1,870,000
Revenue Certificates of Obligation - ISF	1,330,000	-	(205,000)	1,125,000	215,000
Limited Tax Note	5,325,000	-	(95,000)	5,230,000	100,000
Less deferred amounts:					
For premiums	2,306,044	1,801,634	(213,227)	3,894,451	-
Total Bonds Payable	<u>44,761,044</u>	<u>59,046,634</u>	<u>(2,793,227)</u>	<u>101,014,451</u>	<u>3,170,000</u>
Note Payable - internal service fund	1,036,909	-	(221,075)	815,834	168,709
Lease - internal service fund	145,509	58,639	(59,418)	144,730	61,007
Lease - governmental activities	-	147,329	(25,311)	122,018	28,434
SBITA - governmental activities	82,471	173,601	(51,473)	204,599	53,532
Total Governmental Activities	<u>\$ 46,025,933</u>	<u>\$ 59,426,203</u>	<u>\$ (3,150,504)</u>	<u>\$ 102,301,632</u>	<u>\$ 3,481,682</u>
Long-term liabilities due in more than one year					
<u>\$ 98,819,950</u>					
Business-Type Activities:					
General Obligation Bonds	\$ 7,385,000	\$ -	\$ (515,000)	\$ 6,870,000	\$ 375,000
Combination Tax and Revenue Certificates of Obligation	24,495,000	-	(1,645,000)	22,850,000	2,045,000
Less deferred amounts:					
For premiums	1,836,936	-	(140,828)	1,696,108	-
Total Bonds Payable	<u>33,716,936</u>	<u>-</u>	<u>(2,300,828)</u>	<u>31,416,108</u>	<u>2,420,000</u>
Total Business-Type Activities	<u>\$ 33,716,936</u>	<u>\$ -</u>	<u>\$ (2,300,828)</u>	<u>\$ 31,416,108</u>	<u>\$ 2,420,000</u>
Long-term liabilities due in more than one year					
<u>\$ 28,996,108</u>					

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. Assets under lease have a net book value of \$254,854 at year end. Assets financed through notes payable have a book value of \$753,898. SBITA assets have a book value of \$204,858 as of year end.

	Beginning Balance	Additions	Reductions	Ending Balance	Due in one Year
Component Unit - Taylor EDC					
Building lease	\$ 68,333	\$ -	\$ (27,561)	\$ 40,772	\$ 30,248
Total Component Unit Activities	<u>\$ 68,333</u>	<u>\$ -</u>	<u>\$ (27,561)</u>	<u>\$ 40,772</u>	<u>\$ 30,248</u>
Lease Liabilities Due in More than One Year				<u>\$ 10,524</u>	

In February 2022, the Corporation signed a noncancelable lease for an office building. The lease term is for 3 years with monthly payments of \$2,380, \$2,500, & \$2,650, respectively, in twelve-month increments. There is no stated interest rate in the lease. The Corporation has utilized our incremental borrowing rate which was determined to be 5.5% on the date of the agreement. The final payment will be made on January 31, 2025. The Taylor EDC has an unused line of credit totaling \$3,500,000.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	755,000	655,000	1,410,000
\$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%	920,000	1,150,000	2,070,000
\$4,035,000 General Obligation Refunding Bonds, Series 2021, due in installments through 2032, interest at 3%	1,660,000	-	1,660,000
Total General Obligation Bonds	\$ 6,280,000	\$ 6,870,000	\$ 13,150,000

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%	\$ -	\$ 1,940,000	\$ 1,940,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,200,000	3,165,000	5,365,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,715,000	-	2,715,000
\$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	1,055,000	3,370,000	4,425,000
\$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	3,245,000	-	3,245,000
\$12,590,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, due in annual installments through 2044, interest at 2.75%	6,900,000	4,025,000	10,925,000
\$22,910,000 Combination Tax and Revenue Certificates of Obligation, Series 2022, due in annual installments through 2042, interest at 3%	12,250,000	10,350,000	22,600,000
\$5,090,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 0%	5,090,000	-	5,090,000
\$52,155,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 4-5%	52,155,000	-	52,155,000
Total Combination Tax and Revenue/Certificates of Obligation	\$ 85,610,000	\$ 22,850,000	\$ 108,460,000

Tax Notes:

\$5,325,000 Limited Tax Note Series 2022, due in annual installments through 2029, interest at 2.77%	5,325,000	-	5,325,000
Total Tax Notes	\$ 5,325,000	\$ -	\$ 5,325,000

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	\$ 3,894,451	\$ 1,696,108	\$ 5,590,559
Notes Payable			
\$406,7220 Note Payable to Government Capital, due in annual installments of \$88,844 through October 2025, interest at 2.49%	247,639	-	247,639
\$1,030,100 lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	552,397	-	552,397
\$163,750 lease payable to Clayton Holdings, LLC, due in annual installments of \$34,550 through 2024, interest at 2.25%	15,798	-	15,798
Leases Payable:			
\$72,164 lease payable to John Deere, due in monthly installments of \$1322.5 through 2028, interest at 3.25%	50,494	-	50,494
\$232,528 lease payable to US Bank, due in annual installments of \$17,634 through 2018, interest at 2.79%	94,235	-	94,235
\$147,329 Lease payable to Avaya Financial, due in monthly installments of \$2,700 through 2028, interest at 3.25%	122,019	-	122,019
SBITA:			
\$50,229 SBITA payable to Axon, due in annual installments of \$11,283 through 2027, interest at 4%	40,955	-	40,955
\$82,739 SBITA payable to Axon, due in annual installments of \$22,720 through 2027, interest at 4%	63,050	-	63,050
\$123,372 SBITA payable to Axon, due in annual installments of \$27,713 through 2027, interest at 4%	100,594	-	100,594
Total Notes, SBITA and Leases Payable	1,287,181	-	1,287,181
Total Debt	\$ 102,301,632	\$ 31,416,108	\$ 133,717,740

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

General Obligation Bonds

Year Ending	Governmental Activities			Business-type Activities		
	Principal	Interest		Principal	Interest	
2024	\$ 985,000	\$ 214,172		\$ 375,000	\$ 262,283	
2025	845,000	187,417		535,000	252,060	
2026	575,000	163,400		530,000	238,400	
2027	265,000	142,700		1,255,000	217,200	
2028	475,000	134,400		1,950,000	167,000	
2029	525,000	117,800		330,000	89,000	
2030	535,000	99,300		355,000	75,800	
2031	555,000	80,400		360,000	61,600	
2032	575,000	59,450		380,000	47,200	
2033	465,000	37,800		395,000	32,000	
2034	480,000	19,200		405,000	16,200	
Total	\$ 6,280,000	\$ 1,256,039		\$ 6,870,000	\$ 1,458,743	

Tax Notes

Year Ending	Governmental Activities		
	Principal	Interest	
2024	\$ 100,000	\$ 144,871	
2025	505,000	142,101	
2026	355,000	128,113	
2027	1,180,000	118,279	
2028	1,590,000	85,593	
2029	1,500,000	41,550	
Total	\$ 5,230,000	\$ 660,507	

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Certificates of Obligation

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,085,000	\$ 2,173,491	\$ 2,045,000	\$ 821,466
2025	2,500,000	2,109,202	1,980,000	740,253
2026	3,615,000	2,024,744	2,070,000	663,424
2027	3,735,000	1,910,001	1,440,000	582,652
2028	3,155,000	1,780,314	860,000	521,704
2029	3,045,000	1,673,029	890,000	484,374
2030	2,925,000	1,573,299	930,000	447,199
2031	2,710,000	1,479,099	965,000	408,284
2032	2,830,000	1,390,854	1,005,000	367,824
2033	2,810,000	1,311,009	1,045,000	336,224
2034	2,565,000	1,225,134	1,080,000	297,834
2035	2,665,000	1,156,784	1,110,000	263,854
2036	2,770,000	1,085,684	1,150,000	228,879
2037	2,890,000	1,011,634	1,190,000	192,669
2038	3,005,000	938,034	860,000	156,094
2039	3,115,000	861,384	885,000	130,294
2040	2,935,000	790,128	915,000	103,463
2041	3,035,000	725,216	940,000	75,425
2042	3,140,000	657,991	970,000	46,625
2043	2,370,000	588,353	255,000	16,900
2044	2,460,000	542,603	265,000	8,613
Thereafter	25,250,000	2,624,406	-	-
Total	\$ 85,610,000	\$ 27,007,992	\$ 22,850,000	\$ 6,894,050

The City entered into two certificates of obligation during the 2023 year, Series 2023 and Series 2023A. The certificates totaled \$57,245,000. Interest rates ranged from 4-5% and both are due in annual installments through 2053.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

Year ending September 30,	Governmental Activities			Total
	Principal	Interest		
2024	\$ 89,441	\$ 6,977		\$ 96,418
2025	91,508	4,910		96,418
2026	45,481	2,788		48,269
2027	37,702	1,310		39,012
2028	2,616	85		2,701
Total	\$ 266,748	\$ 16,070		\$ 282,818

The City entered into a new John Deere lease agreement for \$58,639. The lease bears an interest rate of 3.25%. As of September 30, 2023, the ending balance of the lease was \$50,493.

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

Year ending September 30,	Governmental Activities			Total
	Principal	Interest		
2024	\$ 53,532	\$ 8,184		\$ 61,716
2025	55,673	6,043		61,716
2026	57,900	3,816		61,716
2027	37,494	1,500		38,994
Total	\$ 204,599	\$ 19,543		\$ 224,142

The City recognized SBITA issuances in the current year per the new GASB 96 standard issue during the year. The City currently has three agreements with Axon for various software or IT related items.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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		
2024	\$ 168,709	\$ 28,016		\$ 196,725
2025	157,633	22,533		180,166
2026	156,356	17,658		174,014
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	\$ 815,834	\$ 100,359		\$ 916,193

G. Deferred Charges on Refunding

Deferred charges (gains) resulting from the issuance of series 2010, 2012, 2015, 2016, 2017, and 2021 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 \$85,704 and \$363,451, respectively. Current year amortization expense for governmental and business-type activities totaled \$25,704 and \$46,676, respectively.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

H. Interfund Transactions

Transfers between the primary government funds during the 2023 year were as follows:

Transfer out:	Transfer In:					Total
	General	Nonmajor Governmental	Public Utilities	Cemetery Operating	Equipment Replacement	
General	\$ -	\$ 51,290	\$ -	\$ 16,182	\$ -	\$ 67,472
Capital Improvements	105,372	-	1,583,485	-	-	1,688,857
I&S for CO Bonds	-	-	-	-	244,900	244,900
Nonmajor Governmental	200,001	5,000	-	2,544	-	207,545
Public Utilities	1,397,347	-	-	-	-	1,397,347
Airport	15,000	-	-	-	-	15,000
Sanitation	164,200	-	-	-	-	164,200
Total	\$ 1,881,920	\$ 56,290	\$ 1,583,485	\$ 18,726	\$ 244,900	\$ 3,785,320

Transfers between general and capital improvements were primarily to support capital projects. Transfers between the enterprise funds to the general fund were for franchise fees and contributions for operations. Transfers between to I&S CO Bonds were for debt service payments. Transfers to the equipment replacement fund were for equipment purchases.

