

# 2017

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017



The City of Taylor  
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***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

**of the**

**City of Taylor, Texas**

**For the Year Ended  
September 30, 2017**

Prepared by:  
Finance Department

Rosemarie Dennis  
Director of Finance

*Taylor  
Texas*

CITY OF TAYLOR TX

# City of Taylor, Texas

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***INTRODUCTORY SECTION***

*Taylor  
Texas*

CITY OF TAYLOR TX



February 16, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the City of Taylor, Texas, for the fiscal year ended September 30, 2017, including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP), and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2017.

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

The City of Taylor's financial statements have been audited by BrooksWatson & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

The City of Taylor, incorporated in 1876, is located in eastern Williamson County in the central region of the State of Texas. It is located approximately 29 miles northeast of Austin and 7 miles east of State Highway 130 and 17 miles east of Interstate Highway 35. State Highway 95 and U.S. Highway 79 intersect in downtown Taylor. The City currently occupies a land area of 19.13 square miles and services approximately 17,866 residents. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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

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

The annual budget serves as the foundation for the City of Taylor's financial planning and control. All units and departments of the City of Taylor are required to submit requests for appropriations to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to

Council for review in June. The Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 15<sup>th</sup>.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may authorize transfers of appropriations within a department and between departments within a fund and within major line item categories. Increases or decreases of appropriations to a fund; however, require special approval of the City Council in the form of an Ordinance formally amending the adopted budget.

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

### **Local Economy**

The City of Taylor's economic outlook continues to improve due to the overall improvement in the economy. This is evidenced by local economic indicators such as an increase in tax appraisal values and the increase in residential building permits. In 2017, the City issued a total of 95 residential and commercial building permits with a total valuation of \$33,551,408. This is an increase in valuation by \$16,467,264 from the previous year. For many years, the City's economy has been largely based in agriculture and manufacturing. These industries are still with the City today, however, the Taylor Economic Development Corporation actively recruits companies that add to the diversity of the City's local industry while providing residents with good employment. A major industry that is located within the City of Taylor is the Electric Reliability Council of Texas (ERCOT), which manages the flow of electric power to approximately 24 million Texas customers. This represents 90 percent of the state's electric load and has its operations center is located in Taylor. ERCOT employs over 720 employees and is the City's largest employer. The Taylor Independent School District (TISD) is the second largest employer in the City with over 578 employees and 4,249 students.

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

The average rate for unemployment in Williamson County for 2017 was 3%, this is lower than the national average unemployment rate of 4.2%. The job growth is 3.05% with future job growth over the next ten years is predicted to be 42.7%. The City of Taylor's location is in a region with a varied economic base.

## Long –Term Financial Planning

During the 2016-17 fiscal year, the City issued Series 2017 and Series 2017 General Obligation Refunding Bonds for savings on the Series 2008 General Obligation and the Series 2010 Combination Tax and Revenue Certificates of Obligation.

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

## Major Initiatives

In 2017 the City of Taylor acquired the services of an engineering firm to complete an assessment of all City facilities and infrastructure. The purpose of the 2017 Strategic Facility Plan is to evaluate and identify all of the City of Taylor's infrastructure needs and provide recommendations to City Council for improvements including short term as well as long term objectives. The Strategic Facilities Plan will be used to guide future infrastructure decisions.

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the City of Taylor operates.

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

The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City's Roadways, Downtown, Drainage Systems, Water/Wastewater systems, Municipal Airport and Parks and Recreation.

## Other Information

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

**Basis of Accounting:** The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All

proprietary funds are accounted for using the accrual basis of accounting; revenue is recognized when it is earned, and expenses are recognized when they are incurred.

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

**Budgetary Control:** Each year, on or before September 15<sup>th</sup>, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Fund, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council. After adoption, changes to a departmental budget may be made through the use of line item transfers, initiated by a department head, and approved by the City Manager and Finance Director. Any changes to the budget outside of an individual department can only be made by a City Council ordinance. Any revisions that alter the total expenditures of any fund must be adopted by the City Council.

## **Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Taylor for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department and all department head directors. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to thank the

Mayor and the City Council for their continued interest and support for maintaining the highest standards of professionalism in the management of the City of Taylor financial operations.

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

Respectfully submitted,

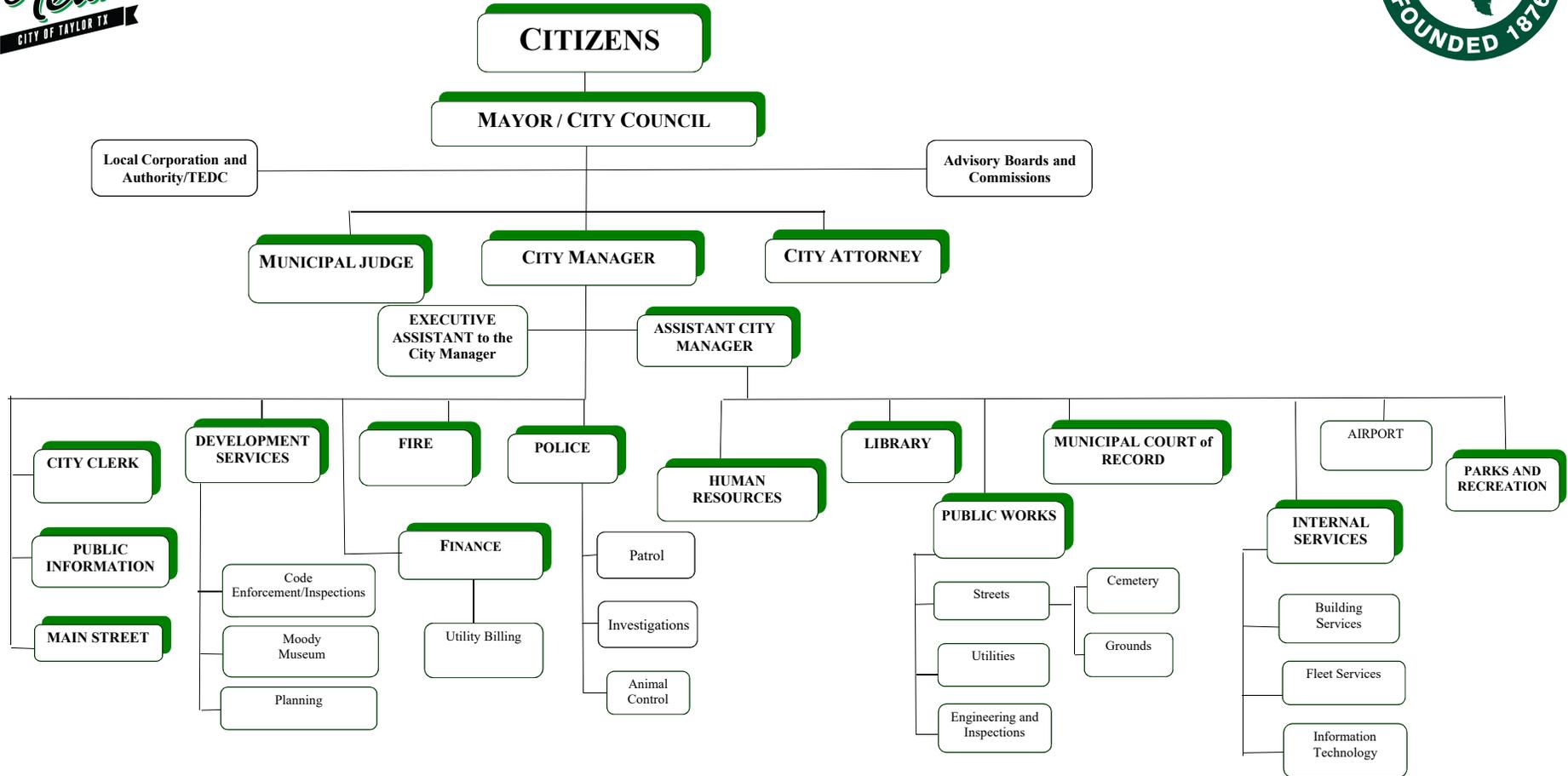
A handwritten signature in blue ink that reads "Rosemarie Dennis". The signature is written in a cursive style with a prominent initial 'R'.

Rosemarie Dennis  
Finance Director

# City of Taylor, Texas

## ORGANIZATIONAL CHART

September 30, 2017



# City of Taylor, Texas

## PRINCIPAL OFFICIALS

September 30, 2017

### City Council

Brandt Rydell.....	Mayor	Term Expires May 2018
Christine Lopez.....	Mayor Pro Tem	Term Expires May 2019
Christopher Gonzales.....	Council Member	Term Expires May 2018
Robert Garcia.....	Council Member	Term Expires May 2019
Dwayne Ariola.....	Council Member	Term Expires May 2019

### City Staff

Isaac D. Turner.....	City Manager
Rocio Lopez .....	Executive Assistant to the City Manager
Vacant.....	Assistant City Manager
Ted Hejl.....	City Attorney
Susan Brock.....	City Clerk
Rosemarie Dennis.....	Director of Finance
Pat Ekiss.....	Fire Chief
Karen Ellis.....	Library Director
Ashley Lumpkin.....	Director of Development Services
Kim Peterson.....	Director of Human Resources
James Gray.....	Director of Public Works
Lisa Thompson.....	Director of Internal Services
Pam Cosel.....	Public Information Officer
Henry Fluck.....	Police Chief
Deborah Lannen.....	Main Street Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Taylor  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

Executive Director/CEO

*Taylor  
Texas*

CITY OF TAYLOR TX

***FINANCIAL SECTION***

*Taylor  
Texas*

**CITY OF TAYLOR TX**



## *INDEPENDENT AUDITOR'S REPORT*

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note V.H to the financial statements, the City restated the beginning net position of governmental activities and the beginning fund balance of the capital improvements fund due to an accounting error in the prior year and a change in the presentation of the City's component units. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

*Other Information*

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

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018 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.



Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
February 16, 2018



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



# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2017

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, 2017. 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-v of this report.

#### **Financial Highlights**

- The assets of the City exceeded its liabilities (net position) at September 30, 2017 by \$61,430,557.
- The City's total net position increased by \$4,151,748. 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 \$10,576,700 at September 30, 2017, an increase of \$232,857 from the prior fiscal year; this includes an increase of \$52,811 in the general fund, a decrease of \$657,380 in the capital improvements fund, and an increase of \$118,937 in the I&S fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$3,427,943 or 29% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable increased by \$2,670,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$47,070,000.
- The City's net pension liability totaled \$5,910,512 as of year end.

#### **Overview of the Financial Statements**

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

#### **Government-Wide Statements**

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

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

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

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

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

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

The government-wide financial statements can be found on pages 21-23 of this report.

### FUND FINANCIAL STATEMENTS

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

#### Governmental Funds

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

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

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

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

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

The basic governmental fund financial statements can be found on pages 24-29 of this report.

### **Proprietary Funds**

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

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

The basic proprietary fund financial statements can be found on pages 34-41 of this report.

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

### 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 43-83 of this report.

### Other Information

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets exceed liabilities by \$61,430,557 as of September 30, 2017, in the primary government.

The largest portion of the City's net position, \$56,273,662, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**City of Taylor, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2017**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 11,868,969	\$ 5,321,260	\$ 17,190,229	\$ 10,954,267	\$ 2,011,985	\$ 12,966,252
Capital assets, net	63,452,375	38,241,420	101,693,795	61,032,019	36,924,000	97,956,019
<b>Total Assets</b>	<b>75,321,344</b>	<b>43,562,680</b>	<b>118,884,024</b>	<b>71,986,286</b>	<b>38,935,985</b>	<b>110,922,271</b>
<b>Deferred Outflows of Resources</b>	<b>1,836,734</b>	<b>854,302</b>	<b>2,691,036</b>	<b>2,208,909</b>	<b>983,606</b>	<b>3,192,515</b>
Other liabilities	3,725,738	2,491,986	6,217,724	764,373	690,579	1,454,952
Long-term liabilities	27,891,829	25,635,619	53,527,448	30,014,775	24,907,188	54,921,963
<b>Total Liabilities</b>	<b>31,617,567</b>	<b>28,127,605</b>	<b>59,745,172</b>	<b>30,779,148</b>	<b>25,597,767</b>	<b>56,376,915</b>
<b>Deferred Inflows of Resources</b>	<b>346,127</b>	<b>53,204</b>	<b>399,331</b>	<b>393,419</b>	<b>65,643</b>	<b>459,062</b>
Net Position:						
Net investment in capital assets	42,810,269	13,463,393	56,273,662	41,563,836	13,597,654	55,161,490
Restricted	2,627,354	-	2,627,354	3,248,859	-	3,248,859
Unrestricted	(243,239)	2,772,780	2,529,541	(1,790,067)	658,527	(1,131,540)
<b>Total Net Position</b>	<b>\$ 45,194,384</b>	<b>\$ 16,236,173</b>	<b>\$ 61,430,557</b>	<b>\$ 43,022,628</b>	<b>\$ 14,256,181</b>	<b>\$ 57,278,809</b>

Current assets of business-type activities were \$5,321,260 and \$2,011,985 as of September 30, 2017 and September 30, 2016, respectively. The increase of \$3,309,275 or 164% was primarily attributable to more cash reserves at year end due to the \$3,720,000 issuance of Tax and Revenue Certificates of Obligation bonds and an overall positive change in net position of \$1,979,992. Governmental activities current assets also increased by \$914,702 due to a significant increase in cash reserves, which is attributable to the issuance of \$1,620,000 Tax and Revenue Certificates of Obligation bonds. Business-type activities capital assets increased by \$1,317,420 due primarily to new investments in the City's wastewater treatment plant. Other liabilities for governmental activities increased by \$2,961,365. This increase is directly related to the increase in yearend accrued liabilities, which is directly associated with the overall increase in governmental activities expenditures.