During the year, the Tax Increment Financing discretely present component unit contributed \$36,502, \$341,700 and \$30,000 to the General, I&S for CO Bonds and Main Street Revenue funds, respectively, for debt service and capital funding.

The compositions of interfund balances as of the year ended September 30, 2023 were as follows:

Payable Fund:	Receivable Fund:		
	I&S For CO		
	General	Bonds	Total
General	\$ -	\$ 375,838	375,838
Capital porjects	5,324	1,794	7,118
Nonmajor governmental	162,532	-	162,532
Total	\$ 167,856	\$ 377,632	\$ 545,488

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.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

V. OTHER INFORMATION

A. Risk Management

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

B. Commitments and Contingent Liabilities

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

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

Development Review Reimbursement Agreement ("DRRA")

The City entered into a Development Review Costs and Services contract in order to expedite the development review and approval of the construction and development of a semiconductor production fabrication plant on land that will be utilized for a manufacturing facility. This agreement includes funding for City development review costs and services as well as costs of 3rd party contractors. The City is to repay all amounts funded for direct City costs associated with the project, as defined in the agreement. The City is not required to repay amounts provided and expended for 3rd party review charges and costs. The Company provided a total of \$1,402,313 during the year which was placed in escrow and utilized as necessary to complete the City's development review. Subsequent replenishments will be made upon request, if necessary. This balance and subsequent advances will be paid back in annual payments starting in 2027. The amount reported as payable under this agreement totaled \$1,402,313 as of September 30, 2023. During the year, the Company has also funded City \$1,804,023 for 3rd party review costs.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Project Funding Agreement

The City entered into a project funding agreement with a manufacturing company that requires the construction of water and wastewater facilities to land that will be utilized for construction of a manufacturing facility. In order to expedite the construction of these facilities, the Company will contribute toward the cost of the various phases of the project. The balance of unspent contributions remaining at year end totaled \$6,513,184.

C. Construction Commitments

The City of Taylor has active construction projects as of September 30, 2023. The projects include improvements for parks, the animal shelter facility, the intersection at 2nd and Main streets, downtown roads, and water and wastewater infrastructure.

At year end, the City of Taylor's commitments with contractors are as follows:

<u>Project</u>	<u>Authorized Contract Award</u>	<u>Remaining Commitment</u>
TRP & Doak Park	\$ 1,575,550	\$ 264,216
Animal Shelter Construction	1,423,262	1,423,262
2nd & Main Intersection	226,034	226,034
Downtown Striping Project	146,006	146,006
Downtown Signage Project	150,967	150,967
Downtown Streetscape	88,941	88,941
Mustang Creek WWTP Improvements Train 2 Rehab	5,339,000	3,921,666
FM 973 Water and Wastewater Line Improvements	8,307,365	2,723,660
Northside Pump Station Improvements	2,124,640	2,054,587
North Pump Station Generator	290,469	261,422
Total	\$ 19,672,233	\$ 11,260,760

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 919 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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

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

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

	<u>Plan Year 2022</u>	<u>Plan Year 2021</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 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)	30% of CPI	30% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	125
Inactive employees entitled to but not yet receiving benefits	136
Active employees	<u>164</u>
Total	<u>425</u>

3. Contributions

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

Employees for the City of Taylor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Taylor, Texas were 12.70% and 12.69% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,551,989, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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 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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public/Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Discount Rate

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

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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/21	\$ 38,134,111	\$ 36,034,680	\$ 2,099,431
Changes for the year:			
Service cost	1,692,580	-	1,692,580
Interest	2,571,320	-	2,571,320
Change in benefit terms	-	-	-
Difference between expected and actual experience	(4,285)	-	(4,285)
Changes of assumptions	-	-	-
Contributions – employer	-	1,326,691	(1,326,691)
Contributions – employee	-	731,814	(731,814)
Net investment income	-	(2,631,197)	2,631,197
Benefit payments, including refunds of emp. contributions	(1,773,534)	(1,773,534)	-
Administrative expense	-	(22,762)	22,762
Other changes	-	27,162	(27,162)
Net changes	<u>2,486,081</u>	<u>(2,341,826)</u>	<u>4,827,907</u>
Balance at 12/31/22	<u>\$ 40,620,192</u>	<u>\$ 33,692,854</u>	<u>\$ 6,927,338</u>

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

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	Current Single Rate	1% Increase
5.75%	Assumption 6.75%	7.75%
\$ 13,074,832	\$ 6,927,338	\$ 1,936,864

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,764,189.

At September 30, 2023, 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	\$ 2,315,132	\$ -
Changes in actuarial assumptions	-	-
Differences between expected and actual economic experience	30,487	-
Contributions subsequent to the measurement date	1,207,511	-
Total	\$ 3,553,130	\$ -

The City reported \$1,207,511 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Year ended December 31:

2023	\$ 126,065
2024	593,045
2025	613,801
2026	1,012,708
2027	-
Thereafter	-
	<u>\$ 2,345,619</u>

E. Other Post-Employment Benefits

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.

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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	24
Active employees	164
Total	266

The City's contributions to the TMRS SDBF for the years ended 2023, 2022 and 2021 were \$16,840, \$15,029, and \$14,040, 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
2021	0.18%	0.18%	100.0%
2022	0.13%	0.13%	100.0%
2023	0.14%	0.14%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2022 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	4.05%
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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
3.05%	Assumption 4.05%	5.05%
\$ 519,214	\$ 433,145	\$ 366,374

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Total OPEB Liability:

Total OPEB Liability	
Balance at 12/31/21	\$ 656,424
Changes for the year:	
Service Cost	42,863
Interest	12,348
Difference between expected and actual experience	(38,952)
Changes of assumptions	(225,947)
Benefit payments	(13,591)
Net changes	(223,279)
Balance at 12/31/22	<u>433,145</u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$23,093.

At September 30, 2023, 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	\$ -	\$ (48,895)
Change in assumptions	- -	(113,352)
Contributions subsequent to measurement date	13,311	-
Total	<u>13,311</u>	<u>(162,247)</u>

The City reported \$13,311 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, 2024.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

Year ended December 31:		
2023	\$	32,045
2024		31,387
2025		41,802
2026		48,311
2027		8,702
Thereafter		-
	<hr/>	<hr/>
	\$	162,247

Health Care Benefit Provided by Plan

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

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

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

Deferred Retirement Benefits

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

Duty Death in Service Retirement Benefits

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

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

Non-duty in Service Retirement Benefits

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

Duty and Non-duty Disabled Retirement Benefits

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

Benefits for Spouses of Retired Employees

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

Non-Medicare and Medicare-Eligible Provisions

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

Vision Coverage

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

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

Dental Coverage

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

Life Insurance Coverage

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

Retiree Opt-Out

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

Benefits Paid By the Plan

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.77%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2022, date of the actuarial valuation.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

1% Decrease (3.77%)	Current Single Rate Assumption 4.77%	1% Increase (5.77%)
\$ 837,314	\$ 776,642	\$ 721,213

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Healthcare Cost Trend

1% Decrease	Current Healthcare	1% Increase
(3.5%)	Cost Trend (4.5%)	(5.5%)
\$ 706,097	\$ 776,642	\$ 858,608

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2022	\$ 734,938
Changes for the year:	
Service Cost	45,192
Interest	36,264
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(39,752)
Net changes	41,704
Balance at 9/30/2023	\$ 776,642

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$71,505.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ (12,462)
Change in assumptions	(76,067)
Total	\$ (88,529)

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

Year ended September 30:		
2024	\$	(9,951)
2025		(9,951)
2026		(9,951)
2027		(9,951)
2028		(24,817)
Thereafter		<u>(23,908)</u>
	<u><u>\$</u></u>	<u><u>(88,529)</u></u>

Employees covered by benefit terms

At the September 30, 2022 valuation date, the following employees were covered by the benefit terms:

Status	Employee	Employee & Spouse
Inactive employees or beneficiaries currently receiving benefits	3	2
Active employees	100	44
Total	103	46

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 September 30, 2022 and measured as of September 30, 2022 uses the mortality table: RPH 2014 Total Table with Projection MP-2021 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

The discount rate for the current valuation was raised from 2.25% to 4.77%. There have been no other substantive changes in the retiree plan since the last full valuation.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.77%
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 \$23,093 and \$71,505 for the SDB and Retiree Healthcare plans, respectively, totaling \$94,598.

F. 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.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$166,693 for the year ended September 30, 2023.

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, 2023:

<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>	<u>Amount of Taxes Abated during the Fiscal Year Sales Tax</u>
Construction of a 20,000 data information facility to create positive economic benefits through employment and tax revenue.	75%	\$ 27,905	\$ -
Construction of a 60,000 sf regional manufacturing and retail facility to create positive economic benefits through employment and tax revenue.	50%	-	90,525
Construction of a semiconductor manufacturing facility to create positive economic benefits through employment and tax revenue.	50%	-	742,282
Total	\$ 27,905	\$ 832,807	

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

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

H. Subsequent Events

There were no material subsequent events through March 20, 2024, the date the financial statements were issued.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

I. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled *Subscription-Based Information Technology Arrangements (SBITA)*. Due to the implementation of GASB 96 in the current year, the City recorded these arrangements as right-to-use assets and SBITA liabilities.

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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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 8,965,000	\$ 8,822,362	\$ 8,655,314	\$ (167,048)
Sales tax	11,325,000	17,914,879	18,640,704	725,825
Franchise and local taxes	854,000	933,155	950,393	17,238
License and permits	932,300	1,699,205	1,699,205	-
Charges for services	527,300	828,451	828,203	(248)
Fines and forfeitures	184,500	145,030	151,575	6,545
Intergovernmental	144,000	709,796	1,128,253	418,457
Investment income	45,400	993,959	993,959	-
Other revenues	415,700	2,746,156	2,772,315	26,159
Total Revenues	23,393,200	34,792,993	35,819,921	1,026,928
<u>Expenditures</u>				
Current:				
General government				
City council	315,995	299,583	284,073	15,510
City management	628,308	738,917	878,209	(139,292)
Public information	209,170	255,671	254,860	811
Human resources	301,350	274,145	274,947	(802)
Financial services	866,870	891,739	897,361	(5,622)
Municipal court	412,885	351,399	334,464	16,935
Building maintenance	1,097,160	594,037	598,476	(4,439)
Information technology	240,386	251,738	227,198	24,540
Nondepartmental	2,646,795	7,006,285	6,976,541	29,744
City clerk	196,351	181,264	181,275	(11)
Total general government	6,915,270	10,844,778	10,907,404	(62,626)
Culture and recreation				
Moody museum	10,050	29,335	29,720	(385)
Public library	610,002	561,901	563,492	(1,591)
Parks and recreation	1,654,304	1,255,935	1,271,859	(15,924)
Total culture and recreation	2,274,356	1,847,171	1,865,071	(17,900)

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Community development				
Planning and development	\$ 2,042,002	\$ 4,465,019	\$ 4,948,623	\$ (483,604)
Main Street program	112,128	118,345	119,705	(1,360)
Total community development	<u>2,154,130</u>	<u>4,583,364</u>	<u>5,068,328</u>	<u>(484,964)</u>
Public safety				
Fire department	3,906,516	4,010,570	4,028,037	(17,467)
Police department	4,954,527	4,950,293	5,067,321	(117,028)
Animal control	298,300	294,522	296,872	(2,350)
Total public safety	<u>9,159,343</u>	<u>9,255,385</u>	<u>9,392,230</u>	<u>(136,845)</u>
Public works				
Maintenance	3,364,767	2,775,907	2,838,328	(62,421)
Engineering and inspection	350,000	1,002,592	1,126,693	(124,101)
Total public works	<u>3,714,767</u>	<u>3,778,499</u>	<u>3,965,021</u>	<u>(186,522)</u>
Total Expenditures	<u>24,217,866</u>	<u>30,309,197</u>	<u>31,289,470</u>	<u>(980,273)</u> *
Revenues Over (Under) Expenditures	<u>(824,666)</u>	<u>4,483,796</u>	<u>4,530,451</u>	<u>46,655</u>
Other Financing Sources (Uses)				
Transfers in	2,002,282	2,141,357	1,881,920	(259,437)
Transfers (out)	(851,600)	(253,718)	(67,472)	186,246
Lease issuance	-	-	320,930	320,930
Total Other Financing Sources (Uses)	<u>1,150,682</u>	<u>1,887,639</u>	<u>2,135,378</u>	<u>247,739</u>
Net Change in Fund Balance	<u>\$ 326,016</u>	<u>\$ 6,371,435</u>	<u>6,665,829</u>	<u>\$ 294,394</u>
Beginning fund balance			10,969,068	
Ending Fund Balance			<u>\$ 17,634,897</u>	

Notes to Required Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total pension liability				
Service cost	\$ 1,692,580	\$ 1,544,110	\$ 1,445,657	\$ 1,401,414
Interest	2,571,320	2,401,979	2,285,948	2,112,720
Changes in benefit terms	-	-	-	(645,002)
Differences between expected and actual experience	(4,285)	217,930	(434,362)	368,547
Changes of assumptions	-	-	-	239,530
Benefit payments, including refunds of participant contributions	(1,773,534)	(1,685,453)	(1,569,543)	(1,586,423)
Net change in total pension liability	2,486,081	2,478,566	1,727,700	1,890,786
Total pension liability - beginning	38,134,111	35,655,545	33,927,845	32,037,059
Total pension liability - ending (a)	40,620,192	38,134,111	35,655,545	33,927,845
Plan fiduciary net position				
Contributions - employer	\$ 1,326,691	\$ 1,264,770	\$ 1,138,244	\$ 1,035,374
Contributions - members	731,814	671,769	627,378	610,069
Net investment income	(2,631,197)	4,130,252	2,222,717	3,916,028
Benefit payments, including refunds of participant contributions	(1,773,534)	(1,685,453)	(1,569,543)	(1,586,423)
Administrative expenses	(22,762)	(19,104)	(14,376)	(22,115)
Other	27,162	129	(561)	(664)
Net change in plan fiduciary net position	(2,341,826)	4,362,363	2,403,859	3,952,269
Plan fiduciary net position - beginning	36,034,680	31,672,317	29,268,458	25,316,189
Plan fiduciary net position - ending (b)	\$ 33,692,854	\$ 36,034,680	\$ 31,672,317	\$ 29,268,458
Fund's net pension liability - ending (a) - (b)	\$ 6,927,338	\$ 2,099,431	\$ 3,983,228	\$ 4,659,387
Plan fiduciary net position as a percentage of the total pension liability	82.95%	94.49%	88.83%	86.27%
Covered payroll	\$ 10,454,481	\$ 9,596,703	\$ 8,962,539	\$ 8,715,264
Fund's net pension liability as a percentage of covered payroll	66.26%	21.88%	44.44%	53.46%

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.

	12/31/2018		12/31/2017		12/31/2016		12/31/2015		12/31/2014	¹
\$	1,182,552	\$	1,041,311	\$	968,428	\$	969,566	\$	849,391	
	2,033,920		1,924,860		1,820,956		1,807,443		1,722,971	
	-		-		-		-		-	
	(21,953)		(109,310)		(103,381)		(453,575)		(316,854)	
	-		-		-		67,202		-	
	(1,396,663)		(1,226,886)		(1,139,378)		(1,327,734)		(889,978)	
	1,797,856		1,629,975		1,546,625		1,062,902		1,365,530	
	30,239,203		28,609,228		27,062,603		25,999,701		24,634,171	
	32,037,059		30,239,203		28,609,228		27,062,603		25,999,701	
\$	963,711	\$	865,382	\$	823,209	\$	856,984	\$	816,847	
	567,366		508,931		472,404		477,619		443,939	
	(778,480)		3,147,066		1,428,482		31,157		1,123,153	
	(1,396,663)		(1,226,886)		(1,139,378)		(1,327,734)		(889,978)	
	(15,038)		(16,304)		(16,128)		(18,976)		(11,725)	
	(786)		(826)		(867)		(937)		(964)	
	(659,890)		3,277,363		1,567,722		18,113		1,481,272	
	25,976,079		22,698,716		21,130,994		21,112,881		19,631,609	
\$	25,316,189	\$	25,976,079	\$	22,698,716	\$	21,130,994	\$	21,112,881	
\$	6,720,870	\$	4,263,124	\$	5,910,512	\$	5,931,609	\$	4,886,820	
	79.02%		85.90%		79.34%		78.08%		81.20%	
\$	8,105,224	\$	7,246,423	\$	6,748,626	\$	6,823,122	\$	6,341,992	
	82.92%		58.83%		87.58%		86.93%		77.05%	

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially determined employer contributions	\$ 1,551,989	\$ 1,345,915	\$ 1,215,943	\$ 1,113,923
Contributions in relation to the actuarially determined contribution	<u>\$ 1,551,989</u>	<u>\$ 1,345,915</u>	<u>\$ 1,215,943</u>	<u>\$ 1,113,923</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual covered payroll	<u>\$ 12,222,528</u>	<u>\$ 10,499,551</u>	<u>\$ 9,316,011</u>	<u>\$ 8,711,109</u>
Employer contributions as a percentage of covered payroll	12.70%	12.82%	13.05%	12.79%

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.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
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.
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Other Information:

Notes	There were no benefit changes during the year.
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<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 1,015,485	\$ 939,599	\$ 853,691	\$ 812,004	\$ 830,507
<u>\$ 1,015,485</u>	<u>\$ 939,599</u>	<u>\$ 853,691</u>	<u>\$ 812,004</u>	<u>\$ 830,507</u>
<u>\$ -</u>				
<u>\$ 8,545,927</u>	<u>\$ 7,900,339</u>	<u>\$ 7,124,866</u>	<u>\$ 6,602,710</u>	<u>\$ 6,572,876</u>
11.88%	11.89%	11.98%	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>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB liability				
Service cost	\$ 42,863	\$ 38,387	\$ 27,784	\$ 22,660
Interest	12,348	11,888	14,499	15,985
Differences between expected and actual experience	(38,952)	18,429	(48,165)	(21,171)
Changes of assumptions	(225,947)	21,159	79,500	82,525
Benefit payments, including refunds of participant contributions	(13,591)	(17,274)	(6,274)	(6,101)
Net change in total OPEB liability	(223,279)	72,589	67,344	93,898
Total OPEB liability - beginning	\$ 656,424	\$ 583,835	\$ 516,491	\$ 422,593
Total OPEB liability - ending	\$ 433,145	\$ 656,424	\$ 583,835	\$ 516,491
 Covered employee payroll	 \$ 10,454,481	 \$ 9,596,703	 \$ 8,962,539	 \$ 8,715,264
 City's total OPEB liability as a percentage of covered employee payroll	 4.14%	 6.84%	 6.51%	 5.93%

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.

12/31/2018 12/31/2017 ¹

\$ 24,316	\$ 19,565
14,756	14,401

(17,300)	-
(29,995)	33,502

(5,674)	(4,348)
(13,897)	63,120
\$ 436,490	\$ 373,370
\$ 422,593	\$ 436,490 ²

\$ 8,105,224	\$ 7,246,423
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5.21%	6.02%
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City of Taylor, Texas

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

Year Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total OPEB liability				
Service cost	\$ 45,192	\$ 67,723	\$ 67,723	\$ 44,401
Interest	36,264	21,094	20,010	28,470
Differences between expected and actual experience	-	(47,941)	-	46,574
Changes of assumptions	-	(153,989)	-	77,880
Benefit payments, including refunds of participant contributions	(39,752)	(43,477)	(35,616)	(29,465)
Net change in total OPEB liability	41,704	(156,590)	52,117	167,860
Total OPEB liability - beginning	734,938	\$ 891,528	\$ 839,411	\$ 671,551
Total OPEB liability - ending (a)	776,642	\$ 734,938	\$ 891,528	\$ 839,411
 Covered employee payroll	 \$ 10,454,481	 \$ 9,225,768	 \$ 7,633,382	 \$ 7,206,702
 City's total OPEB liability as a percentage of covered employee payroll	 7.43%	 7.97%	 11.68%	 11.65%

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.