**City of Taylor, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2017**

**Statement of Activities:**

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

	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,045,599	\$ 11,175,375	\$ 13,220,974	\$ 1,369,957	\$ 10,014,943	\$ 11,384,900
Grants and contributions	2,292,587	-	2,292,587	852,380	24,580	876,960
General revenues:						
Property tax	7,655,907	-	7,655,907	7,247,922	-	7,247,922
Sales tax	2,989,454	-	2,989,454	2,962,203	-	2,962,203
Franchise and local taxes	938,187	-	938,187	939,301	-	939,301
Investment income	110,551	24,796	135,347	38,666	2,825	41,491
Other revenues	603,343	174,389	777,732	251,452	208,164	459,616
<b>Total Revenues</b>	<b>16,635,628</b>	<b>11,374,560</b>	<b>28,010,188</b>	<b>13,661,881</b>	<b>10,250,512</b>	<b>23,912,393</b>
<b>Expenses</b>						
General government	3,903,456	-	3,903,456	3,647,370	-	3,647,370
Culture and recreation	1,266,740	-	1,266,740	1,132,102	-	1,132,102
Community development	854,916	-	854,916	866,779	-	866,779
Public safety	5,987,519	-	5,987,519	5,292,525	-	5,292,525
Public works	3,012,792	-	3,012,792	2,767,401	-	2,767,401
Interest and fiscal charges	931,650	932,866	1,864,516	946,971	861,912	1,808,883
Public utility	-	5,036,900	5,036,900	-	5,287,437	5,287,437
Airport	-	380,583	380,583	-	386,176	386,176
Cemetery operating	-	172,778	172,778	-	178,182	178,182
Sanitation	-	1,378,240	1,378,240	-	1,362,258	1,362,258
<b>Total Expenses</b>	<b>15,957,073</b>	<b>7,901,367</b>	<b>23,858,440</b>	<b>14,653,148</b>	<b>8,075,965</b>	<b>22,729,113</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	678,555	3,473,193	4,151,748	(991,267)	2,174,547	1,183,280
Transfers	1,493,201	(1,493,201)	-	1,416,323	(1,386,323)	30,000
<b>Total</b>	<b>1,493,201</b>	<b>(1,493,201)</b>	<b>-</b>	<b>1,416,323</b>	<b>(1,386,323)</b>	<b>30,000</b>
<b>Change in Net Position</b>	<b>2,171,756</b>	<b>1,979,992</b>	<b>4,151,748</b>	<b>425,056</b>	<b>788,224</b>	<b>1,213,280</b>
Beginning Net Position	43,022,628	14,256,181	57,278,809	42,597,572	13,467,957	56,065,529
<b>Ending Net Position</b>	<b>\$ 45,194,384</b>	<b>\$ 16,236,173</b>	<b>\$ 61,430,557</b>	<b>\$ 43,022,628</b>	<b>\$ 14,256,181</b>	<b>\$ 57,278,809</b>

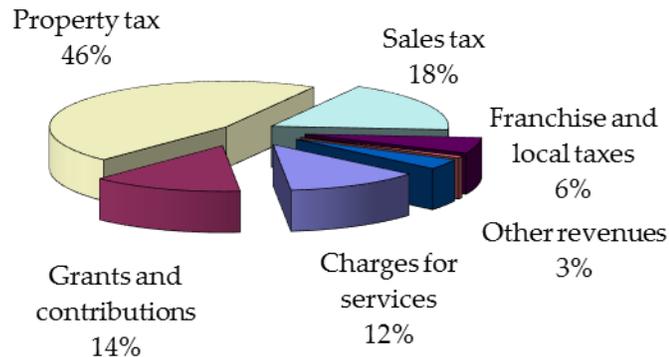
# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

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

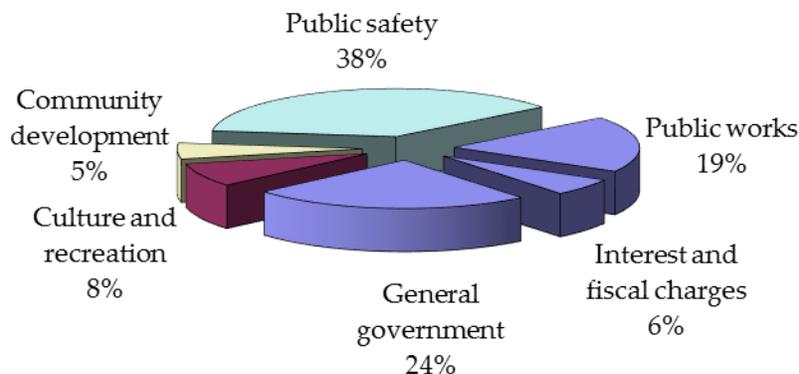
### Governmental Activities - Revenues



For the year ended September 30, 2017, revenues from governmental activities totaled \$16,635,628. Property tax, charges for services and sales tax are the City's largest general revenue sources. Overall revenue increased \$2,973,747 or 22% from the prior year. Property tax revenue increased \$407,985 due to an increase in property values and a growing tax base. Charges for services increased \$675,642 due to new developments within the City and a significant increase in transportation user fee revenue. Grants and contributions increased \$1,440,207 primarily as a result of two large nonrecurring grants from the Texas Department of Transportation and Williamson County in the current year. Other revenues increased by \$351,891 due to increased grant activity and revenue received in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

### Governmental Activities - Expenses



For the year ended September 30, 2017, expenses for governmental activities totaled \$15,957,073. This represents an increase of \$1,303,925 or 9% from the prior year. The City's largest functional expense is public safety totaling \$5,987,519. Public safety increased \$694,994 or 13% when compared to the prior year due to salaries and benefits and vehicle rental expenses. General government increased by

# City of Taylor, Texas

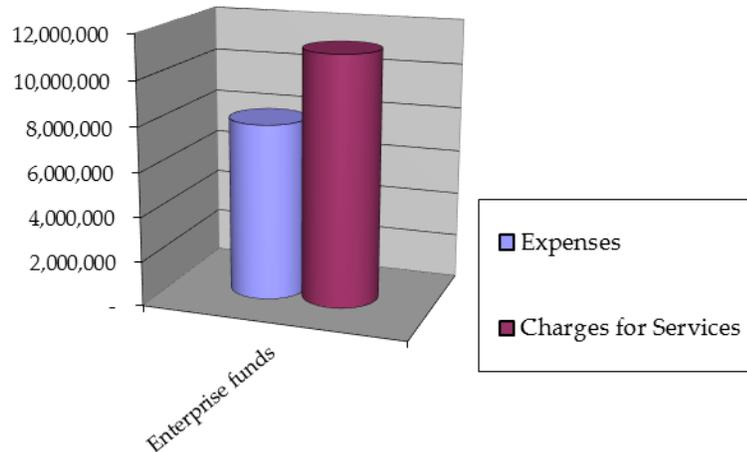
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

\$256,086 or 7% due to additional contract service expenditures as well as an increase in salaries and wages. All remaining expenses remained relatively consistent with the previous year.

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, 2017, charges for services by business-type activities totaled \$11,175,375. This is an increase of \$1,160,432, or 12%, from the previous year. This increase directly relates to an increase in the utility billing rates charged to customers. The City completed a utility rate study in November of 2015 which examined the future operating and capital financing requirements of the utility system and determine the adequacy of existing rates to meet the related requirements. The study recommended increases in both water and sewer rates which are to be phased in through 2019.

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

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

Other revenues decreased by \$33,775 or 16% due to less contributions received from the Taylor EDC in the current year. All remaining revenues remained relatively consistent with the previous year.

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

Total expenses decreased \$174,598 or 2% to a total of \$7,901,367. Public utility expenses totaled \$5,934,533 while airport, cemetery operations, and sanitation totaled \$415,816, \$172,778, and \$1,378,240, respectively. The largest decrease in expenses was seen in public utility expenses. This decrease was mainly attributed to personnel and contractual services.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2017, the City's governmental funds reported combined fund balances of \$10,576,700, an increase of \$232,857 in comparison with the prior year. Approximately 32% of this amount, \$3,427,943, 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 \$670,852, 2) committed \$1,399,452 or 3) restricted for particular purposes \$5,078,453.

As of the end of the year the general fund reflected a total fund balance of \$4,572,604. Of this, \$1,133,876 is considered restricted and \$3,427,943 is unassigned. General fund balance increased by \$52,811. This increase can be attributed to a budgeted surplus as well as positive budget variances in overall revenue.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$3,427,943 is 29% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of \$3,121,951 as of yearend. Total fund balance decreased by \$657,380 from the prior year due to capital outlays exceeding total revenues. During the year, the City expended \$5,139,208 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$390,119 at September 30, 2017, an increase of \$118,937 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$2,015,728 and property tax revenue of \$1,992,726.

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

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

fund, the public utility fund, totaled \$13,027,349. Unrestricted net position at the close of the fiscal year amounted to \$1,461,260, a total increase of \$2,005,310 from the previous year. Total investment in capital assets, net of related debt of was \$11,566,089, and capital assets, net of depreciation totaled \$34,732,862.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year decreasing total budgeted expenditures by \$171,611 and increasing total revenues by \$310,503 resulting in a net increase in budgeted fund balance of \$38,670. The primary reasons for the budget revision were due to higher than expected revenue from sales taxes and other revenue combined with lower than budgeted revenues mainly from licenses and permits. Total budgeted revenues of \$10,732,297 were less than actual revenues of \$10,747,927, resulting in a total positive revenue variance of \$15,630. Total budgeted expenditures of \$11,755,767 were less than actual expenditures of \$11,757,554, resulting in a total negative expenditure variance of \$1,787. The negative variance in total expenditures was primarily due to the public works department spending more than budgeted. No department was significantly over budget for the year.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$63,452,375 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$2,054,925. The City's business-type activities funds had invested \$38,241,420 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 events during the current year include the following:

- Hwy 95 Bike/Pedestrian Corridor construction, totaling \$1,362,860.
- Street improvements of \$1,094,228.
- Investment in Cross Town Trails amounting to \$306,455.
- New vehicles and equipment financed through a capital lease totaling \$177,664.
- New machinery and equipment financed through a note payable totaling \$320,000.
- Investment in the City's wastewater treatment plant of \$1,559,043.

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

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

### LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable net of all premiums and discounts increased by \$2,594,982 or 5.62% from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$48,736,411, net of all premiums and discounts.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy has remained stable and is showing signs of growth as evidenced by new construction activity. The City continues to make infrastructure improvements throughout the City.

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

The City Council goal is that the General Fund maintains three months of operating expenditures as a minimum of undesignated reserves, which currently equates to \$3,063,610. At the end of fiscal year 2017, unassigned fund balance in the General Fund is \$3,427,943. It is intended that the available fund balance beyond the minimum be used for capital outlay and personnel. For the fiscal year 2018, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenue plus extraordinary unbudgeted expenditures.

The property tax rate for fiscal year 2017-18 is \$0.798 per \$ 100 valuation. Of this tax rate 75 percent or \$0.601784 is utilized for General Fund activities. The remaining 25 percent or \$0.196216 is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2017-18 is estimated to be \$6,005,589. Sales tax revenue for fiscal year 2017-18 is budgeted at \$3,133,934.

The largest revenue source for the Utility Fund is water sales at \$4,942,228. A water and sewer rate study was completed and adopted by Council during fiscal year 2014-2015 and rate increase were implemented beginning in the fiscal year 2015-16 with rate increases for the next four years ending in 2019. The water and sewer rate increases are to fund future projects and built up reserves in the Utility Fund. The new rate system, which focuses on water conservation, implements an increasing tier rate which charges a higher price for water at higher levels of consumption. The second largest revenue source is sewer charges at \$4,423,124 based on the fiscal year 2017-18 base rate of \$ 28.00 plus \$ 6.71 per 1,000 gallons.

# City of Taylor, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2017

The City Council approved an ordinance establishing a Transportation User Fee (TUF) that applied to businesses and residents within the City of Taylor city limits. The new rate took effect in June of 2016. A flat fee of \$8.00 per residential unit was assessed with commercial being assessed a tier rates that ranged from tier 1 to tier 6 (\$25-\$133 per month). The total annual revenue generated from the TUF is projected to be \$793,104 for the fiscal year 2017-18. The TUF was designed to address a portion of the street repair and maintenance for Taylor's aged infrastructure but is not enough to meet the demands of all the poor rated streets.