9/30/2019

9/30/2018

¹

\$	44,401	\$	42,669
	25,128		25,079

-	-
-	-

(33,771)	(13,977)
----------	----------

<u>35,758</u>	<u>53,771</u>
<u>\$ 635,793</u>	<u>\$ 582,022</u>
<u>\$ 671,551</u>	<u>\$ 635,793</u>

²

\$ 6,466,936	\$ 6,466,936
--------------	--------------

10.38%	9.83%
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***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Taylor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
Assets					
Cash and cash equivalents	\$ 168,775	\$ 4,252	\$ 107,762	\$ 60,253	\$ 105,411
Investments	-	-	-	186,000	-
Accounts receivable, net	24,598	-	-	-	-
Total Assets	\$ 193,373	\$ 4,252	\$ 107,762	\$ 246,253	\$ 105,411
Liabilities					
Accounts payable	\$ 62,798	\$ -	\$ 46,216	\$ -	\$ -
Due to other funds	-	-	-	111,849	-
Total Liabilities	62,798	-	46,216	111,849	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	130,575	4,252	61,546	134,404	105,411
Committed	-	-	-	-	-
Total Fund Balances	130,575	4,252	61,546	134,404	105,411
Total Liabilities and Fund Balances	\$ 193,373	\$ 4,252	\$ 107,762	\$ 246,253	\$ 105,411

Drainage	Total Nonmajor Special Revenue	Transportation User Fee	Cemetery Permanent Fund	Total Nonmajor Governmental
\$ 411,206	\$ 857,659	\$ 1,568,189	\$ 24,252	\$ 2,450,100
-	186,000	-	760,000	946,000
59,483	84,081	111,395	-	195,476
\$ 470,689	\$ 1,127,740	\$ 1,679,584	\$ 784,252	\$ 3,591,576
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 24,144	\$ 133,158	\$ 3,633	\$ -	\$ 136,791
-	111,849	-	50,683	162,532
24,144	245,007	3,633	50,683	299,323
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
-	-	-	733,569	733,569
-	436,188	-	-	436,188
446,545	446,545	1,675,951	-	2,122,496
446,545	882,733	1,675,951	733,569	3,292,253
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 470,689	\$ 1,127,740	\$ 1,679,584	\$ 784,252	\$ 3,591,576

City of Taylor, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Revenues</u>					
Hotel occupancy tax	\$ 333,973	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	10,984
Intergovernmental	-	-	30,000	-	-
Other revenue	-	-	43,415	-	-
Investment income	-	-	-	2,630	-
Total Revenues	<u>333,973</u>	<u>-</u>	<u>73,415</u>	<u>2,630</u>	<u>10,984</u>
<u>Expenditures</u>					
General government	287,620	-	154,705	-	4,538
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>287,620</u>	<u>-</u>	<u>154,705</u>	<u>-</u>	<u>4,538</u>
Revenues Over (Under)					
Expenditures	<u>46,353</u>	<u>-</u>	<u>(81,290)</u>	<u>2,630</u>	<u>6,446</u>
<u>Other Financing Sources</u>					
(Uses)					
Transfers in	-	-	56,290	-	-
Transfers (out)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>-</u>	<u>56,290</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances					
	41,353	-	(25,000)	2,630	6,446
Beginning fund balances	89,222	4,252	86,546	131,774	98,965
Ending Fund Balances	<u>\$ 130,575</u>	<u>\$ 4,252</u>	<u>\$ 61,546</u>	<u>\$ 134,404</u>	<u>\$ 105,411</u>

Drainage	Total Nonmajor Special Revenue	Transportation User Fee	Cemetery Permanent Fund	Total Nonmajor Governmental
\$ -	\$ 333,973	\$ -	\$ -	\$ 333,973
601,953	601,953	861,252	10,500	1,473,705
-	10,984	-	-	10,984
-	30,000	33,650	-	63,650
-	43,415	-	-	43,415
-	2,630	-	2,560	5,190
<u>601,953</u>	<u>1,022,955</u>	<u>894,902</u>	<u>13,060</u>	<u>1,930,917</u>
236,251	683,114	-	-	683,114
-	-	631,418	-	631,418
<u>116,942</u>	<u>116,942</u>	<u>-</u>	<u>-</u>	<u>116,942</u>
<u>353,193</u>	<u>800,056</u>	<u>631,418</u>	<u>-</u>	<u>1,431,474</u>
<u>248,760</u>	<u>222,899</u>	<u>263,484</u>	<u>13,060</u>	<u>499,443</u>
-	56,290	-	-	56,290
<u>(100,000)</u>	<u>(105,000)</u>	<u>(100,000)</u>	<u>(2,545)</u>	<u>(207,545)</u>
<u>(100,000)</u>	<u>(48,710)</u>	<u>(100,000)</u>	<u>(2,545)</u>	<u>(151,255)</u>
148,760	174,189	163,484	10,515	348,188
297,785	708,544	1,512,467	723,054	2,944,065
<u>\$ 446,545</u>	<u>\$ 882,733</u>	<u>\$ 1,675,951</u>	<u>\$ 733,569</u>	<u>\$ 3,292,253</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, 2023

					Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Property taxes	\$ 3,867,361	\$ 3,791,499	\$ 3,958,547	\$ 167,048	
Investment income	3,500	87,066	87,066	-	
Intergovernmental	341,700	341,700	341,700	-	
Total Revenues	4,212,561	4,220,265	4,387,313	167,048	
Expenditures					
Debt service:					
Principal retirement	2,580,000	2,580,000	2,375,000	205,000	
Interest and fiscal charges	1,633,061	1,389,138	1,589,988	(200,850)	
Total Expenditures	4,213,061	3,969,138	3,964,988	4,150	
Excess of Revenues					
Over (Under) Expenditures	(500)	251,127	422,325	171,198	
Other Financing Sources (Uses)					
Transfers (out)	-	(240,750)	(244,900)	(4,150)	
Total Other Financing Sources (Uses)	-	(240,750)	(244,900)	(4,150)	
Net Change in Fund Balance	\$ (500)	\$ 10,377	177,425	\$ 167,048	
Beginning fund balance				1,132,769	
Ending Fund Balance				\$ 1,310,194	

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Hotel occupancy tax	\$ 245,000	\$ 333,895	\$ 333,973	\$ 78
Total Revenues	245,000	333,895	333,973	78
Expenditures				
General government	238,250	292,191	287,620	4,571
Total Expenditures	238,250	292,191	287,620	4,571
Excess of Revenues Over (Under) Expenditures	6,750	41,704	46,353	4,649
Other Financing Sources (Uses)				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(5,000)	-
Net Change in Fund Balance	\$ 1,750	\$ 36,704	41,353	\$ 4,649
Beginning fund balance			89,222	
Ending Fund Balance			\$ 130,575	

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, 2023

				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 30,000	-
Other revenue	107,225	80,105	43,415	\$ (36,690)
Total Revenues	137,225	110,105	73,415	(36,690)
Expenditures				
General government	156,825	131,672	154,705	(23,033)
Total Expenditures	156,825	131,672	154,705	(23,033) *
Excess of Revenues				
Over (Under) Expenditures	(19,600)	(21,567)	(81,290)	(59,723)
Other Financing Sources (Uses)				
Transfers in	19,600	19,600	56,290	36,690
Total Other Financing Sources (Uses)	19,600	19,600	56,290	36,690
Net Change in Fund Balance	\$ -	\$ (1,967)	(25,000)	\$ (23,033)
Beginning fund balance				86,546
Ending Fund Balance				\$ 61,546

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
MUNICIPAL COURT SECURITY AND TECHNOLOGY
For the Year Ended September 30, 2023

					Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Charges for services	\$ 12,550	\$ 10,984	\$ 10,984	\$ -	
Total Revenues	12,550	10,984	10,984	-	
Expenditures					
General government	9,642	4,538	4,538	-	
Total Expenditures	9,642	4,538	4,538	-	
Net Change in Fund Balance	\$ 2,908	\$ 6,446	6,446	\$ -	
Beginning fund balance				98,965	
Ending Fund Balance	\$ -	\$ 105,411	105,411	-	

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 644,000	\$ 602,054	\$ 602,054	\$ -
Intergovernmental	200,000	237,323	237,323	-
Investment income	500	14,531	14,531	-
Total Revenues	844,500	853,908	853,908	-
Expenditures				
General government	656,382	422,139	422,139	-
Total Expenditures	656,382	422,139	422,139	-
Net Change in Fund Balance	\$ 188,118	\$ 431,769	431,769	\$ -
Beginning fund balance			268,507	
Ending Fund Balance			\$ 700,276	

Notes to Supplementary Information

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

City of Taylor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DRAINAGE
For the Year Ended September 30, 2023

				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Charges for services	\$ 523,500	\$ 596,718	\$ 601,953	\$ 5,235
Total Revenues	<u>523,500</u>	<u>596,718</u>	<u>601,953</u>	<u>5,235</u>
Expenditures				
General government	272,575	242,484	236,251	6,233
Capital outlay	145,000	117,534	116,942	592
Total Expenditures	<u>417,575</u>	<u>360,018</u>	<u>353,193</u>	<u>6,825</u>
Excess of Revenues				
Over (Under) Expenditures	<u>105,925</u>	<u>236,700</u>	<u>248,760</u>	<u>12,060</u>
Other Financing Sources (Uses)				
Transfers (out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 5,925</u>	<u>\$ 136,700</u>	<u>\$ 148,760</u>	<u>\$ 12,060</u>
Beginning fund balance				297,785
Ending Fund Balance				<u>\$ 446,545</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
TRANSPORTATION USER FEE
For the Year Ended September 30, 2023

					Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Charges for services	\$ 849,800	\$ 856,684	\$ 861,252	\$ 4,568	
Intergovernmental	-	33,650	33,650	-	
Investment income	500	-	-	-	
Total Revenues	850,300	890,334	894,902	4,568	
Expenditures					
Public works	747,151	629,647	631,418	(1,771)	
Total Expenditures	747,151	629,647	631,418	(1,771)	*
Excess of Revenues Over (Under) Expenditures	103,149	260,687	263,484	2,797	
Other Financing Sources (Uses)					
Transfers (out)	(100,000)	(100,000)	(100,000)	-	
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(100,000)	-	
Net Change in Fund Balance	\$ 3,149	\$ 160,687	163,484	\$ 2,797	
Beginning fund balance			1,512,467		
Ending Fund Balance			\$ 1,675,951		

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, 2023

	<u>Original & Final Budget</u>	<u>Original & Final Budget</u>	<u>Actual</u>	Variance with Final Budget
				Positive (Negative)
Revenues				
Charges for services	\$ 8,500	\$ 10,500	\$ 10,500	\$ -
Investment income	5,500	2,560	2,560	-
Total Revenues	14,000	13,060	13,060	-
Other Financing Sources (Uses)				
Transfers (out)	(5,500)	(2,545)	(2,545)	-
Total Other Financing Sources (Uses)	(5,500)	(2,545)	(2,545)	-
Net Change in Fund Balance	\$ 8,500	\$ 10,515	10,515	\$ -
Beginning fund balance				723,054
Ending Fund Balance				\$ 733,569

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
CAPITAL IMPROVEMENTS
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
			Positive (Negative)
Revenues			
Intergovernmental	\$ 700,834	\$ 1,716,158	\$ 1,015,324
Investment income	1,218,558	1,266,915	48,357
Total Revenues	<u>1,919,392</u>	<u>2,983,073</u>	<u>1,063,681</u>
Expenditures			
Bond issuance costs	-	1,061,564	(1,061,564)
Capital outlay	3,094,510	5,261,766	(2,167,256)
Total Expenditures	<u>3,094,510</u>	<u>6,323,330</u>	<u>(3,228,820)</u> *
Excess of Revenues Over (Under) Expenditures	<u>(1,175,118)</u>	<u>(3,340,257)</u>	<u>(2,165,139)</u>
Other Financing Sources (Uses)			
Transfers (out)	(105,372)	(1,688,857)	(1,583,485) *
Bond proceeds	52,155,000	57,245,000	5,090,000
Bond premium	1,801,634	1,801,634	-
Total Other Financing Sources (Uses)	<u>53,851,262</u>	<u>57,357,777</u>	<u>3,506,515</u>
Net Change in Fund Balance	<u>\$ 52,676,144</u>	<u>54,017,520</u>	<u>\$ 1,341,376</u>
Beginning fund balance		20,635,168	
Ending Fund Balance		<u>\$ 74,652,688</u>	

Notes to Required Supplementary Information

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

* Expenditures exceeded appropriations at the legal level

City of Taylor, Texas
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2023

	Equipment Services	Equipment Replacement	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 56,013	\$ 858,376	\$ 914,389
Total Current Assets	56,013	858,376	914,389
Noncurrent Assets			
Capital assets:			
Non-depreciable	-	103,165	103,165
Net depreciable capital assets	-	1,704,348	1,704,348
Total Noncurrent Assets	-	1,807,513	1,807,513
Total Assets	56,013	2,665,889	2,721,902
Deferred Outflows of Resources			
Pension outflows	57,119	-	57,119
OPEB outflows	214	-	214
Total Deferred Outflows of Resources	57,333	-	57,333
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	34,537	19,774	54,311
Current maturities of			
long-term debt	-	444,716	444,716
Compensated absences, current	4,451	-	4,451
Total Current Liabilities	38,988	464,490	503,478
Noncurrent Liabilities			
Long-term debt	-	1,671,573	1,671,573
Compensated absences, noncurrent	494	-	494
OPEB liability	6,963	-	6,963
Net pension liability	111,361	-	111,361
Total Liabilities	157,806	2,136,063	2,293,869
Deferred Inflows of Resources			
OPEB inflows	2,608	-	2,608
Total Deferred Inflows of Resources	2,608	-	2,608
Net Position			
Net investment in capital assets	-	(79,161)	(79,161)
Unrestricted	(47,068)	608,987	561,919
Total Net Position	\$ (47,068)	\$ 529,826	\$ 482,758

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended September 30, 2023

	Equipment Services	Equipment Replacement	Total
<u>Operating Revenues</u>			
Charges for services	\$ 943,580	\$ 1,451,012	\$ 2,394,592
Other revenue	147	3,655	3,802
Total Operating Revenues	943,727	1,454,667	2,398,394
<u>Operating Expenses</u>			
Personnel services	197,326	-	197,326
Contractual services	704,968	13,986	718,954
Depreciation	-	1,040,252	1,040,252
Total Operating Expenses	902,294	1,054,238	1,956,532
Operating Income (Loss)	41,433	400,429	441,862
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	-	10,155	10,155
Interest expense	-	(70,147)	(70,147)
Total Nonoperating Revenues (Expenses)	-	(59,992)	(59,992)
<u>Transfers</u>			
Transfers in	-	244,900	244,900
Total Transfers	-	244,900	244,900
Change in Net Position	41,433	585,337	626,770
Beginning net position	(88,501)	(55,511)	(144,012)
Ending Net Position	\$ (47,068)	\$ 529,826	\$ 482,758

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	Equipment Services	Equipment Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 943,727	\$ 1,454,667	\$ 2,398,394
Payments to suppliers and contractors	(689,276)	(17,737)	(707,013)
Payments to employees for salaries and benefits	(198,438)	4,623	(193,815)
Net Cash Provided (Used) by Operating Activities	56,013	1,441,553	1,497,566
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	244,900	244,900
Net Cash Provided (Used) by Noncapital Financing Activities	-	244,900	244,900
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	-	(777,332)	(777,332)
Principal paid on capital debt	-	(485,493)	(485,493)
Interest paid on capital debt	-	(74,536)	(74,536)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,337,361)	(1,337,361)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	-	10,155	10,155
Net Cash Provided by Investing Activities	-	10,155	10,155
Net (Decrease) in Cash and Cash Equivalents	56,013	359,247	415,260
Beginning cash and cash equivalents	-	499,129	499,129
Ending Cash and Cash Equivalents	\$ 56,013	\$ 858,376	\$ 914,389

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	Equipment Services	Equipment Replacement	Total
<u>Reconciliation of Operating (Loss)</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 41,433	\$ 400,429	\$ 441,862
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	- -	1,040,252	1,040,252
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Deferred Outflows of Resources:			
Pension outflows	(40,142)	- -	(40,142)
OPEB outflows	1,563	- -	1,563
Increase (Decrease) in:			
Accounts payable	15,692	(3,751)	11,941
Due from other funds	(4,623)	4,623	- -
Net pension liability	77,611	- -	77,611
OPEB liability	(3,589)	- -	(3,589)
Deferred Inflows of Resources:			
Pension inflows	(34,059)	- -	(34,059)
OPEB inflows	2,127	- -	2,127
Net Cash Provided (Used) by Operating Activities	<u>\$ 56,013</u>	<u>\$ 1,441,553</u>	<u>\$ 1,497,566</u>
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>			
Lease issuance	\$ - -	\$ 58,639	\$ 58,639

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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	136
<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	146
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	152
<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	159
<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	162
<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)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 50,703,446	\$ 50,598,045	\$ 49,829,796	\$ 47,078,362
Restricted	5,633,617	6,845,822	5,609,894	3,514,866
Unrestricted (Deficit)	11,602,479	5,513,599	30,318	378,302
Total governmental activities net position	<u>\$ 67,939,542</u>	<u>\$ 62,957,466</u>	<u>\$ 55,470,008</u>	<u>\$ 50,971,530</u>
Business-type activities				
Net investment in capital assets	\$ 39,549,225	\$ 29,452,808	\$ 20,501,993	\$ 17,661,875
Restricted	6,513,184	12,233,931	-	-
Unrestricted (Deficit)	10,826,952	9,093,843	5,923,180	6,900,236
Total business-type activities net position	<u>\$ 56,889,361</u>	<u>\$ 50,780,582</u>	<u>\$ 26,425,173</u>	<u>\$ 24,562,111</u>
Primary government				
Net investment in capital assets	\$ 90,252,671	\$ 80,050,853	\$ 70,331,789	\$ 64,740,237
Restricted	12,146,801	19,079,753	5,609,894	3,514,866
Unrestricted	22,429,431	14,607,442	5,953,498	7,278,538
Total primary government net position	<u>\$ 124,828,903</u>	<u>\$ 113,738,048</u>	<u>\$ 81,895,181</u>	<u>\$ 75,533,641</u>

Source: City Audited Financials.

2019	2018	2017	2016	2015	2014
\$ 44,951,472	\$ 45,342,543	\$ 42,810,269	\$ 41,563,836	\$ 41,623,407	\$ 41,768,181
3,241,616	3,580,816	2,627,354	3,248,859	2,787,325	2,676,573
(438,125)	(1,490,350)	(812,248)	(1,790,067)	(1,155,715)	(1,311,590)
\$ 47,754,963	\$ 47,433,009	\$ 44,625,375	\$ 43,022,628	\$ 43,255,017	\$ 43,133,164
\$ 16,703,213	\$ 16,205,762	\$ 13,463,393	\$ 13,597,654	\$ 13,247,923	\$ 12,540,010
-	-	-	-	-	-
6,294,388	4,248,544	2,719,836	658,527	220,034	1,146,589
\$ 22,997,601	\$ 20,454,306	\$ 16,183,229	\$ 14,256,181	\$ 13,467,957	\$ 13,686,599
\$ 61,654,685	\$ 61,548,305	\$ 56,273,662	\$ 55,161,490	\$ 54,871,330	\$ 54,308,191
3,241,616	3,580,816	2,627,354	3,248,859	2,787,325	2,676,573
5,856,263	2,758,194	1,907,588	(1,131,540)	(935,681)	(165,001)
\$ 70,752,564	\$ 67,887,315	\$ 60,808,604	\$ 57,278,809	\$ 56,722,974	\$ 56,819,763