The sanitation fee for residential garbage is a base charge of \$ 12.04 per month with change in rates in the budget for the fiscal year 2017-18. Additionally, the drainage fee will increase from \$2.00 to \$3.00 per single family dwelling per month in fiscal year 2017-18.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

## ***FINANCIAL STATEMENTS***

**City of Taylor, Texas**  
**STATEMENT OF NET POSITION**  
September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 8,847,153	\$ 3,921,681	\$ 12,768,834
Investments	1,308,137	-	1,308,137
Restricted cash-customer deposits	-	405,795	405,795
Receivables, net	1,485,694	1,081,821	2,567,515
Due from primary government	-	-	-
Internal balances	227,985	(227,985)	-
Inventories	-	139,948	139,948
	<u>11,868,969</u>	<u>5,321,260</u>	<u>17,190,229</u>
Land held for investment	-	-	-
Capital assets:			
Non-depreciable	6,658,702	3,606,429	10,265,131
Net depreciable capital assets	56,793,673	34,634,991	91,428,664
	<u>63,452,375</u>	<u>38,241,420</u>	<u>101,693,795</u>
<b>Total Assets</b>	<u>75,321,344</u>	<u>43,562,680</u>	<u>118,884,024</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	435,496	638,918	1,074,414
Pension contributions	534,378	82,139	616,517
Pension investment earnings	837,956	128,802	966,758
Pension assumption changes	28,904	4,443	33,347
<b>Total Deferred Outflows of Resources</b>	<u>1,836,734</u>	<u>854,302</u>	<u>2,691,036</u>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	977,100	472,274	1,449,374
Customer deposits	-	405,795	405,795
Accrued interest payable	90,680	110,996	201,676
Long-term debt due within one year	2,653,832	1,502,921	4,156,753
Due to component unit	4,126	-	4,126
	<u>3,725,738</u>	<u>2,491,986</u>	<u>6,217,724</u>
Noncurrent liabilities:			
Net pension liability	5,123,046	787,466	5,910,512
Due in more than one year	22,768,783	24,848,153	47,616,936
	<u>27,891,829</u>	<u>25,635,619</u>	<u>53,527,448</u>
<b>Total Liabilities</b>	<u>31,617,567</u>	<u>28,127,605</u>	<u>59,745,172</u>
<b><u>Deferred Inflows of Resources</u></b>			
Pension (gains) losses	346,127	53,204	399,331
<b><u>Net Position</u></b>			
Net investment in capital assets	42,810,269	13,463,393	56,273,662
Restricted for:			
Debt service	390,119	-	390,119
Community development	-	-	-
Cemetery land purchase	194,176	-	194,176
Moody museum	296,620	-	296,620
Library bequest funds	292,794	-	292,794
Cemetery - nonexpendable	670,852	-	670,852
Municipal court	119,853	-	119,853
Other purposes	662,940	-	662,940
Unrestricted	(243,239)	2,772,780	2,529,541
<b>Total Net Position</b>	<u>\$ 45,194,384</u>	<u>\$ 16,236,173</u>	<u>\$ 61,430,557</u>

See Notes to Financial Statements.

<b>Component Units</b>	
<b>Taylor EDC</b>	<b>Tax Increment Financing</b>
\$ 1,276,357	\$ 734,027
-	-
-	-
182,183	-
4,126	-
-	-
-	-
<u>1,462,666</u>	<u>734,027</u>
384,512	-
-	-
2,447,349	-
<u>2,831,861</u>	<u>-</u>
<u>4,294,527</u>	<u>734,027</u>
-	-
-	-
-	-
-	-
-	-
25,837	-
-	-
4,126	-
176,344	-
-	-
<u>206,307</u>	<u>-</u>
-	-
2,042,110	-
<u>2,042,110</u>	<u>-</u>
<u>2,248,417</u>	<u>-</u>
-	-
-	-
234,898	-
-	-
1,811,212	734,027
-	-
-	-
-	-
-	-
-	-
-	-
<u>\$ 2,046,110</u>	<u>\$ 734,027</u>

# City of Taylor, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 3,903,456	\$ 1,433,520	\$ 126,478	\$ -
Culture and recreation	1,266,740	-	-	-
Community development	854,916	-	-	2,166,109
Public safety	5,987,519	279,426	-	-
Public works	3,012,792	332,653	-	-
Interest and fiscal charges	931,650	-	-	-
<b>Total Governmental Activities</b>	<b>15,957,073</b>	<b>2,045,599</b>	<b>126,478</b>	<b>2,166,109</b>
<b>Business-Type Activities</b>				
Public Utility	5,934,533	9,081,323	-	-
Airport	415,816	364,728	-	-
Cemetery Operating	172,778	86,733	-	-
Sanitation	1,378,240	1,642,591	-	-
<b>Total Business-Type Activities</b>	<b>7,901,367</b>	<b>11,175,375</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 23,858,440</b>	<b>\$ 13,220,974</b>	<b>\$ 126,478</b>	<b>\$ 2,166,109</b>
<b>Component Units</b>				
Taylor Economic Development Corporation	\$ 1,007,001	\$ -	\$ -	\$ -
Tax Increment Financing	209,568	-	-	-
<b>Total Component Units</b>	<b>\$ 1,216,569</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

- Taxes
  - Property tax
  - Sales tax
  - Franchise and local taxes
- Investment income
- Other revenues
- Loss on disposal of assets

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Taylor EDC	Tax Increment Financing
\$ (2,343,458)	\$ -	\$ (2,343,458)	\$ -	\$ -
(1,266,740)	-	(1,266,740)	-	-
1,311,193	-	1,311,193	-	-
(5,708,093)	-	(5,708,093)	-	-
(2,680,139)	-	(2,680,139)	-	-
(931,650)	-	(931,650)	-	-
<u>(11,618,887)</u>	<u>-</u>	<u>(11,618,887)</u>	<u>-</u>	<u>-</u>
-	3,146,790	3,146,790	-	-
-	(51,088)	(51,088)	-	-
-	(86,045)	(86,045)	-	-
-	264,351	264,351	-	-
<u>-</u>	<u>3,274,008</u>	<u>3,274,008</u>	<u>-</u>	<u>-</u>
<u>(11,618,887)</u>	<u>3,274,008</u>	<u>(8,344,879)</u>	<u>-</u>	<u>-</u>
			(1,007,001)	-
			-	(209,568)
			<u>(1,007,001)</u>	<u>(209,568)</u>
7,655,907	-	7,655,907	-	164,229
2,989,454	-	2,989,454	1,003,397	-
938,187	-	938,187	-	-
110,551	24,796	135,347	355	4,334
603,343	174,389	777,732	500	97,351
-	-	-	(109,918)	-
1,493,201	(1,493,201)	-	-	-
<u>13,790,643</u>	<u>(1,294,016)</u>	<u>12,496,627</u>	<u>894,334</u>	<u>265,914</u>
2,171,756	1,979,992	4,151,748	(112,667)	56,346
43,022,628	14,256,181	57,278,809	2,158,777	677,681
<u>\$ 45,194,384</u>	<u>\$ 16,236,173</u>	<u>\$ 61,430,557</u>	<u>\$ 2,046,110</u>	<u>\$ 734,027</u>

# City of Taylor, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2017

	General	Capital Improvements	I & S For CO Bonds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 3,485,163	\$ 3,404,729	\$ 387,965
Investments	668,909	-	-
Receivables, net	897,168	427,709	45,676
Due from other funds	207,472	-	2,154
<b>Total Assets</b>	<b>\$ 5,258,712</b>	<b>\$ 3,832,438</b>	<b>\$ 435,795</b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 556,873	\$ 354,878	\$ -
Due to other funds	2,154	-	-
Due to component unit	4,126	-	-
<b>Total Liabilities</b>	<b>563,153</b>	<b>354,878</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - grant revenue	-	355,609	-
Unavailable revenue - property taxes	122,955	-	45,676
<b>Total Deferred Inflows of Resources</b>	<b>122,955</b>	<b>355,609</b>	<b>45,676</b>
<b><u>Fund Balances</u></b>			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	390,119
Capital projects	-	3,121,951	-
Special revenue	-	-	-
Other purposes	1,133,876	-	-
Committed for:			
Drainage	10,785	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	3,427,943	-	-
<b>Total Fund Balances</b>	<b>4,572,604</b>	<b>3,121,951</b>	<b>390,119</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,258,712</b>	<b>\$ 3,476,829</b>	<b>\$ 435,795</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,545,002	\$ 8,822,859
639,228	1,308,137
115,141	1,485,694
203,945	413,571
<u>\$ 2,503,316</u>	<u>\$ 12,030,261</u>

\$ 11,290	\$ 923,041
-	2,154
-	4,126
<u>11,290</u>	<u>929,321</u>

-	355,609
-	168,631
<u>-</u>	<u>524,240</u>

670,852	670,852
-	390,119
-	3,121,951
432,507	432,507
-	1,133,876
479,703	490,488
908,964	908,964
-	3,427,943
<u>2,492,026</u>	<u>10,576,700</u>
<u>\$ 2,503,316</u>	<u>\$ 11,674,652</u>

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# City of Taylor, Texas

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

September 30, 2017

<b>Fund Balances - Total Governmental Funds</b>	\$ 10,576,700
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	6,658,702
Capital assets - net depreciable	54,738,748
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
	524,240
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	435,496
Pension contributions	524,342
Pension investment earnings	822,218
Pension assumption changes	28,361
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	27,166
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	
Pension (gains) losses	(339,626)
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.	
Net pension liability	(5,026,829)
Other post employment benefits	(330,329)
Accrued interest	(90,680)
Bond premium	(717,183)
Bond discount	6,934
Non-current liabilities due in one year	(2,278,988)
Non-current liabilities due in more than one year	(20,364,888)
<b>Net Position of Governmental Activities</b>	<b>\$ 45,194,384</b>

See Notes to Financial Statements.

# City of Taylor, Texas

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

For the Year Ended September 30, 2017

	General	Capital Improvements	I & S For CO Bonds
<b><u>Revenues</u></b>			
Property tax	\$ 5,663,181	\$ -	\$ 1,992,726
Sales tax	2,989,454	-	-
Franchise and local taxes	857,553	-	-
License and permits	331,723	-	-
Charges for services	311,867	-	-
Fines and forfeitures	263,439	-	-
Intergovernmental	96,478	2,166,109	-
Investment income	44,726	31,619	8,614
Other revenues	189,506	-	-
<b>Total Revenues</b>	10,747,927	2,197,728	2,001,340
<b><u>Expenditures</u></b>			
Current:			
General government	2,675,339	2,566	-
Culture and recreation	1,255,298	-	-
Community development	828,646	-	-
Public safety	5,705,113	-	-
Public works	1,293,158	-	-
Debt service:			
Principal retirement	-	-	1,290,000
Interest and fiscal charges	-	-	725,728
Bond issuance costs	-	34,807	-
Capital outlay	-	5,139,208	-
Unrealized loss on investments	-	-	-
<b>Total Expenditures</b>	11,757,554	5,176,581	2,015,728
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,009,627)	(2,978,853)	(14,388)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	1,609,200	654,723	133,325
Transfers (out)	(546,762)	-	-
Bond issuance	-	1,620,000	-
Premium	-	46,750	-
<b>Total Other Financing Sources (Uses)</b>	1,062,438	2,321,473	133,325
<b>Net Change in Fund Balances</b>	52,811	(657,380)	118,937
Beginning fund balances	4,519,793	3,779,331	271,182
<b>Ending Fund Balances</b>	\$ 4,572,604	\$ 3,121,951	\$ 390,119

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 7,655,907
-	2,989,454
80,634	938,187
-	331,723
1,122,583	1,434,450
15,987	279,426
30,000	2,292,587
25,589	110,548
38,470	227,976
1,313,263	16,260,258
146,000	2,823,905
-	1,255,298
-	828,646
-	5,705,113
11,767	1,304,925
-	1,290,000
-	725,728
-	34,807
5,858	5,145,066
35,019	35,019
198,644	19,148,507
1,114,619	(2,888,249)
44,570	2,441,818
(440,700)	(987,462)
-	1,620,000
-	46,750
(396,130)	3,121,106
718,489	232,857
1,773,537	10,343,843
\$ 2,492,026	\$ 10,576,700

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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, 2017**

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

Net changes in fund balances - total governmental funds	\$	232,857
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		4,348,143
Depreciation expense		(1,984,079)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		355,609
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense		(210,303)
Compensated absences		(77,109)
Other post employment benefits		(29,867)
Accrued interest		(1,010)
Amortization of deferred charges on refunding		(150,079)
Amortization of bond premium and discounts		73,834

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

Principal payments		1,290,000
Bonds issued		(1,620,000)
Premiums on debt issued		(46,750)

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.		(9,490)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>2,171,756</b>
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See Notes to Financial Statements.