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

	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government	\$ 12,783,759	\$ 5,318,826	\$ 5,580,982	\$ 4,261,634
Culture and recreation	1,828,400	1,416,522	1,747,219	1,395,692
Community services	5,935,803	3,650,230	1,694,206	1,831,618
Public safety	9,888,753	6,853,371	7,299,018	6,694,441
Public works	6,535,021	4,413,144	3,932,205	3,611,256
Interest on long-term debt	2,791,725	1,256,670	1,040,215	1,114,377
 Total governmental activities expenses	39,763,461	22,908,763	21,293,845	18,909,018
Business-type activities:				
Public utilities fund	8,642,116	8,355,013	6,832,860	6,431,671
Airport fund	593,898	669,811	494,656	450,818
Cemetery operating fund	295,823	243,933	231,953	156,441
Sanitation fund	1,650,275	1,597,481	1,478,975	1,429,656
Interest on long-term debt	1,172,937	861,921	873,547	974,782
 Total business-type activities expenses	12,355,049	11,728,159	9,911,991	9,443,368
Total primary government expenses	\$ 52,118,510	\$ 34,636,922	\$ 31,205,836	\$ 28,352,386
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 3,399,160	\$ 2,873,499	\$ 2,137,115	\$ 1,867,402
Public safety	162,559	186,683	177,717	203,814
Public works	601,953	529,511	511,844	499,559
Community services	-	-	-	-
Operating grants and contributions	1,414,135	801,854	873,523	608,967
Capital grants and contributions	1,434,311	3,221,103	3,101,919	1,865,681
 Total governmental activities program revenues	7,012,118	7,612,650	6,802,118	5,045,423
Business-type activities:				
Charges for services:				
Public utilities fund	14,001,188	12,653,974	10,749,796	10,279,494
Airport fund	484,614	611,153	444,814	395,988
Cemetery fund	305,721	249,062	308,766	220,123
Sanitation fund	2,059,924	1,824,157	1,708,962	1,650,438
Capital grants and contributions	432,552	22,351,425	181,985	-
 Total business-type activities program revenues	17,283,999	37,689,771	13,394,323	12,546,043
Total primary government program revenues	\$ 24,296,117	\$ 45,302,421	\$ 20,196,441	\$ 17,591,466

2019	2018	2017	2016	2015	2014
\$ 5,012,235	\$ 3,365,998	\$ 3,903,456	\$ 3,647,370	\$ 4,860,808	\$ 4,862,420
1,359,674	1,252,029	1,266,740	1,132,102	1,098,786	1,109,876
1,371,973	833,796	854,916	866,779	628,159	661,224
6,924,255	6,404,119	5,987,519	5,292,525	5,233,324	5,135,384
3,915,394	3,230,070	3,012,792	2,767,401	2,839,114	2,919,795
1,013,513	983,114	931,650	946,971	911,760	970,486
<u>19,597,044</u>	<u>16,069,126</u>	<u>15,957,073</u>	<u>14,653,148</u>	<u>15,571,951</u>	<u>15,659,185</u>
5,918,157	5,418,007	5,036,902	5,287,437	5,167,958	4,865,365
405,680	369,772	380,583	386,176	407,521	473,911
175,801	160,970	172,778	178,182	146,682	163,769
1,427,419	1,403,324	1,378,240	1,362,258	-	-
882,959	891,073	932,864	861,912	1,067,397	1,107,014
<u>8,810,016</u>	<u>8,243,146</u>	<u>7,901,367</u>	<u>8,075,965</u>	<u>6,789,558</u>	<u>6,610,059</u>
<u>\$ 28,407,060</u>	<u>\$ 24,312,272</u>	<u>\$ 23,858,440</u>	<u>\$ 22,729,113</u>	<u>\$ 22,361,509</u>	<u>\$ 22,269,244</u>
\$ 1,589,404	\$ 1,348,310	\$ 1,433,520	\$ 795,794	\$ 1,732,647	\$ 1,740,528
335,026	373,280	279,426	248,042	266,967	319,668
491,082	486,165	332,653	326,121	299,593	330,203
-	-	-	-	-	-
527,698	204,610	126,478	498,965	141,889	129,182
1,238,407	1,319,107	2,166,109	353,415	470,172	142,440
<u>4,181,617</u>	<u>3,731,472</u>	<u>4,338,186</u>	<u>2,222,337</u>	<u>2,911,268</u>	<u>2,662,021</u>
10,118,130	9,756,417	9,081,323	7,804,655	6,300,263	6,875,146
419,847	413,634	364,728	426,245	450,606	484,048
197,994	158,910	86,733	145,705	117,340	135,458
1,632,265	1,608,016	1,642,591	1,638,338	-	-
156,197	2,263,131	-	24,580	530,695	79,326
<u>12,524,433</u>	<u>14,200,108</u>	<u>11,175,375</u>	<u>10,039,523</u>	<u>7,398,904</u>	<u>7,573,978</u>
<u>\$ 16,706,050</u>	<u>\$ 17,931,580</u>	<u>\$ 15,513,561</u>	<u>\$ 12,261,860</u>	<u>\$ 10,310,172</u>	<u>\$ 10,235,999</u>

City of Taylor, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2021	2021	2021	2020
Net (Expenses) Revenue				
Governmental activities	\$ (32,751,343)	\$ (15,296,113)	\$ (14,491,727)	\$ (13,863,595)
Business-type activities	4,928,950	25,961,612	3,482,332	3,102,675
Total primary government net expense	<u>\$ (27,822,393)</u>	<u>\$ 10,665,499</u>	<u>\$ (11,009,395)</u>	<u>\$ (10,760,920)</u>

General Revenues and Other

Changes in Net Position

Governmental activities:

	2021	2021	2021	2020
Taxes				
Property taxes	\$ 12,651,196	\$ 11,059,357	\$ 10,250,945	\$ 9,918,365
Sales taxes	18,640,704	6,433,466	4,312,637	3,795,264
Franchise taxes	1,284,366	1,238,812	1,033,733	989,105
Investment earnings	2,363,285	234,574	20,767	318,116
Other revenues	2,819,532	1,904,649	1,593,623	306,007
Transfers	(25,664)	1,912,713	1,778,500	1,753,305
Total governmental activities	<u>37,733,419</u>	<u>22,783,571</u>	<u>18,990,205</u>	<u>17,080,162</u>

Business-type activities:

	2021	2021	2021	2020
Investment earnings	1,031,741	187,444	4,010	93,775
Miscellaneous	122,424	119,066	155,220	121,365
Transfers	25,664	(1,912,713)	(1,778,500)	(1,753,305)
Total business-type activities	<u>1,179,829</u>	<u>(1,606,203)</u>	<u>(1,619,270)</u>	<u>(1,538,165)</u>
Total primary government	<u>\$ 38,913,248</u>	<u>\$ 21,177,368</u>	<u>\$ 17,370,935</u>	<u>\$ 15,541,997</u>

Change in Net Position

	2021	2021	2021	2020
Governmental activities	\$ 4,982,076	\$ 7,487,458	\$ 4,498,478	\$ 3,216,567
Business-type activities	6,108,779	24,355,409	1,863,062	1,564,510
Total primary government	<u>\$ 11,090,855</u>	<u>\$ 31,842,867</u>	<u>\$ 6,361,540</u>	<u>\$ 4,781,077</u>

Source: City Audited Financials.

2019	2018	2017	2016	2015	2014
\$ (15,415,427)	\$ (12,337,654)	\$ (11,618,887)	\$ (12,430,811)	\$ (12,660,683)	\$ (12,997,164)
3,714,417	5,956,962	3,274,008	1,963,558	609,346	963,919
<u>\$ (11,701,010)</u>	<u>\$ (6,380,692)</u>	<u>\$ (8,344,879)</u>	<u>\$ (10,467,253)</u>	<u>\$ (12,051,337)</u>	<u>\$ (12,033,245)</u>

\$ 8,885,991	\$ 8,270,706	\$ 7,655,907	\$ 7,247,922	\$ 6,858,118	\$ 6,420,308
3,438,534	3,244,108	2,989,454	2,962,203	2,952,740	2,744,362
958,665	1,001,000	938,187	939,301	1,087,771	1,103,835
518,264	259,866	110,551	38,666	19,475	31,020
476,896	495,695	603,343	251,452	626,032	212,420
<u>1,437,725</u>	<u>1,873,913</u>	<u>1,493,201</u>	<u>1,416,323</u>	<u>1,251,871</u>	<u>1,244,003</u>
<u>15,716,075</u>	<u>15,145,288</u>	<u>13,790,643</u>	<u>12,855,867</u>	<u>12,796,007</u>	<u>11,755,948</u>

128,330	48,199	24,796	2,825	465	412
138,273	139,829	174,389	208,164	423,418	161,510
<u>(1,437,725)</u>	<u>(1,873,913)</u>	<u>(1,493,201)</u>	<u>(1,386,323)</u>	<u>(1,251,871)</u>	<u>(1,244,003)</u>
<u>(1,171,122)</u>	<u>(1,685,885)</u>	<u>(1,294,016)</u>	<u>(1,175,334)</u>	<u>(827,988)</u>	<u>(1,082,081)</u>
<u>\$ 14,544,953</u>	<u>\$ 13,459,403</u>	<u>\$ 12,496,627</u>	<u>\$ 11,680,533</u>	<u>\$ 11,968,019</u>	<u>\$ 10,673,867</u>

\$ 300,648	\$ 2,807,634	\$ 2,171,756	\$ 425,056	\$ 135,324	\$ (1,241,216)
2,543,295	4,271,077	1,979,992	788,224	(218,642)	(118,162)
<u>\$ 2,843,943</u>	<u>\$ 7,078,711</u>	<u>\$ 4,151,748</u>	<u>\$ 1,213,280</u>	<u>\$ (83,318)</u>	<u>\$ (1,359,378)</u>

City of Taylor, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2023	2022	2021	2020
General Fund				
Restricted	\$ 1,438,488	\$ 2,425,608	\$ 1,429,986	\$ 1,668,247
Committed	-	-	399,300	379,300
Assigned	-	-	-	-
Unassigned	16,196,409	8,543,460	6,473,119	5,173,649
Total general fund	<u>\$ 17,634,897</u>	<u>\$ 10,969,068</u>	<u>\$ 8,302,405</u>	<u>\$ 7,221,196</u>
All Other Governmental Funds				
Non-spendable	\$ 733,569	\$ 723,054	\$ 713,268	\$ 697,390
Restricted	76,399,070	22,178,696	6,251,959	6,622,430
Committed	2,122,496	1,810,252	1,668,731	4,444,149
Total all other governmental funds	<u>\$ 79,255,135</u>	<u>\$ 24,712,002</u>	<u>\$ 8,633,958</u>	<u>\$ 11,763,969</u>

Source: City Audited Financials.

2019	2018	2017	2016	2015	2014
\$ 1,557,807	\$ 1,955,258	\$ 1,133,876	\$ 1,223,913	\$ 865,526	\$ 778,132
460,085	10,785	10,785	10,785	10,785	10,785
-	-	-	-	-	-
3,956,675	3,481,297	3,427,943	3,285,095	3,216,861	3,290,862
<u>\$ 5,974,567</u>	<u>\$ 5,447,340</u>	<u>\$ 4,572,604</u>	<u>\$ 4,519,793</u>	<u>\$ 4,093,172</u>	<u>\$ 4,079,779</u>
\$ 688,074	\$ 679,385	\$ 670,852	\$ 703,783	\$ 697,882	\$ 701,766
7,236,120	4,973,144	3,944,577	4,422,813	5,058,875	7,244,749
5,363,476	884,560	1,388,667	697,454	450,768	462,996
<u>\$ 13,287,670</u>	<u>\$ 6,537,089</u>	<u>\$ 6,004,096</u>	<u>\$ 5,824,050</u>	<u>\$ 6,207,525</u>	<u>\$ 8,409,511</u>

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
Revenues				
Taxes	\$ 32,538,931	\$ 18,755,067	\$ 15,569,103	\$ 14,674,092
Licenses, permits, and fees	1,699,205	1,340,385	922,614	840,831
Charges for services	2,301,908	2,062,625	1,726,345	1,526,130
Fines and forfeitures	162,559	186,683	177,717	203,814
Intergovernmental	3,249,761	3,522,957	3,793,457	1,585,353
Investment earnings	2,353,130	233,156	20,631	309,315
Other revenues	2,815,730	1,899,361	1,568,392	317,886
Total Revenues	45,121,224	28,000,234	23,778,259	19,457,421
Expenditures				
Current:				
General government	11,590,518	4,600,751	4,476,878	3,860,922
Culture and recreation	1,865,071	1,937,243	1,755,704	1,579,745
Community development	5,068,328	2,965,621	1,315,181	1,190,988
Public safety	9,392,230	7,728,914	7,474,861	6,686,089
Public works	4,596,439	2,784,307	2,482,449	2,155,670
Debt Service:				
Principal retirement	2,451,784	2,550,000	2,115,000	1,845,000
Interest and fiscal changes	1,604,620	924,903	991,187	1,146,154
Bond issuance costs	1,061,564	300,475	91,158	-
Capital outlay:	5,378,708	5,834,562	6,747,701	2,787,805
Unrealized loss on investments	-	-	-	-
Total Expenditures	43,009,262	29,626,776	27,450,119	21,252,373
Excess of Revenues Over (Under)				
Expenditures	2,111,962	(1,626,542)	(3,671,860)	(1,794,952)
Other financing sources (uses)				
Transfers in	2,161,146	2,503,873	5,230,567	3,563,626
Transfers (out)	(2,431,710)	(843,824)	(3,698,667)	(2,057,621)
Debt issuance	57,245,000	17,660,000	-	-
Premium on debt issuance	1,801,634	1,051,200	222,178	-
Refunding debt issuance	-	-	3,660,000	-
Payments to escrow agent	-	-	(3,791,020)	-
Lease issuance	320,930	-	-	-
Total Other Financing Sources (Uses)	59,097,000	20,371,249	1,623,058	1,506,005
Net Change in Fund Balances	\$ 61,208,962	\$ 18,744,707	\$ (2,048,802)	\$ (288,947)
Debt service as percentage of noncapital expenditures	10.5%	14.8%	15.3%	16.6%

Source: City Audited Financials.

2019	2018	2017	2016	2015	2014
\$ 13,283,190	\$ 12,484,783	\$ 11,583,548	\$ 11,297,631	\$ 10,880,953	\$ 10,246,691
492,187	280,039	331,723	282,906	214,560	134,322
1,588,299	1,554,436	1,434,450	839,009	1,817,680	1,936,409
335,026	373,280	279,426	248,042	266,967	319,668
1,766,105	1,523,717	2,292,587	673,865	612,061	271,622
476,346	253,842	110,548	40,324	19,256	31,020
299,600	798,161	227,976	505,598	601,386	174,181
<u>18,240,753</u>	<u>17,268,258</u>	<u>16,260,258</u>	<u>13,887,375</u>	<u>14,412,863</u>	<u>13,113,913</u>
3,605,447	3,106,456	3,620,828	3,031,068	4,132,938	4,193,947
1,485,635	1,308,251	1,255,298	1,141,441	1,099,300	1,107,678
1,097,759	829,836	828,646	841,276	632,021	660,441
7,004,920	6,333,181	5,705,113	5,134,332	5,174,338	4,915,960
2,629,260	1,494,728	1,304,925	1,153,524	1,252,245	1,316,652
1,655,000	1,455,000	1,290,000	1,494,972	1,271,180	1,207,384
761,379	689,374	725,728	692,008	861,304	919,438
120,931	112,216	34,807	95,074	-	-
2,840,031	5,538,230	4,348,143	794,863	3,253,720	775,494
-	557	35,019	-	-	-
<u>21,200,362</u>	<u>20,867,829</u>	<u>19,148,507</u>	<u>14,378,558</u>	<u>17,677,046</u>	<u>15,096,994</u>
(2,959,609)	(3,599,571)	(2,888,249)	(491,183)	(3,264,183)	(1,983,081)
1,964,603	3,576,414	2,441,818	2,029,948	1,822,939	1,633,050
(729,574)	(2,098,750)	(987,462)	(1,054,459)	(747,349)	(565,430)
8,165,000	4,825,000	1,620,000	5,845,000	-	-
816,082	249,402	46,750	544,267	-	-
-	-	-	-	-	-
-	(1,544,766)	-	(6,152,746)	-	-
-	-	-	-	-	-
<u>10,216,111</u>	<u>5,007,300</u>	<u>3,121,106</u>	<u>1,212,010</u>	<u>1,075,590</u>	<u>1,067,620</u>
<u>\$ 7,256,502</u>	<u>\$ 1,407,729</u>	<u>\$ 232,857</u>	<u>\$ 720,827</u>	<u>\$ (2,188,593)</u>	<u>\$ (915,461)</u>
13.2%	14.1%	13.6%	16.1%	14.6%	14.7%

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	
	Residential		Commercial				
	Assessed Value	Assessed Value	Agriculture	Personal		Real Property	
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		
2021	948,520	382,170	96,247	179,810	71,891		
2022	987,380	283,838	97,900	178,767	74,450		
2023	1,339,526	322,203	286,167	191,020	112,038		

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.

			Ratio of Total Assessed Value to Total Estimated Actual Value	
Total Assessed Value	Tax Rate	Estimated Tax Value		
\$ 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%
1,534,856	0.80922	1,534,856		100.0%
1,473,435	0.76512	1,473,435		100.0%
2,026,878	0.64895	2,026,878		100.0%

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

CITY OF TAYLOR				WILLIAMSON COUNTY				
Fiscal Year	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate	
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	
2021	0.61376	0.19546	0.80922	0.25153	0.16719	0.04000	0.45872	
2022	0.56964	0.19548	0.76512	0.23585	0.16500	0.04000	0.44085	
2023	0.45338	0.19557	0.64895	0.20422	0.14458	0.03749	0.38629	

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
\$ 1.17000	\$ 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
1.03080	0.37250	1.40330	2.67123
0.96030	0.37250	1.33280	2.53877
0.94290	0.34250	1.28540	2.32064

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

Taxpayer	2023			2014		
	Assessed Valuation	Rank	Percentage of Total City	Assessed Valuation	Rank	Percentage of Total City
			Assessed Valuation			Assessed Valuation
Samsung Austin Semiconductor LLC	\$ 113,077,980	1	8.71%	\$ -	-	-
Yates Construction	\$ 63,192,881	2	4.87%	-	-	-
Electric Reliability Council of Texas, Inc	\$44,200,000	3	3.41%	-	-	-
RCR Taylor Rail LP	29,400,305	4	2.27%	-	-	-
Oncor Electric Delivery Company	21,632,565	5	1.67%	-	-	-
Corecivic	21,307,779	6	1.64%	-	-	-
Buckner Heavylift Cranes LLC	14,638,437	7	1.13%	-	-	-
Texas Cotton Growers Coop Assoc	14,617,603	8	1.13%	-	-	-
Durcon Laboratory Tops Inc	13,624,429	9	1.05%	-	-	-
Taylor CPB Propry LLC	13,596,759	10	1.05%	-	-	-
Electric Reliability Council of TX	-	-	-	\$ 28,882,886	1	3.69%
ERCOT	-	-	-	21,863,896	2	2.80%
CCA Properties of Texas	-	-	-	13,100,000	3	1.68%
HEB Grocery Company	-	-	-	10,776,801	4	1.38%
Walmart Real Estate Business Trust	-	-	-	10,706,409	5	1.37%
Oncor Electric Delivery Company	-	-	-	9,396,793	6	1.20%
Union Pacific RR Co.	-	-	-	7,063,313	7	0.90%
Durcon Laboratory Tops Inc	-	-	-	6,810,591	8	0.87%
Clark Travel Charter Bus Service	-	-	-	5,808,178	9	0.74%
Walmart Stores East Inc	-	-	-	5,361,667	10	0.69%
Total	\$ 349,288,738			\$ 119,770,534		

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		Amount	Percentage of Tax Levy
2014	\$ 6,352,505	\$ 6,292,672	99.1%	\$ 54,728	\$ 6,347,400	99.9%
2015	6,797,312	6,723,090	98.9%	68,210	6,791,300	99.9%
2016	7,318,681	7,245,999	99.0%	65,139	7,311,138	99.9%
2017	7,754,442	7,678,073	99.0%	67,628	7,745,701	99.9%
2018	8,377,844	8,274,955	98.8%	90,247	8,365,202	99.8%
2019	8,978,568	8,881,948	98.9%	79,901	8,961,849	99.8%
2020	9,988,936	9,894,518	99.1%	69,557	9,964,075	99.8%
2021	10,453,052	10,342,047	98.9%	67,782	10,409,828	99.6%
2022	11,298,250	11,184,793	99.0%	60,026	11,244,819	99.5%
2023	13,165,841	13,018,618	98.9%	-	13,018,618	98.9%

Source: Williamson County Appraisal District Reports.