# City of Taylor, Texas

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

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 5,467,413	\$ 5,663,181	\$ 5,663,181	\$ -
Sales tax	3,035,110	2,984,610	2,989,454	4,844
Franchise and local taxes	893,755	858,150	857,553	(597)
License and permits	230,420	339,045	331,723	(7,322)
Charges for services	255,860	313,362	311,867	(1,495)
Fines and forfeitures	304,863	263,439	263,439	-
Intergovernmental	66,600	91,866	96,478	4,612
Investment income	20,880	43,322	44,726	1,404
Other revenues	146,893	175,322	189,506	14,184
<b>Total Revenues</b>	10,421,794	10,732,297	10,747,927	15,630
<b>Expenditures</b>				
Current:				
General government				
City council	142,618	136,338	136,840	(502)
City management	518,573	545,143	545,143	-
Public information	125,445	135,919	135,918	1
Human resources	205,597	213,988	213,989	(1)
Financial services	622,648	526,266	526,266	-
Municipal court	292,930	312,346	312,347	(1)
Building maintenance	389,886	444,207	444,207	-
Information technology	114,204	110,258	110,258	-
Nondepartmental	396,645	238,438	238,438	-
Library grant/donation	13,000	13,000	11,933	1,067
Total general government	2,821,546	2,675,903	2,675,339	564
Culture and recreation				
Moody museum	7,024	4,923	4,923	-
Public library	467,760	454,290	454,290	-
Parks and recreation	802,420	796,084	796,085	(1)
Total culture and recreation	1,277,204	1,255,297	1,255,298	(1)

# City of Taylor, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	\$ 719,712	\$ 743,345	\$ 743,345	\$ -
Main Street program	73,503	85,301	85,301	-
Total community development	<u>793,215</u>	<u>828,646</u>	<u>828,646</u>	<u>-</u>
Public safety				
Fire department	2,296,146	2,357,688	2,357,688	-
Police department	3,057,228	3,137,119	3,137,119	-
Animal control	199,770	210,306	210,306	-
Total public safety	<u>5,553,144</u>	<u>5,705,113</u>	<u>5,705,113</u>	<u>-</u>
Public works				
Maintenance	1,352,373	1,245,847	1,245,847	-
Engineering and inspection	129,896	44,961	47,311	(2,350)
Total public works	<u>1,482,269</u>	<u>1,290,808</u>	<u>1,293,158</u>	<u>(2,350)</u>
<b>Total Expenditures</b>	<u>11,927,378</u>	<u>11,755,767</u>	<u>11,757,554</u>	<u>(1,787)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,505,584)</u>	<u>(1,023,470)</u>	<u>(1,009,627)</u>	<u>13,843</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,609,200	1,608,902	1,609,200	298
Transfers (out)	-	(546,762)	(546,762)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,609,200</u>	<u>1,062,140</u>	<u>1,062,438</u>	<u>298</u>
<b>Net Change in Fund Balance</b>	<u>\$ 103,616</u>	<u>\$ 38,670</u>	52,811	<u>\$ 14,141</u>
Beginning fund balance			4,519,793	
<b>Ending Fund Balance</b>			<u>\$ 4,572,604</u>	

### Notes to Financial Statement

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

See Notes to Financial Statements

**City of Taylor, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2017

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,366,000	\$ 1,203,141	\$ 194,928
Restricted cash:			
Customer deposits	405,795	-	-
Receivables, net	883,209	19,611	3,360
Due from other funds	-	1,360	-
Inventories	139,948	-	-
<b>Total Current Assets</b>	<b>3,794,952</b>	<b>1,224,112</b>	<b>198,288</b>
<b>Noncurrent Assets</b>			
Capital assets:			
Non-depreciable	2,214,419	1,392,010	-
Net depreciable capital assets	32,518,443	2,108,020	8,528
<b>Total Noncurrent Assets</b>	<b>34,732,862</b>	<b>3,500,030</b>	<b>8,528</b>
<b>Total Assets</b>	<b>38,527,814</b>	<b>4,724,142</b>	<b>206,816</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	634,115	4,803	-
Pension contributions	74,275	2,719	5,145
Pension investment earnings	116,471	4,263	8,068
Pension assumption changes	4,018	147	278
<b>Total Deferred Outflows of Resources</b>	<b>828,879</b>	<b>11,932</b>	<b>13,491</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	323,403	22,008	5,641
Customer deposits	405,795	-	-
Current maturities of long-term liabilities	1,472,921	30,000	-
Due to other funds	-	25,400	203,945
Accrued interest	104,945	6,051	-
<b>Total Current Liabilities</b>	<b>2,307,064</b>	<b>83,459</b>	<b>209,586</b>
<b>Noncurrent Liabilities</b>			
Long-term liabilities	23,262,096	1,586,057	-
Net pension liability	712,074	26,065	49,327
<b>Total Liabilities</b>	<b>26,281,234</b>	<b>1,695,581</b>	<b>258,913</b>
<b>Deferred Inflows of Resources</b>			
Pension (gains) losses	48,110	1,761	3,333
<b>Net Position</b>			
Net investment in capital assets	11,566,089	1,888,776	8,528
Unrestricted	1,461,260	1,149,956	(50,467)
<b>Total Net Position</b>	<b>\$ 13,027,349</b>	<b>\$ 3,038,732</b>	<b>\$ (41,939)</b>

See Notes to Financial Statements.

<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Sanitation</b>	<b>Total</b>	<b>Internal Service</b>
\$ 157,612	\$ 3,921,681	\$ 24,294
-	405,795	-
175,641	1,081,821	-
-	1,360	8,213
-	139,948	-
<u>333,253</u>	<u>5,550,605</u>	<u>32,507</u>
-	3,606,429	-
-	34,634,991	2,054,925
-	38,241,420	2,054,925
<u>333,253</u>	<u>43,792,025</u>	<u>2,087,432</u>
-	638,918	-
-	82,139	10,036
-	128,802	15,738
-	4,443	543
-	854,302	26,317
121,222	472,274	54,059
-	405,795	-
-	1,502,921	374,844
-	229,345	191,645
-	110,996	-
<u>121,222</u>	<u>2,721,331</u>	<u>620,548</u>
-	24,848,153	1,363,317
-	787,466	96,217
<u>121,222</u>	<u>28,356,950</u>	<u>2,080,082</u>
-	53,204	6,501
-	13,463,393	691,906
212,031	2,772,780	(664,740)
<u>\$ 212,031</u>	<u>\$ 16,236,173</u>	<u>\$ 27,166</u>

# City of Taylor, Texas

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

For the Year Ended September 30, 2017

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
	Public Utilities	Airport	Cemetery Operating
<b><u>Operating Revenues</u></b>			
Water revenue	\$ 5,014,116	\$ -	\$ -
Sewer revenue	4,067,207	-	-
Airport services	-	364,728	-
Cemetery services	-	-	86,733
Sanitation	-	-	-
Other income	106,410	-	2,299
Charges for services	-	-	-
Rents and royalties	65,680	-	-
<b>Total Operating Revenues</b>	<b>9,253,413</b>	<b>364,728</b>	<b>89,032</b>
<b><u>Operating Expenses</u></b>			
Personnel services	1,137,945	47,767	92,220
Contractual services	2,242,013	209,272	78,118
Material and supplies	340,016	1,856	1,938
Depreciation	1,267,553	90,150	502
<b>Total Operating Expenses</b>	<b>4,987,527</b>	<b>349,045</b>	<b>172,778</b>
<b>Operating Income (Loss)</b>	<b>4,265,886</b>	<b>15,683</b>	<b>(83,746)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	19,145	5,651	-
Interest expense	(897,633)	(35,233)	-
Bond issuance costs	(49,373)	(31,538)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(927,861)</b>	<b>(61,120)</b>	<b>-</b>
<b>Income Before Transfers</b>	<b>3,338,025</b>	<b>(45,437)</b>	<b>(83,746)</b>
<b><u>Transfers</u></b>			
Transfers in	-	-	24,284
Transfers (out)	(1,332,715)	(20,570)	-
<b>Change in Net Position</b>	<b>2,005,310</b>	<b>(66,007)</b>	<b>(59,462)</b>
Beginning net position	11,022,039	3,104,739	17,523
<b>Ending Net Position</b>	<b>\$ 13,027,349</b>	<b>\$ 3,038,732</b>	<b>\$ (41,939)</b>

See Notes to Financial Statements.

<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Sanitation</b>	<b>Total</b>	<b>Internal Service</b>
\$ -	\$ 5,014,116	\$ -
-	4,067,207	-
-	364,728	-
-	86,733	-
1,642,591	1,642,591	-
-	108,709	19,758
-	-	1,163,804
-	65,680	-
<u>1,642,591</u>	<u>11,349,764</u>	<u>1,183,562</u>
-	1,277,932	157,711
1,378,240	3,907,643	516,240
-	343,810	-
-	1,358,205	499,108
<u>1,378,240</u>	<u>6,887,590</u>	<u>1,173,059</u>
<u>264,351</u>	<u>4,462,174</u>	<u>10,503</u>
-	24,796	3
-	(932,866)	(58,841)
-	(80,911)	(58,838)
<u>-</u>	<u>(988,981)</u>	<u>(58,838)</u>
264,351	3,473,193	(48,335)
-	24,284	38,845
(164,200)	(1,517,485)	-
<u>100,151</u>	<u>1,979,992</u>	<u>(9,490)</u>
<u>111,880</u>	<u>14,256,181</u>	<u>36,656</u>
<u>\$ 212,031</u>	<u>\$ 16,236,173</u>	<u>\$ 27,166</u>

**City of Taylor, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 9,163,757	\$ 359,236	\$ 91,812
Payments to suppliers and contractors	(2,286,298)	(495,494)	(83,637)
Payments to employees for salaries and benefits	(1,162,429)	(48,618)	(84,566)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,715,030</b>	<b>(184,876)</b>	<b>(76,391)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer in	-	-	24,284
Transfer (out)	(1,332,715)	(20,570)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,332,715)</b>	<b>(20,570)</b>	<b>24,284</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	(2,496,153)	(179,473)	-
Proceeds from capital debt	2,278,214	1,476,810	-
Principal paid on capital debt	(1,350,000)	(30,000)	-
Bond issuance costs	-	(31,538)	-
Interest paid on capital debt	(961,234)	(31,286)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(2,529,173)</b>	<b>1,204,513</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	19,145	5,651	-
<b>Net Cash Provided by Investing Activities</b>	<b>19,145</b>	<b>5,651</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,872,287</b>	<b>1,004,718</b>	<b>(52,107)</b>
Beginning cash and cash equivalents	899,508	198,423	247,035
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,771,795</b>	<b>\$ 1,203,141</b>	<b>\$ 194,928</b>

See Notes to Financial Statements.

<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Sanitation</b>	<b>Total</b>	<b>Internal Service</b>
\$ 1,630,150	\$ 11,244,955	\$ 1,183,562
(1,377,860)	(4,243,289)	(546,970)
-	(1,295,613)	(153,593)
<u>252,290</u>	<u>5,706,053</u>	<u>482,999</u>
-	24,284	38,845
<u>(164,200)</u>	<u>(1,517,485)</u>	<u>-</u>
<u>(164,200)</u>	<u>(1,493,201)</u>	<u>38,845</u>
-	(2,675,626)	(57,736)
-	3,755,024	-
-	(1,380,000)	(416,286)
-	(31,538)	-
-	<u>(992,520)</u>	<u>(58,841)</u>
-	<u>(1,324,660)</u>	<u>(532,863)</u>
-	24,796	3
-	<u>24,796</u>	<u>3</u>
88,090	2,912,988	(11,016)
<u>69,522</u>	<u>1,414,488</u>	<u>35,310</u>
<u>\$ 157,612</u>	<u>\$ 4,327,476</u>	<u>\$ 24,294</u>

**City of Taylor, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2017**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Public Utilities</b>	<b>Airport</b>	<b>Cemetery Operating</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ 4,265,886	\$ 15,683	\$ (83,746)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,267,553	90,150	502
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(105,600)	(5,492)	2,780
Due from other funds	-	(304,520)	-
Deferred Outflows of Resources:			
Pension contributions	2,624	90	(1,037)
Investment experience	55,133	2,005	1,100
Assumption changes	(4,018)	(147)	(278)
<b>Increase (Decrease) in:</b>			
Accounts payable	266,745	20,154	(3,581)
Customer deposits	15,944	-	-
Due to other funds	-	-	-
Net pension liability	(66,107)	(2,360)	7,753
Deferred Inflows of Resources:			
Actual experience vs. assumption	(12,116)	(439)	116
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,715,030</b>	<b>\$ (184,876)</b>	<b>\$ (76,391)</b>

**Schedule of Non-Cash Capital and Related  
Financing Activities**

Issuance of capital lease and note payable	\$ -	\$ -	\$ -	-
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See Notes to Financial Statements.

<b>Business-Type Activities</b>		<b>Governmental</b>	
<b>Enterprise Funds</b>		<b>Activities</b>	
<b>Sanitation</b>	<b>Total</b>	<b>Internal</b>	<b>Service</b>
\$ 264,351	\$ 4,462,174	\$ 10,503	
-	1,358,205	499,108	
(12,441)	(120,753)	-	
-	(304,520)	(19,746)	
-	1,677	(613)	
-	58,238	5,290	
-	(4,443)	(543)	
380	283,698	(10,984)	
-	15,944	-	
-	-	-	
-	(60,714)	862	
-	(12,439)	(878)	
<u>\$ 252,290</u>	<u>\$ 5,706,053</u>	<u>\$ 482,999</u>	

\$ - \$ - \$ 497,664

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# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS

September 30, 2017

### 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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

**Discretely Presented Component Units**

Taylor Economic Development Corporation

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

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

Tax Increment Financing Fund

The Tax Increment Financing fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. Separately issued audited financial statements are not available.

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

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

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

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

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

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

The government reports the following major governmental funds:

### **General Fund**

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

### **Capital Improvements Fund**

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

### **I&S for CO Bonds Fund**

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

The government reports the following major enterprise funds:

### **Public Utilities Fund**

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

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

**Airport**

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

**Cemetery Operating Fund**

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

**Sanitation Fund**

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

Additionally, the government reports the following fund types:

**Special Revenue Funds**

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

**Internal Service Funds**

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

**Permanent Fund**

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

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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

**D. Measurement focus and basis of accounting**

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

**1. Deposits and Investments**

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

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

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

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

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

### **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). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

### **5. Capital Assets**

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

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

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.