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts	Contractual Obligation	Tax Note	Lease/ SBITA	Note Payable
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
2021	9,275,000	18,265,000	1,446,051	-	-	223,175	1,324,478
2022	7,585,000	29,545,000	2,306,044	-	5,325,000	227,980	1,036,909
2023	6,280,000	85,610,000	3,894,451	-	5,230,000	471,347	815,834

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

Notes:

Business-type Activities

	Combination Tax & Revenue Bonds	General Obligation Bonds	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income	Per Capita
\$	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
	15,265,000	7,900,000	1,059,941	54,758,645	12.91%	3,366
	24,495,000	7,385,000	1,836,936	79,742,869	13.71%	4,698
	22,850,000	6,870,000	1,696,108	133,717,740	25.30%	8,278

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

Fiscal Year	General Obligation Bonds		Less: Premiums/ Discounts		Less: Amounts Available in Debt Service Fund		Total	Value ¹ of Property	Percentage of Actual Taxable Value ¹ of Property	Per Capita ²
	Bonds									
2013	\$ 14,710,158		\$ 458,021		\$ 236,346		\$ 14,931,833		1.82%	934
2014	12,971,482		412,207		225,505		13,158,184		1.52%	798
2015	11,237,806		366,392		185,697		11,418,502		1.22%	732
2016	22,630,782		1,752,228		276,695		24,106,315		2.38%	1,462
2017	18,890,000		1,609,052		387,965		20,111,087		1.79%	1,136
2018	20,425,000		1,808,742		573,932		21,659,810		1.82%	1,275
2019	18,785,000		1,653,335		645,602		19,792,733		1.53%	1,153
2020	17,115,000		1,435,049		719,638		17,830,411		1.35%	1,026
2021	17,175,000		1,503,315		811,158		17,867,157		1.16%	1,098
2022	14,970,000		1,503,315		922,185		15,551,130		1.06%	916
2023	13,150,000		1,326,638		932,562		13,544,076		0.67%	838

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, 2023 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Williamson County	\$ 1,122,900,000	1.65%	\$ 18,527,850
Taylor ISD	\$ 131,004,916	81.95%	<u>107,358,529</u>
Subtotal, overlapping debt			125,886,379
City of Taylor	\$ 102,301,632	100%	<u>102,301,632</u>
Total direct and overlapping debt			<u><u>\$ 228,188,011</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)

	2023	2022	2021	2020
Debt limit	\$ 534,729	\$ 386,971	\$ 401,687	\$ 345,508
Total net debt applicable to limit	<u>132,785</u>	<u>78,821</u>	<u>53,947</u>	<u>58,162</u>
Legal debt margin	<u><u>\$ 401,944</u></u>	<u><u>\$ 308,151</u></u>	<u><u>\$ 347,739</u></u>	<u><u>\$ 287,345</u></u>

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 2,026,878
Add back: exempt real property	112,038
Total assessed value	<u>2,138,916</u>
Debt limit (10% of total assessed value)	534,729
Debt applicable to limit:	
Total Debt	Total Debt
Less: Amount set aside for repayment of	133,718
general obligation debt	<u>(933)</u>
Total net debt applicable to limit	<u>132,785</u>
Legal debt margin	<u><u>\$ 401,944</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.

2019	2018	2017	2016	2015
\$ 337,849	\$ 309,053	\$ 290,341	\$ 262,110	\$ 242,218
62,523	30,850	29,915	25,164	37,137
\$ 275,326	\$ 278,203	\$ 260,426	\$ 236,946	\$ 205,082

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

Fiscal Year	Water Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest		
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%
2021	10,749,796	5,562,854	5,186,942	-	-		100.0%
2022	12,653,974	6,747,442	5,906,532	-	-		100.0%
2023	14,001,188	7,212,455	6,788,733	-	-		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
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%
2021	16,267	424,113	26,072	2,973	4.7%
2022	16,975	581,479	34,255	3,061	2.8%
2023	16,154	528,543	32,719	3,200	3.3%

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

City of Taylor, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

Employer	2023		2014	
	No. Employees *	Rank	No. Employees **	Rank
Electric Reliability Council of Texas (ERCOT)	600+	1	-	-
Taylor ISD	500+	2	-	-
Durcon, Inc	400+	3	-	-
E.R. Carpenter Co	200+	4	-	-
Baylor, Scott & White	180+	5	-	-
Corrections Corp. of America (T. Don Hutto)	160+	6	-	-
HEB Grocery Company, LP	160+	7	-	-
City of Taylor	150+	8	-	-
Wal-Mart	125+	9	-	-
Floydco, Inc	120+	10	-	-
ERCOT	-		500+	1
Taylor ISD	-		500+	2
Durcon Laboratory Tops	-		200-500	3
Corrections Corp of America	-		200-500	4
Scott & White	-		100-200	5
H.E.B.	-		100-200	6
City of Taylor	-		100-200	7
Floyd Co. (Floyd's Glass)	-		100-200	8
Wal-Mart	-		100-200	9
Burrows Cabinets	-		100-200	10
Total	2,495		3,200	

* Source: www.tayloredc.org

** Source: www.mactexas.com.

City of Taylor, Texas

FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2023	2022	2021	2020
General Government				
Management services	3	5	4	4
Public information	1	1	1	1
Human resources	2	6	2	2
City clerk	2	-	-	-
Finance	6	5	5	5
Municipal court	5	10	4	4
C D - planning	10	1	8	8
Main street	2	4	1	1
Building	4	-	3	3
General services	-	-	-	1
Information technology	-	-	1	1
Other	-			
Police				
Officers	30	30	30	30
Civilians	10	10	10	10
Animal control	3	2	3	3
Fire				
Firefighters and officers	24	23	23	23
Civilians	1	1	1	1
Other Public Works				
Engineering/inspection	-	-	-	-
Street maintenance	16	16	16	16
Grounds	-	-	-	-
Other	-	-	-	-
Parks and recreation	8	8	8	8
Library	8	8	7	7
Water	16	15	15	15
Wastewater	5	5	4	3
Utilities admin.	7	6	6	6
Airport	2	2	1	1
Cemetery	2	2	2	2
Fleet services	2	2	2	2
Municipal Drainage Utility System (MDUS)	4	-	-	-
Transportaiton User Fee (TUF)	3	-	-	-
Total all governmental funds	175	161	157	157

Source: City records.

2019	2018	2017	2016	2015	2014
5	5	4	4	4	4
1	1	1	1	1	-
2	2	2	2	2	2
-	-	-	-	-	-
5	5	4	4	4	4
5	5	4	3	4	5
8	7	7	6	5	6
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
-	1	1	1	1	1
29	29	27	27	27	27
10	10	8	9	9	8
3	4	3	2	1	2
23	23	23	23	23	23
1	1	1	1	1	1
1	1	1	1	1	2
16	15	14	14	14	14
-	-	-	-	-	-
-	-	-	-	-	-
8	6	6	6	6	6
8	8	9	8	7	7
14	14	14	14	14	14
4	4	3	3	3	2
6	6	6	6	6	6
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
-	-	-	-	-	-
-	-	-	-	-	-
160	158	150	147	145	146

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2023	2022	2021	2020
General government				
Building permits issued	1,179	274	222	188
Building inspections conducted	outsourced	8,295	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	31	187	334	394
Parking violations	5	3	18	23
Traffic violations	3,079	2,083	5,489	3,922
Fire:				
Emergency responses	2,920	2,447	2,498	2,282
Fires extinguished	145	134	203	93
Inspections	532	156	134	206
Highways and streets				
Street resurfacing (miles)	5	2	3	n/a
Potholes repaired	1,776	1,000	1,003	n/a
Recreation				
Athletic field permits issued	29	15	22	27
Library				
Volumes in collection	59,079	59,200	24,330	54,947
Total volumes borrowed	32,245	36,708	55,679	32,937
Water				
New connections	885	874	393	300
Water main breaks	314	15	27	85
Average daily consumption (millions of gallons)	3	2	4	2
Peak daily consumption (millions of gallons)	4	2	2	3
Wastewater				
Average daily treatment (millions of gallons)	2	3	40	2
Airport				
LL fuel (thousand gallon)	26	45	20	38
Jet A fuel (thousand gallon)	7	18		9
Landings / Take off (thousand)	26	16	135	19
Cemetery				
Lots sold	74	65	1340	79
Municipal Court				
Cases processed	1,438	1,121		1,567
General Services				
Facilities				
Work orders	964	786	866	410
Fleet				
Work orders	1045	850	185	816
Information Technology				
Personal computers / laptops	268	241	186	186
Service requests	1172	400	448	448

Source: City records.

2019	2018	2017	2016	2015	2014
155 outsourced	70 outsourced	95 outsourced	94 outsourced	63 outsourced	129 outsourced
561	708	573	813	722	717
53	15	37	36	33	54
6,073	7,436	4,546	3,429	1,543	1,604
2,096	2,118	2,281	2,127	2,036	1,915
78	80	82	44	64	61
266	343	329	361	359	316
3	1	-	15	17	10
1,097	240	130	741	777	655
39	41	30	32	33	30
57,129	55,098	54,117	53,011	50,223	47,952
63,645	61,669	74,872	78,368	75,581	78,186
227	190	137	160	50	44
385	360	353	222	235	352
2	2	2	2	3	2
3	3	3	3	2	3
2	1	1	2	2	1
40	43	46	59	48	46
10	11	14	27	29	23
20	17	14	12	9	14
65	144	33	77	66.5	80
2,858	3,393	2,675	1,876	2,113	2,562
708	629	577	645	553	538
880	870	941	834	903	816
180	180	171	155	152	135
565	629	475	415	407	549

City of Taylor, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Function				
Police				
Number of stations	1	1	1	1
Zone Officers	30	29	29	28
Number of patrol units	25	24	24	25
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	120	120	120	114
Streetlights	1,203	1,119	1,119	1,114
Traffic signals	14	14	14	14
Recreation				
Acreage	463	463	463	463
Playgrounds	8	8	8	8
Baseball/softball diamonds	22	22	22	20
Swimming pools	1	1	1	1
Splash Pads	2	2	2	-
Skate park	1	1	1	1
Tennis courts	8	8	8	8
Pickleball Courts	3	3	3	-
Community Center	1	1	1	-
Pavilion	4	4	4	-
Water				
Water mains	135	131	131	130
Fire hydrants	834	725	696	685
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4	4
Sanitary sewer (miles)	115	112	112	110
Storm sewers (miles)	21	21	21	20
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	64	64	64	64
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	23	23	23	20
Fleet vehicles	222	214	192	176
Network servers	7	7	7	7

Source: City records.

2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
29	29	27	27	27	27
25	23	15	15	15	15
2	2	2	2	2	2
114	114	106	106	106	106
1,114	1,114	1,114	1,114	1,113	1,102
14	14	12	12	12	12
463	463	462	462	462	462
8	8	7	7	7	7
20	20	20	20	20	20
1	1	2	2	2	2
-	-	-	-	-	-
1	1	-	-	-	-
8	8	8	8	8	8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128	123	118	125	121	121
652	619	808	808	604	604
5	5	5	5	5	5
4	4	4	4	4	4,000
110	91	95	95	90	90
18	6	6	6	5	5
4,000	4,000	4,000	4,000	4,000	4,000
64	64	52	52	52	52
27	27	27	27	27	27
135	135	135	135	135	135
19	19	19	19	19	19
171	171	168	165	164	164
7	7	7	7	7	7