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

### 6. Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

**7. Net Position Flow Assumption**

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

**8. Fund Balance Flow Assumptions**

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

**9. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

**10. Long-Term Obligations**

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

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

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

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

**11. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**12. Estimates**

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

**F. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

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

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

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 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.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, I&S for CO bonds, hotel/motel tax, Texas capital, main street revenue, cemetery land purchases, municipal court security and technology, tax increment fund, drainage, transportation user fee, cemetery permanent, and enterprise funds. Capital project funds have no binding annual budget. Project-length financial plans

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget appropriation was made during the year.

**A. Expenditures Over Appropriations**

For the year ended September 30, 2017, expenditures exceeded appropriations at the legal level of control as follows:

Cemetery Permanent	\$37,651
Drainage	\$7,816

**B. Deficit Fund Balance**

At September 30, 2017, the cemetery operating fund, has a deficit fund balance of \$41,939. The deficit will be eliminated in the future with cemetery revenue or through reimbursements from other funds.

**C. Restricted/Committed Fund Equity**

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

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

	Restricted	Committed
Debt service	\$ 390,119	\$ -
Capital projects	3,121,951	-
Cemetery land purchase	194,176	-
Municipal court	* 119,853	-
Moody museum	296,620	-
Library bequest funds	292,794	-
Roadway impact fees	158,041	-
PEG Fees	154,011	-
Other purposes	350,888	-
Drainage	-	490,488
Road maintenance	-	908,964
<b>Total</b>	<b>\$ 5,078,453</b>	<b>\$ 1,399,452</b>

\* Restricted by enabling legislation

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2017, the primary government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Municipal bonds	\$ 1,225,407	0.90	AAA
Mutual funds	82,730	0.00	n/a
External investment pools	13,430,693	0.07	AAAm
Total fair value	<u>\$ 14,738,830</u>		
Portfolio weighted average maturity		0.97	

*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, 2017, 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, 2017, 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

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

### **TexSTAR**

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

### **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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch.

**B. Fair Value Measurement**

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

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

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

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2017.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 82,730	\$ 82,730	\$ -	\$ -
Municipal Bonds	1,225,407	1,225,407	-	-
Total Assets at fair value	<u>\$ 1,308,137</u>	<u>\$ 1,308,137</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**C. Receivables**

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

<b>Business-Type Activities</b>					
	<b>Public Utilities</b>	<b>Airport</b>	<b>Cemetery Operating</b>	<b>Sanitation</b>	<b>Total</b>
Accounts	\$ 889,561	\$ 19,611	\$ 3,360	\$ 178,332	\$ 1,090,864
Allowance	(6,352)	-	-	(2,691)	(9,043)
	<u>\$ 883,209</u>	<u>\$ 19,611</u>	<u>\$ 3,360</u>	<u>\$ 175,641</u>	<u>\$ 1,081,821</u>
<b>Governmental Activities</b>					
	<b>General</b>	<b>I&amp;S for CO Bonds</b>	<b>Capital Improvements</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Property taxes	\$ 122,955	\$ 45,676	\$ -	\$ -	\$ 168,631
Sales tax	525,813	-	-	-	525,813
Franchise taxes	222,148	-	-	-	222,148
Accounts	-	-	-	119,005	119,005
Other	26,252	-	427,709	-	453,961
Allowance	-	-	-	(3,864)	(3,864)
	<u>\$ 897,168</u>	<u>\$ 45,676</u>	<u>\$ 427,709</u>	<u>\$ 115,141</u>	<u>\$ 1,485,694</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**D. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,549,924	\$ 6,000	\$ -	\$ 2,555,924
Construction in progress	743,621	4,315,991	(956,834)	4,102,778
Total capital assets not being depreciated	<u>3,293,545</u>	<u>4,321,991</u>	<u>(956,834)</u>	<u>6,658,702</u>
Capital assets, being depreciated:				
Streets and bridges	51,825,713	-	956,834	52,782,547
Parks and dams	13,116,338	-	-	13,116,338
Sidewalks, curbs and gutters	1,622,626	-	-	1,622,626
Buildings and improvements	9,557,259	20,745	(30,176)	9,547,828
Operating equipment	3,270,780	5,407	-	3,276,187
Equipment in internal service funds	4,013,386	555,400	(86,556)	4,482,230
Total capital assets being depreciated	<u>83,406,102</u>	<u>581,552</u>	<u>840,102</u>	<u>84,827,756</u>
Less accumulated depreciation				
Streets and bridges	14,532,171	1,315,858	-	15,848,029
Parks and dams	2,546,031	329,558	-	2,875,589
Sidewalks, curbs and gutters	450,741	39,660	-	490,401
Buildings and improvements	3,084,728	236,044	-	3,320,772
Operating equipment	3,039,204	62,959	(30,176)	3,071,987
Equipment in internal service funds	2,014,753	499,108	(86,556)	2,427,305
Total accumulated depreciation	<u>25,667,628</u>	<u>2,483,187</u>	<u>(116,732)</u>	<u>28,034,083</u>
Net capital assets being depreciated	<u>57,738,474</u>	<u>(1,901,635)</u>	<u>956,834</u>	<u>56,793,673</u>
<b>Total Capital Assets</b>	<u>\$ 61,032,019</u>	<u>\$ 2,420,356</u>	<u>\$ -</u>	<u>\$ 63,452,375</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 175,484
Public safety	120,426
Public works	1,688,169
Internal service funds	499,108
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 2,483,187</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,317,035	\$ -	\$ -	\$ 1,317,035
Construction in progress	447,008	2,623,742	(781,356)	2,289,394
Total capital assets not being depreciated	<u>1,764,043</u>	<u>2,623,742</u>	<u>(781,356)</u>	<u>3,606,429</u>
Capital assets, being depreciated:				
Plant distribution and collection	46,086,760	51,883	781,356	46,919,999
Buildings	7,638,503	-	-	7,638,503
Runway	2,238,416	-	-	2,238,416
Equipment	935,217	-	(55,191)	880,026
Total capital assets being depreciated	<u>56,898,896</u>	<u>51,883</u>	<u>726,165</u>	<u>57,676,944</u>
Less accumulated depreciation				
Plant distribution and collection	17,342,123	1,096,404	-	18,438,527
Buildings	2,803,966	195,100	-	2,999,066
Runway	689,053	55,960	-	745,013
Equipment	903,797	10,741	(55,191)	859,347
Total accumulated depreciation	<u>21,738,939</u>	<u>1,358,205</u>	<u>(55,191)</u>	<u>23,041,953</u>
Net capital assets being depreciated	<u>35,159,957</u>	<u>(1,306,322)</u>	<u>781,356</u>	<u>34,634,991</u>
<b>Total Capital Assets</b>	<u>\$ 36,924,000</u>	<u>\$ 1,317,420</u>	<u>\$ -</u>	<u>\$ 38,241,420</u>

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,267,553
Airport	90,150
Cemetery	502
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 1,358,205</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets being depreciated				
Industrial building	\$ 2,553,506	\$ -	\$ -	\$ 2,553,506
Commercial sign	17,244	-	-	17,244
Office Equipment	25,023	914	-	25,937
Total capital assets being depreciated	<u>2,595,773</u>	<u>914</u>	<u>-</u>	<u>2,596,687</u>
Less accumulated depreciation				
Industrial building	58,518	63,837	-	122,355
Commercial sign	144	1,724	-	1,868
Office Equipment	25,023	92	-	25,115
Total Accumulated Depreciation	<u>83,685</u>	<u>65,653</u>	<u>-</u>	<u>149,338</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,512,088</u>	<u>\$ (64,739)</u>	<u>\$ -</u>	<u>\$ 2,447,349</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**E. Long-term Debt**

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2017. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension liabilities, respectively.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 11,155,000	\$ -	\$ (950,000)	\$ 10,205,000	\$ 975,000
Combination Tax and Revenue Certificates of Obligation	10,210,000	1,620,000	(340,000)	11,490,000	450,000
Less deferred amounts:					
For discounts	(9,246)	-	2,312	(6,934)	-
For premiums	746,579	46,750	(76,146)	717,183	-
<b>Total Bonds Payable</b>	<u>22,102,333</u>	<u>1,666,750</u>	<u>(1,363,834)</u>	<u>22,405,249</u>	<u>1,425,000</u>
Note Payable - internal service fund	228,547	320,000	(124,322)	424,225	121,105
Capital Lease - internal service fund	1,425,252	177,664	(291,965)	1,310,951	251,052
Other Post Employment Benefits	300,462	29,867	-	330,329	-
Compensated Absences	871,767	421,726	(344,617)	948,876	853,988
Compensated Absences - internal service fund	2,985	-	-	2,985	2,687
<b>Total Governmental Activities</b>	<u>\$ 24,931,346</u>	<u>\$ 2,616,007</u>	<u>\$ (2,124,738)</u>	<u>\$ 25,422,615</u>	<u>\$ 2,653,832</u>
				<u>\$ 22,768,783</u>	
<b>Business-Type Activities:</b>					
General Obligation Bonds	\$ 9,755,000	\$ -	\$ (1,070,000)	\$ 8,685,000	\$ 460,000
Combination Tax and Revenue Certificates of Obligation	13,280,000	3,720,000	(310,000)	16,690,000	1,025,000
Less deferred amounts:					
For discounts	(8,535)	-	2,134	(6,401)	-
For premiums	1,012,631	35,024	(85,092)	962,563	-
<b>Total Bonds Payable</b>	<u>24,039,096</u>	<u>3,755,024</u>	<u>(1,462,958)</u>	<u>26,331,162</u>	<u>1,485,000</u>
Compensated Absences	19,912	19,912	(19,912)	19,912	17,921
<b>Total Business-Type Activities</b>	<u>\$ 24,059,008</u>	<u>\$ 3,774,936</u>	<u>\$ (1,482,870)</u>	<u>\$ 26,351,074</u>	<u>\$ 1,502,921</u>
				<u>\$ 24,848,153</u>	
<b>Component Unit Activities:</b>					
Line of Credit	\$ 2,375,766	\$ -	\$ (163,315)	\$ 2,212,451	\$ 170,341
Compensated Absences	2,600	6,003	(2,600)	6,003	6,003
<b>Total Component Unit Activities</b>	<u>\$ 2,378,366</u>	<u>\$ 6,003</u>	<u>\$ (165,915)</u>	<u>\$ 2,218,454</u>	<u>\$ 176,344</u>
				<u>\$ 2,042,110</u>	

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>General Obligation Bonds:</b>			
\$8,995,000 General Obligation Refunding Bonds, Series 2009, due in installments through 2029, interest at 2% to 4%	\$ 820,000	\$ 765,000	\$ 1,585,000
\$3,945,000 General Obligation Refunding Bonds, Series 2010, due in installments through 2022, interest at 1.5% to 4%	495,000	135,000	630,000
\$5,450,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2025, interest at 1% to 2.5%	3,625,000	1,085,000	4,710,000
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	2,320,000	5,065,000	7,385,000
\$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	1,635,000	4,580,000
<b>Total General Obligation bonds</b>	<u>\$ 10,205,000</u>	<u>\$ 8,685,000</u>	<u>\$ 18,890,000</u>
<b>Combination Tax and Revenue Certificates of Obligation:</b>			
\$4,200,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, due in annual installments through 2026, interest at 4.45%	\$ -	\$ 3,950,000	\$ 3,950,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,745,000	6,950,000	9,695,000
\$9,615,000 Combination Tax and Revenue Certificates of Obligation, Series 2008, due in annual installments through 2028, interest at 4.85% to 7%	330,000	395,000	725,000
\$8,780,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments through 2034, interest at 4.25% to 5%	1,475,000	1,675,000	3,150,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2032, interest at 4.25% to 5%	2,395,000	-	2,395,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,925,000	-	2,925,000
\$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 4%	1,620,000	3,720,000	5,340,000
<b>Total Combination Tax and Revenue/Certificates of Obligation</b>	<u>\$ 11,490,000</u>	<u>\$ 16,690,000</u>	<u>\$ 28,180,000</u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

	<b>Governmental Activities</b>	<b>Type Activities</b>	<b>Total</b>
Less deferred amounts:			
Discounts and premiums	\$ 710,249	\$ 956,162	\$ 1,666,411
Total deferred amounts	710,249	956,162	1,666,411
 Notes Payable			
\$300,000 Note Payable to Citizens Bank, due in montly installments of \$5,329 through June 2020, interest at 2.5%	169,707	-	169,707
\$320,000 Note Payable to Citizens Bank, due in annual installments of \$68,626 through Auguts 2021, interest at 3.05%	254,518	-	254,518
Total Notes Payable	424,225	-	424,225
Capital Leases Payable:			
\$169,727 Capital lease payable to GCC, due in annual installments of \$28,815 through 2017, interest at 5.02%	27,436	-	27,436
\$328,124 Capital lease payable to Holman, due in quarterly installments of \$17,634 through 2018, interest at 2.79%	69,324	-	69,324
\$1,030,100 Capital lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	923,907	-	923,907
\$496,000 Capital lease payable to JP Morgan Chase, due in quarterly installments of \$103,218 through 2020, interest at 1.79%	290,284	-	290,284
Total Capital Leases Payable	1,310,951	-	1,310,951
Compensated Absences	951,861	19,912	971,773
Other Post Employment Benefits	330,329	-	330,329
<b>Total Debt</b>	<b>\$ 25,422,615</b>	<b>\$ 26,351,074</b>	<b>\$ 51,773,689</b>

The City issued \$5,340,000 City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2017. The debt will be for the purpose of funding several projects 1) Wastewater Treatment Plant \$2,225,000, 2) Airport Improvements \$1,445,000; and 3) Performance Contract (lighting and HVAC replacement for city facilities) \$1,620,740. Interest accrues annually, ranging from 2.93% to 3.25%. Annual principal payments are due on August 15 through 2037. Semi-annual interest payments are due February 15 and August 15.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

	<b>General Obligation Bonds</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 975,000	\$ 300,740	\$ 460,000	\$ 296,327
2019	705,000	270,292	480,000	281,915
2020	975,000	251,490	695,000	266,837
2021	1,060,000	227,285	440,000	247,137
2022	1,085,000	201,273	450,000	236,821
2023	1,120,000	174,656	440,000	226,276
2024	745,000	148,197	250,000	216,283
2025	595,000	131,442	405,000	211,060
2026	320,000	117,800	400,000	202,600
2027	-	105,000	1,115,000	186,600
2028	-	105,000	1,615,000	142,000
2029	400,000	105,000	40,000	77,400
2030	410,000	89,000	355,000	75,800
2031	430,000	72,600	360,000	61,600
2032	440,000	55,400	380,000	47,200
2033	465,000	37,800	395,000	32,000
2034	480,000	19,200	405,000	16,200
<b>Total</b>	<b>\$ 10,205,000</b>	<b>\$ 2,412,175</b>	<b>\$ 8,685,000</b>	<b>\$ 2,824,056</b>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

Combination Tax and Revenue Certificates of Obligations

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 450,000	\$ 204,465	\$ 1,025,000	\$ 639,140
2019	710,000	197,096	1,095,000	598,293
2020	485,000	184,552	945,000	554,484
2021	445,000	176,683	1,255,000	517,046
2022	455,000	169,693	1,305,000	466,394
2023	465,000	162,528	1,380,000	413,682
2024	870,000	154,825	1,675,000	358,160
2025	1,060,000	139,271	1,595,000	289,371
2026	1,375,000	119,912	1,670,000	225,930
2027	1,415,000	94,165	1,035,000	157,095
2028	930,000	67,722	615,000	117,522
2029	590,000	50,148	575,000	95,030
2030	610,000	39,883	285,000	74,305
2031	630,000	29,270	290,000	66,040
2032	655,000	18,310	300,000	57,630
2033	345,000	6,900	310,000	48,930
2034	-	-	320,000	39,940
2035	-	-	325,000	30,660
2036	-	-	340,000	21,235
2037	-	-	350,000	11,375
<b>Total</b>	<b>\$ 11,490,000</b>	<b>\$ 1,815,419</b>	<b>\$ 16,690,000</b>	<b>\$ 4,782,261</b>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2018	\$ 251,052	\$ 2,591	\$ 253,644
2019	158,140	36,400	194,540
2020	153,253	32,441	185,694
2021	62,953	28,368	91,322
2022	65,339	25,982	91,322
2023	67,816	23,506	91,322
2024	70,386	20,936	91,322
2025	73,054	18,268	91,322
2026	75,822	15,500	91,322
2027	78,696	12,626	91,322
2028	81,679	9,643	91,322
2029	84,774	6,548	91,322
2030	87,986	3,335	91,321
<b>Total</b>	<b>\$ 1,310,951</b>	<b>\$ 236,145</b>	<b>\$ 1,547,096</b>

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	
2018	\$ 121,105	\$ 11,472	\$ 132,577
2019	124,531	8,046	132,577
2020	112,021	4,569	116,590
2021	66,568	2,059	68,627
<b>Total</b>	<b>\$ 424,225</b>	<b>\$ 26,146</b>	<b>\$ 450,371</b>

**F. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of series 2009, 2010, 2012, 2015 and 2016 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 \$435,496 and \$638,918, respectively. Current year amortization expense for governmental and business-type activities totaled \$150,079 and \$73,832, respectively.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**G. Interfund Transactions**

Transfers between the primary government funds during the 2017 year were as follows:

Transfer out:	Transfer In:						Total
	General	Capital Improvements	I&S for CO Bonds	Nonmajor Governmental	Cemetery Operating	Equipment Replacement	
General	\$ -	\$ 507,192	\$ -	\$ 39,570	\$ -	\$ -	\$ 546,762
Nonmajor Governmental	180,000	98,091	133,325	5,000	24,284	-	440,700
Public Utilities	1,250,000	49,440	-	-	-	33,275	1,332,715
Airport	15,000	-	-	-	-	5,570	20,570
Sanitation	164,200	-	-	-	-	-	164,200
<b>Total</b>	<b>\$ 1,609,200</b>	<b>\$ 654,723</b>	<b>\$ 133,325</b>	<b>\$ 44,570</b>	<b>\$ 24,284</b>	<b>\$ 38,845</b>	<b>\$ 2,504,947</b>

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

The compositions of interfund balances as of the year ended September 30, 2017 were as follows:

Due to (payable fund):	Due from (receivable fund):					Total
	General	I&S For CO Bonds	Nonmajor Governmental	Aiport	Equipment Service	
General	\$ -	\$ 2,154	\$ -	\$ -	\$ -	\$ 2,154
Airport	25,400	-	-	-	-	25,400
Cemetery Operating	-	-	203,945	-	-	203,945
Equipment Replacement	182,072	-	-	1,360	8,213	191,645
<b>Total</b>	<b>\$ 207,472</b>	<b>\$ 2,154</b>	<b>\$ 203,945</b>	<b>\$ 1,360</b>	<b>\$ 8,213</b>	<b>\$ 423,144</b>

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

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

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. Contingent Liabilities**

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

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

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

**C. Construction Commitments**

The City was approved by the Williamson County Community Development Block Grant (CDBG) Entitlement Program through the Department of Housing and Urban Development (HUD) for \$350,000 in 2014 and \$350,000 in 2015. The City has a contract with an engineering firm and one grant administrator. At year end the government's commitments with contractors are as follows:

Project	Contract Amount	Spent-to-Date	Remaining Commitment
<b>2014 &amp; 2015 CDBG</b>			
Langford Community Management	\$ 25,000	\$ 18,000	\$ 7,000
BSP Engineers	48,700	44,910	3,790
<b>Total</b>	<b>\$ 73,700</b>	<b>\$ 62,910</b>	<b>\$ 10,790</b>

On August 3, 2016, the City was approved by the Texas Parks and Wildlife to further develop 11.54 acre Fannie Robinson Park to include a recirculating sprayground, observation platform, improvements at existing softball field, and native landscaping with drip irrigation. The total cost of the project is \$250,000 with the state approved funding of \$125,000. The city has a contract with an engineering firm that will provide oversight on

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

this project in the amount of \$8,000, with a remaining balance of \$1,000 as of September 30, 2017.

In June of 2017 the Council awarded the Design-Build contract to Evergreen Skateparks. A Guaranteed Maximum Price of \$412,000 has been provided for the skatepark and drainage improvements associated with the skatepark. The skatepark project is partially funded with grant money received from Project Loop, Union Pacific, and the Texas Parks and Wildlife Department in addition to city funding. The City has signed a contract with an engineering firm for this project in the amount of \$16,500 for third party engineering oversight. The remaining balance as of September 30, 2017 is \$100. As of September 30, 2017, the City recognized no grant proceeds.

In March of 2017 the City entered into a contract with an engineering firm to perform a third party oversight in connection with the Givens Community Center Renovation in the amount of \$8,400. The remaining commitment as of September 30, 2017 is \$3,650. The Council award the Design-Build contract to Pfluger Builders. As of September 30, 2017, the City recognized no grant proceeds.

The City has active governmental and wastewater construction projects as of September 30, 2017. Remaining commitments with contractors at September 30, 2017 totaled \$74,817 and \$233,181 for governmental and wastewater funds, respectively.

**D. Defined Benefit Pension Plans**

**1. Plan Description**

The City of Taylor, Texas participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**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 2016</u>	<u>Plan Year 2015</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

**Employees covered by benefit terms**

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	122
Active employees	<u>139</u>
<b>Total</b>	<b><u>344</u></b>

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

**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 12.20% and 11.90% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$853,691, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

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

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

# City of Taylor, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2017

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	7.75%
<b>Total</b>	<b>100.0%</b>	

### 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.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/15</b>	\$ 27,062,603	\$ 21,130,994	\$ 5,931,609
Changes for the year:			
Service cost	968,428	-	968,428
Interest	1,820,956	-	1,820,956
Difference between expected and actual experience	(103,381)	-	(103,381)
Changes of assumptions	-	-	-
Contributions – employer	-	823,209	(823,209)
Contributions – employee	-	472,404	(472,404)
Net investment income	-	1,428,482	(1,428,482)
Benefit payments, including refunds of emp. contributions	(1,139,378)	(1,139,378)	-
Administrative expense	-	(16,128)	16,128
Other changes	-	(867)	867
Net changes	1,546,625	1,567,722	(21,097)
<b>Balance at 12/31/16</b>	<b>\$ 28,609,228</b>	<b>\$ 22,698,716</b>	<b>\$ 5,910,512</b>

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 10,344,750	\$ 5,910,512	\$ 2,337,217

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2017, the City recognized pension expense of \$1,050,430.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and investment earnings	\$ 966,758	\$ -
Changes in actuarial assumptions	33,347	-
Differences between expected and actual economic experience	-	399,331
Contributions subsequent to the measurement date	616,517	-
<b>Total</b>	<b>\$ 1,616,622</b>	<b>\$ 399,331</b>

The City reported \$616,517 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended December 31:**

2017	\$ 142,671
2018	195,844
2019	263,201
2020	(942)
2021	-
Thereafter	-
	<b>\$ 600,774</b>

**Supplemental Death Benefits Fund**

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

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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

The City offers supplemental death to:	Plan Year 2016	Plan Year 2015
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$4,664, \$5,282 and \$4,601, 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
2015	0.07%	0.07%	100.0%
2016	0.08%	0.08%	100.0%
2017	0.06%	0.06%	100.0%

**E. Deferred Compensation Plan**

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

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

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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$40,102 for the year ended September 30, 2017.

**F. Other Post-Employment Benefits**

Health Care Benefit Provided by Plan

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. The City will pay the full premiums for the HMO insurance coverage for any retiree who retired between January 1, 2000 and August 11, 2005 until the 5th anniversary date after retirement unless anyone of the three events listed below, also pertaining to retirements after August 11, 2005, occurs. Employees retiring after August 11, 2005, shall not receive full premium payment from the City. The City will pay only the premium amount paid by the City for its active employees provided the retiree pays the difference, if any, between the amount paid by the City for active employees and the full premium required for the retiree HMO insurance coverage. Payments by the City will continue until the 5th anniversary date after retirement unless any one of the following three events occurs:

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

Deferred Retirement Benefits

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

**City of Taylor, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2017

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.

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.

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

Life Insurance Coverage

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

Retiree Opt-Out

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

Benefits Paid By the Plan

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

Annual Other Post-Employment (OPEB) Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize annual unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The annual OPEB cost for the fiscal year ended September 30, 2017, is as follows:

Annual required contribution	\$ 48,162
Interest on OPEB obligation	13,521
Adjustment to annual required contribution	(12,528)
Annual OPEB cost expense	<u>49,155</u>
Contributions made	<u>19,288</u>
Change in net OPEB obligation	29,867
Net OPEB Obligation-beginning of year	300,462
Net OPEB Obligation-end of year	<u><u>\$ 330,329</u></u>

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the program, and the net OPEB obligation for 2017 and the two preceding years are as follows:

Fiscal Year	Annual OPEB Cost	Employer Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
				Beginning	Ending
2015	\$ 47,987	\$ 36,293	75.63%	\$ 286,475	\$ 298,169
2016	\$ 47,948	\$ 45,655	95.22%	\$ 298,169	\$ 300,462
2017	\$ 49,155	\$ 19,288	39.24%	\$ 300,462	\$ 330,329

Funding Status and Funding Progress

As of October 1, 2016, the most recent actuarial valuation date, the Program was 0.00 percent funded. The actuarial accrued liability for benefits was \$461,153, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$461,153. Covered payroll of active employees contributing to the plan was \$5,776,896 and the UAAL as a percentage of covered payroll was 7.98%.

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.

Actuarial Methods and Assumptions

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

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit cost
Amortization Method	Level Percent-of-Payroll

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

Remaining Amortization Period	30 years, open
Asset Valuation Method	N/A
Investment Rate of Return	4.50%
Inflation Rate	3.00%
Salary Growth	3.00%
Healthcare Cost Trend Rate (Initial/Ultimate)	Initial rate of 5.0%, declining to an ultimate rate of 4.5% after 9 years

**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, 2017:

<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>
Cabinet and door manufacturer to conduct business in City limits for creation of employment opportunities and economic activity.	50%	\$ -	\$ 63,642
Construction of a 12,500sf food and entertainment venue to create positive economic benefits through employment and tax revenue.	90%	10,382	-
Construction and operation of a window manufacturing business create positive economic benefits through employment and tax revenue.	50%	4,731	-
<b>Total</b>		<u>\$ 15,113</u>	<u>\$ 63,642</u>

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

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

**City of Taylor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2017**

**H. Restatement**

The City restated its beginning net position within government activities and the capital projects fund to properly reflect a correction of an error in receivable balance and the reclassification of a blended component unit to discretely presented. The below tables summarize the changes to net position and fund balance as a result of this change.

	<u>Governmental Activities</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Discretely Presented Component Unit</u>
Prior year ending net position/ fund balance as reported	\$ 43,521,794	\$ 3,600,816	\$ 2,451,218	\$ -
Reclassification of component unit	(677,681)	-	(677,681)	677,681
Correction of grant receivable	178,515	178,515	-	-
Restated beginning net position/fund balance	<u>\$ 43,022,628</u>	<u>\$ 3,779,331</u>	<u>\$ 1,773,537</u>	<u>\$ 677,681</u>

**I. Subsequent Events**

There were no material subsequent events through February 16, 2018, the date the financial statements were issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Taylor, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

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

**Notes to schedule:**

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



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**City of Taylor, Texas**  
**SCHEDULE OF FUNDING PROGRESS**  
**POST EMPLOYMENT HEALTHCARE BENEFITS**  
**September 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) Entry Age b	Unfunded AAL (AAL) (b-a)	Funded Ratio a/b	Annual Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2012	\$ -	\$ 737,654	\$ 737,654	0%	\$ 5,113,561	14.43%
10/1/2014	\$ -	\$ 464,157	\$ 464,157	0%	\$ 5,269,216	8.81%
10/1/2016	\$ -	\$ 461,153	\$ 461,153	0%	\$ 5,776,896	7.98%

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

**City of Taylor, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2017**

	<u>Hotel/ Motel Tax</u>	<u>Texas Capital</u>	<u>Main Street Revenue</u>	<u>Cemetery Land</u>	<u>Municipal Court Security/Tech</u>
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 74,614	\$ 4,252	\$ 41,133	\$ -	\$ 119,853
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	203,945	-
<b>Total Assets</b>	<b>\$ 74,614</b>	<b>\$ 4,252</b>	<b>\$ 41,133</b>	<b>\$ 203,945</b>	<b>\$ 119,853</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 9,769	\$ 1,521
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,769</b>	<b>1,521</b>
<b><u>Fund Balances</u></b>					
Nonspendable	-	-	-	-	-
Restricted	74,614	4,252	41,133	194,176	118,332
Committed	-	-	-	-	-
<b>Total Fund Balances</b>	<b>74,614</b>	<b>4,252</b>	<b>41,133</b>	<b>194,176</b>	<b>118,332</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 74,614</b>	<b>\$ 4,252</b>	<b>\$ 41,133</b>	<b>\$ 203,945</b>	<b>\$ 119,853</b>

<u>Drainage</u>	<u>Transportation User Fee</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ 447,219	\$ 826,307	\$ 1,513,378	\$ 31,624	\$ 1,545,002
-	-	-	639,228	639,228
32,484	82,657	115,141	-	115,141
-	-	203,945	-	203,945
<u>\$ 479,703</u>	<u>\$ 908,964</u>	<u>\$ 1,832,464</u>	<u>\$ 670,852</u>	<u>\$ 2,503,316</u>
\$ -	\$ -	\$ 11,290	\$ -	\$ 11,290
-	-	11,290	-	11,290
-	-	-	670,852	670,852
-	-	432,507	-	432,507
479,703	908,964	1,388,667	-	1,388,667
<u>479,703</u>	<u>908,964</u>	<u>1,821,174</u>	<u>670,852</u>	<u>2,492,026</u>
<u>\$ 479,703</u>	<u>\$ 908,964</u>	<u>\$ 1,832,464</u>	<u>\$ 670,852</u>	<u>\$ 2,503,316</u>

# City of Taylor, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2017

	<u>Hotel/ Motel Tax</u>	<u>Texas Capital</u>	<u>Main Street Revenue</u>	<u>Cemetery Land</u>	<u>Municipal Court Security/Tech</u>
<b>Revenues</b>					
Hotel occupancy tax	\$ 80,634	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	15,987
Intergovernmental	-	-	30,000	-	-
Other revenue	-	-	38,470	-	-
Investment income	-	-	-	1,305	-
<b>Total Revenues</b>	<u>80,634</u>	<u>-</u>	<u>68,470</u>	<u>1,305</u>	<u>15,987</u>
<b>Expenditures</b>					
General government	65,000	-	62,362	-	18,397
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrealized loss on investments	-	-	-	-	-
<b>Total Expenditures</b>	<u>65,000</u>	<u>-</u>	<u>62,362</u>	<u>-</u>	<u>18,397</u>
<b>Revenues Over (Under) Expenditures</b>	<u>15,634</u>	<u>-</u>	<u>6,108</u>	<u>1,305</u>	<u>(2,410)</u>
<b>Other Financing Sources</b>					
<b>(Uses)</b>					
Transfers in	-	-	30,000	-	14,570
Transfers (out)	(5,000)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(5,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>14,570</u>
<b>Net Change in Fund Balances</b>	10,634	-	36,108	1,305	12,160
Beginning fund balances	63,980	4,252	5,025	192,871	106,172
<b>Ending Fund Balances</b>	<u>\$ 74,614</u>	<u>\$ 4,252</u>	<u>\$ 41,133</u>	<u>\$ 194,176</u>	<u>\$ 118,332</u>

<u>Drainage</u>	<u>Transportation User Fee</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ -	\$ 80,634	\$ -	\$ 80,634
332,653	787,832	1,120,485	2,098	1,122,583
-	-	15,987	-	15,987
-	-	30,000	-	30,000
-	-	38,470	-	38,470
-	-	1,305	24,284	25,589
<u>332,653</u>	<u>787,832</u>	<u>1,286,881</u>	<u>26,382</u>	<u>1,313,263</u>
231	-	145,990	10	146,000
-	11,767	11,767	-	11,767
5,858	-	5,858	-	5,858
-	-	-	35,019	35,019
<u>6,089</u>	<u>11,767</u>	<u>163,615</u>	<u>35,029</u>	<u>198,644</u>
<u>326,564</u>	<u>776,065</u>	<u>1,123,266</u>	<u>(8,647)</u>	<u>1,114,619</u>
-	-	44,570	-	44,570
<u>(313,325)</u>	<u>(98,091)</u>	<u>(416,416)</u>	<u>(24,284)</u>	<u>(440,700)</u>
<u>(313,325)</u>	<u>(98,091)</u>	<u>(371,846)</u>	<u>(24,284)</u>	<u>(396,130)</u>
13,239	677,974	751,420	(32,931)	718,489
466,464	230,990	1,069,754	703,783	1,773,537
<u>\$ 479,703</u>	<u>\$ 908,964</u>	<u>\$ 1,821,174</u>	<u>\$ 670,852</u>	<u>\$ 2,492,026</u>

# City of Taylor, Texas

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

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 1,858,442	\$ 1,931,415	\$ 1,992,726	\$ 61,311
Investment income	3,000	4,500	8,614	4,114
<b>Total Revenues</b>	1,861,442	1,935,915	2,001,340	65,425
<b>Expenditures</b>				
Debt service:				
Principal retirement	1,290,000	1,200,000	1,290,000	(90,000)
Interest and fiscal charges	704,767	690,028	725,728	(35,700)
<b>Total Expenditures</b>	1,994,767	1,890,028	2,015,728	(125,700)
<b>Excess of Revenues Over (Under) Expenditures</b>	(133,325)	45,887	(14,388)	(60,275)
<b>Other Financing Sources (Uses)</b>				
Transfers in	133,325	-	133,325	133,325
<b>Total Other Financing Sources (Uses)</b>	133,325	-	133,325	133,325
<b>Net Change in Fund Balance</b>	\$ -	\$ 45,887	118,937	\$ 73,050
Beginning fund balance			271,182	
<b>Ending Fund Balance</b>			\$ 390,119	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

# 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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Hotel occupancy tax	\$ 75,000	\$ 75,000	\$ 80,634	\$ 5,634
<b>Total Revenues</b>	75,000	75,000	80,634	5,634
<b><u>Expenditures</u></b>				
General government	89,250	83,000	65,000	18,000
<b>Total Expenditures</b>	89,250	83,000	65,000	18,000
<b>Excess of Revenues Over (Under) Expenditures</b>	(14,250)	(8,000)	15,634	23,634
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
<b>Total Other Financing Sources (Uses)</b>	(5,000)	(5,000)	(5,000)	-
<b>Net Change in Fund Balance</b>	\$ (19,250)	\$ (13,000)	10,634	\$ 23,634
Beginning fund balance			63,980	
<b>Ending Fund Balance</b>			\$ 74,614	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

# 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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 30,000	30,000
Other revenue	19,700	31,500	38,470	\$ 6,970
<b>Total Revenues</b>	19,700	31,500	68,470	36,970
<b>Expenditures</b>				
General government	69,300	90,377	62,362	28,015
<b>Total Expenditures</b>	69,300	90,377	62,362	28,015
<b>Excess of Revenues Over (Under) Expenditures</b>	(49,600)	(58,877)	6,108	64,985
<b>Other Financing Sources (Uses)</b>				
Transfers in	19,600	34,200	30,000	(4,200)
<b>Total Other Financing Sources (Uses)</b>	19,600	34,200	30,000	(4,200)
<b>Net Change in Fund Balance</b>	\$ (30,000)	\$ (24,677)	36,108	\$ 60,785
Beginning fund balance			5,025	
<b>Ending Fund Balance</b>			\$ 41,133	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Charges for services	\$ 12,300	\$ 13,900	\$ 15,987	\$ 2,087
<b>Total Revenues</b>	<u>12,300</u>	<u>13,900</u>	<u>15,987</u>	<u>2,087</u>
<b><u>Expenditures</u></b>				
General government	10,499	16,499	18,397	(1,898)
<b>Total Expenditures</b>	<u>10,499</u>	<u>16,499</u>	<u>18,397</u>	<u>(1,898)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	14,570	14,570	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>14,570</u>	<u>14,570</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,801</u>	<u>\$ 11,971</u>	12,160	<u>\$ 189</u>
Beginning fund balance			106,172	
<b>Ending Fund Balance</b>			<u>\$ 118,332</u>	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

# City of Taylor, Texas

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

### TAX INCREMENT FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Charges for services	\$ 162,125	\$ 164,229	\$ 164,229	\$ -
Intergovernmental	95,920	97,351	97,351	-
Investment income	1,500	2,500	4,334	1,834
<b>Total Revenues</b>	259,545	264,080	265,914	1,834
<b><u>Expenditures</u></b>				
General government	-	220,791	179,568	41,223
<b>Total Expenditures</b>	-	220,791	179,568	41,223
<b>Excess of Revenues Over (Under) Expenditures</b>	259,545	43,289	86,346	43,057
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(30,000)	(30,000)	(30,000)	-
<b>Total Other Financing Sources (Uses)</b>	(30,000)	(30,000)	(30,000)	-
<b>Net Change in Fund Balance</b>	\$ 229,545	\$ 13,289	56,346	\$ 43,057
Beginning fund balance			677,681	
<b>Ending Fund Balance</b>			\$ 734,027	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

# City of Taylor, Texas

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

### DRAINAGE

For the Year Ended September 30, 2017

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for services	\$ 335,280	\$ 332,653	\$ (2,627)
<b>Total Revenues</b>	335,280	332,653	(2,627)
<b><u>Expenditures</u></b>			
General government	900	231	669
Capital outlay	-	5,858	(5,858)
<b>Total Expenditures</b>	900	6,089	(5,189)
<b>Excess of Revenues Over (Under) Expenditures</b>	334,380	326,564	(7,816)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(313,325)	(313,325)	-
<b>Total Other Financing Sources (Uses)</b>	(313,325)	(313,325)	-
<b>Net Change in Fund Balance</b>	\$ 21,055	13,239	\$ (7,816) *
Beginning fund balance		466,464	
<b>Ending Fund Balance</b>		\$ 479,703	

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.

See Notes to Financial Statements

# City of Taylor, Texas

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

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Charges for services	\$ 4,720	\$ 4,720	\$ 2,098	\$ (2,622)
Investment income	15,000	15,000	24,284	9,284
<b>Total Revenues</b>	19,720	19,720	26,382	6,662
<b><u>Expenditures</u></b>				
General government	-	-	10	(10)
Unrealized loss on investments	-	-	35,019	(35,019)
<b>Total Expenditures</b>	-	-	35,029	(35,029)
<b>Excess of Revenues Over (Under) Expenditures</b>	19,720	19,720	(8,647)	(28,367)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(15,000)	(15,000)	(24,284)	(9,284)
<b>Total Other Financing Sources (Uses)</b>	(15,000)	(15,000)	(24,284)	(9,284)
<b>Net Change in Fund Balance</b>	\$ 4,720	\$ 4,720	(32,931)	\$ (37,651) *
Beginning fund balance			703,783	
<b>Ending Fund Balance</b>			\$ 670,852	

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.

See Notes to Financial Statements

# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Charges for services	\$ 773,916	\$ 773,616	\$ 787,832	\$ 14,216
<b>Total Revenues</b>	773,916	773,616	787,832	14,216
<b><u>Expenditures</u></b>				
Public works	15,800	15,800	11,767	4,033
<b>Total Expenditures</b>	15,800	15,800	11,767	4,033
<b>Excess of Revenues Over (Under) Expenditures</b>	758,116	757,816	776,065	18,249
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	-	(250,000)	(98,091)	151,909
<b>Total Other Financing Sources (Uses)</b>	-	(250,000)	(98,091)	151,909
<b>Net Change in Fund Balance</b>	\$ 758,116	\$ 507,816	677,974	\$ 170,158
Beginning fund balance			230,990	
<b>Ending Fund Balance</b>			\$ 908,964	

Notes to Required Supplementary Information

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

See Notes to Financial Statements

**City of Taylor, Texas**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2017**

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 24,294	\$ -	\$ 24,294
Due from other funds	8,213	-	8,213
<b>Total Current Assets</b>	<u>32,507</u>	<u>-</u>	<u>32,507</u>
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Machinery and equipment	-	2,054,925	2,054,925
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>2,054,925</u>	<u>2,054,925</u>
<b>Total Assets</b>	<u>32,507</u>	<u>2,054,925</u>	<u>2,087,432</u>
<b><u>Deferred Outflows of Resources</u></b>			
Pension contributions	10,036	-	10,036
Pension investment earnings	15,738	-	15,738
Pension assumption changes	543	-	543
<b>Total Deferred Outflows of Resources</b>	<u>26,317</u>	<u>-</u>	<u>26,317</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued liabilities	25,284	28,775	54,059
Current maturities of long-term liabilities	2,687	372,157	374,844
Due to other funds	-	191,645	191,645
<b>Total Current Liabilities</b>	<u>27,971</u>	<u>592,577</u>	<u>620,548</u>
<b><u>Noncurrent Liabilities</u></b>			
Long-term liabilities	298	1,363,019	1,363,317
Net pension liability	96,217	-	96,217
<b>Total Liabilities</b>	<u>124,486</u>	<u>1,955,596</u>	<u>2,080,082</u>
<b><u>Deferred Inflows of Resources</u></b>			
Pension (gains) losses	6,501	-	6,501
<b><u>Net Position</u></b>			
Net investment in capital assets	-	691,906	691,906
Unrestricted	(72,163)	(592,577)	(664,740)
<b>Total Net Position</b>	<u>\$ (72,163)</u>	<u>\$ 99,329</u>	<u>\$ 27,166</u>

See Notes to Financial Statements.

# City of Taylor, Texas

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

For the Year Ended September 30, 2017

	Equipment Services	Equipment Replacement	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 654,808	\$ 508,996	\$ 1,163,804
Other revenue	19	19,739	19,758
<b>Total Operating Revenues</b>	654,827	528,735	1,183,562
<b><u>Operating Expenses</u></b>			
Personnel services	157,711	-	157,711
Contractual services	501,266	14,974	516,240
Depreciation	-	499,108	499,108
<b>Total Operating Expenses</b>	658,977	514,082	1,173,059
<b>Operating Income (Loss)</b>	(4,150)	14,653	10,503
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	-	3	3
Interest expense	-	(58,841)	(58,841)
<b>Total Nonoperating Revenues (Expenses)</b>	-	(58,838)	(58,838)
<b><u>Transfers</u></b>			
Transfers in	-	38,845	38,845
<b>Total Transfers</b>	-	38,845	38,845
<b>Change in Net Position</b>	(4,150)	(5,340)	(9,490)
Beginning net position	(68,013)	104,669	36,656
<b>Ending Net Position</b>	\$ (72,163)	\$ 99,329	\$ 27,166

See Notes to Financial Statements.

**City of Taylor, Texas**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2017**

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 654,827	\$ 528,735	\$ 1,183,562
Payments to suppliers and contractors	(512,250)	(34,720)	(546,970)
Payments to employees for salaries and benefits	(153,593)	-	(153,593)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(11,016)</u>	<u>494,015</u>	<u>482,999</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer in	-	38,845	38,845
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>-</u>	<u>38,845</u>	<u>38,845</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	-	(57,736)	(57,736)
Principal paid on capital debt	-	(416,286)	(416,286)
Interest paid on capital debt	-	(58,841)	(58,841)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>(532,863)</u>	<u>(532,863)</u>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	-	3	3
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>3</u>	<u>3</u>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(11,016)	-	(11,016)
Beginning cash and cash equivalents	35,310	-	35,310
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 24,294</u>	<u>\$ -</u>	<u>\$ 24,294</u>

See Notes to Financial Statements.

**City of Taylor, Texas**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2017**

	Equipment Services	Equipment Replacement	Total
<b><u>Reconciliation of Operating (Loss)</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income (Loss)	\$ (4,150)	\$ 14,653	\$ 10,503
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	499,108	499,108
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Due to other funds	-	(19,746)	(19,746)
Deferred Outflows of Resources:			
Pension contributions	(613)	-	(613)
Investment experience	5,290	-	5,290
Assumption changes	(543)	-	(543)
<b>Increase (Decrease) in:</b>			
Accounts payable	(10,984)	-	(10,984)
Net pension liability	862	-	862
Deferred Inflows of Resources:			
Actual experience vs. assumption	(878)	-	(878)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (11,016)</b>	<b>\$ 494,015</b>	<b>\$ 482,999</b>
 <b><u>Schedule of Non-Cash Capital and Related</u></b>			
<b><u>Financing Activities</u></b>			
Capital lease issuance	\$ -	\$ 497,664	\$ -

See Notes to Financial Statements.

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	112
<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	122
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	128
<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	135
<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	137
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 42,810,269	\$ 41,563,836	\$ 41,623,407	\$ 41,768,181
Restricted	2,627,354	3,248,859	2,787,325	2,676,573
Unrestricted (Deficit)	<u>(243,239)</u>	<u>(1,790,067)</u>	<u>(1,155,715)</u>	<u>(1,311,590)</u>
<b>Total governmental activities net position</b>	<b><u><u>\$ 45,194,384</u></u></b>	<b><u><u>\$ 43,022,628</u></u></b>	<b><u><u>\$ 43,255,017</u></u></b>	<b><u><u>\$ 43,133,164</u></u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 13,463,393	\$ 13,597,654	\$ 13,247,923	\$ 12,540,010
Unrestricted (Deficit)	<u>2,772,780</u>	<u>658,527</u>	<u>220,034</u>	<u>1,146,589</u>
<b>Total business-type activities net position</b>	<b><u><u>\$ 16,236,173</u></u></b>	<b><u><u>\$ 14,256,181</u></u></b>	<b><u><u>\$ 13,467,957</u></u></b>	<b><u><u>\$ 13,686,599</u></u></b>
<b>Primary government</b>				
Net investment in capital assets	\$ 56,273,662	\$ 55,161,490	\$ 54,871,330	\$ 54,308,191
Restricted	2,627,354	3,248,859	2,787,325	2,676,573
Unrestricted	<u>2,529,541</u>	<u>(1,131,540)</u>	<u>(935,681)</u>	<u>(165,001)</u>
<b>Total primary government net position</b>	<b><u><u>\$ 61,430,557</u></u></b>	<b><u><u>\$ 57,278,809</u></u></b>	<b><u><u>\$ 56,722,974</u></u></b>	<b><u><u>\$ 56,819,763</u></u></b>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 42,658,990	\$ 39,458,232	\$ 42,533,107	\$ 41,533,094	\$ 43,701,642	\$ 40,988,706
2,630,586	7,311,640	4,142,402	3,253,125	1,055,079	1,353,386
<u>2,842,851</u>	<u>2,436,264</u>	<u>2,753,160</u>	<u>3,916,431</u>	<u>3,369,829</u>	<u>4,481,859</u>
<u><u>\$ 48,132,427</u></u>	<u><u>\$ 49,206,136</u></u>	<u><u>\$ 49,428,669</u></u>	<u><u>\$ 48,702,650</u></u>	<u><u>\$ 48,126,550</u></u>	<u><u>\$ 46,823,951</u></u>
\$ 9,092,144	\$ 12,109,434	\$ 12,332,757	\$ 12,419,757	\$ 11,782,669	\$ 12,539,086
<u>5,339,652</u>	<u>1,967,586</u>	<u>1,533,418</u>	<u>(216,991)</u>	<u>560,831</u>	<u>82,049</u>
<u><u>\$ 14,431,796</u></u>	<u><u>\$ 14,077,020</u></u>	<u><u>\$ 13,866,175</u></u>	<u><u>\$ 12,202,766</u></u>	<u><u>\$ 12,343,500</u></u>	<u><u>\$ 12,621,135</u></u>
\$ 51,751,134	\$ 51,567,666	\$ 54,865,864	\$ 53,952,851	\$ 55,484,311	\$ 53,527,792
2,630,586	7,311,640	4,142,402	3,253,125	1,055,079	1,353,386
<u>8,182,503</u>	<u>4,403,850</u>	<u>4,286,578</u>	<u>3,699,440</u>	<u>3,930,660</u>	<u>4,563,908</u>
<u><u>\$ 62,564,223</u></u>	<u><u>\$ 63,283,156</u></u>	<u><u>\$ 63,294,844</u></u>	<u><u>\$ 60,905,416</u></u>	<u><u>\$ 60,470,050</u></u>	<u><u>\$ 59,445,086</u></u>

# City of Taylor, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2017	2016	2015	2014
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,903,456	\$ 3,647,370	\$ 4,860,808	\$ 4,862,420
Culture and recreation	1,266,740	1,132,102	1,098,786	1,109,876
Community services	854,916	866,779	628,159	661,224
Public safety	5,987,519	5,292,525	5,233,324	5,135,384
Public works	3,012,792	2,767,401	2,839,114	2,919,795
Interest on long-term debt	931,650	946,971	911,760	970,486
<b>Total governmental activities expenses</b>	<u>15,957,073</u>	<u>14,653,148</u>	<u>15,571,951</u>	<u>15,659,185</u>
Business-type activities:				
Public utilities fund	5,036,902	5,287,437	5,167,958	4,865,365
Airport fund	380,583	386,176	407,521	473,911
Cemetery operating fund	172,778	178,182	146,682	163,769
Sanitation fund	1,378,240	1,362,258	-	-
Interest on long-term debt	932,864	861,912	1,067,397	1,107,014
<b>Total business-type activities expenses</b>	<u>7,901,367</u>	<u>8,075,965</u>	<u>6,789,558</u>	<u>6,610,059</u>
<b>Total primary government expenses</b>	<u>\$ 23,858,440</u>	<u>\$ 22,729,113</u>	<u>\$ 22,361,509</u>	<u>\$ 22,269,244</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,433,520	\$ 795,794	\$ 1,732,647	\$ 1,740,528
Public safety	279,426	248,042	266,967	319,668
Public works	332,653	326,121	299,593	330,203
Community services	-	-	-	-
Operating grants and contributions	126,478	498,965	141,889	129,182
Capital grants and contributions	2,166,109	353,415	470,172	142,440
<b>Total governmental activities program revenues</b>	<u>4,338,186</u>	<u>2,222,337</u>	<u>2,911,268</u>	<u>2,662,021</u>
Business-type activities:				
Charges for services:				
Public utilities fund	9,081,323	7,804,655	6,300,263	6,875,146
Airport fund	364,728	426,245	450,606	484,048
Cemetery fund	86,733	145,705	117,340	135,458
Sanitation fund	1,642,591	1,638,338	-	-
Capital grants and contributions	-	24,580	530,695	79,326
<b>Total business-type activities program revenues</b>	<u>11,175,375</u>	<u>10,039,523</u>	<u>7,398,904</u>	<u>7,573,978</u>
<b>Total primary government program revenues</b>	<u>\$ 15,513,561</u>	<u>\$ 12,261,860</u>	<u>\$ 10,310,172</u>	<u>\$ 10,235,999</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,770,073	\$ 3,820,796	\$ 4,106,565	\$ 4,274,435	\$ 4,038,624	\$ 4,682,994
1,112,269	1,056,650	-	-	-	-
655,822	502,428	343,860	-	-	-
4,654,499	4,501,449	4,937,819	4,986,776	4,799,854	5,079,499
2,905,400	2,778,499	4,334,567	4,159,734	3,797,620	3,912,591
1,009,285	900,074	826,560	760,678	723,851	704,241
<u>15,107,348</u>	<u>13,559,896</u>	<u>14,549,371</u>	<u>14,181,623</u>	<u>13,359,949</u>	<u>14,379,325</u>
4,696,288	4,883,367	6,005,089	5,607,082	5,250,058	6,282,526
480,214	395,849	426,345	430,473	408,404	599,040
133,354	120,031	88,368	-	-	-
-	-	-	-	-	-
1,202,405	1,219,817	-	-	-	-
<u>6,512,261</u>	<u>6,619,064</u>	<u>6,519,802</u>	<u>6,037,555</u>	<u>5,658,462</u>	<u>6,881,566</u>
<u>\$ 21,619,609</u>	<u>\$ 20,178,960</u>	<u>\$ 21,069,173</u>	<u>\$ 20,219,178</u>	<u>\$ 19,018,411</u>	<u>\$ 21,260,891</u>
\$ 1,631,501	\$ 2,283,280	\$ 2,515,187	\$ 2,378,935	\$ 2,257,670	\$ 3,650,952
323,928	247,130	382,919	287,821	308,439	305,708
325,698	69,481	-	-	-	-
-	-	338,965	-	-	-
127,201	-	-	-	-	-
184,969	-	707,816	1,813,591	1,230,851	476,057
<u>2,593,297</u>	<u>2,599,891</u>	<u>3,944,887</u>	<u>4,480,347</u>	<u>3,796,960</u>	<u>4,432,717</u>
6,929,109	7,150,801	7,568,944	6,227,101	5,897,077	5,845,601
500,255	426,859	669,510	427,323	466,097	607,746
118,160	120,529	119,721	-	-	-
-	-	-	-	-	-
164,979	-	-	-	-	-
<u>7,712,503</u>	<u>7,698,189</u>	<u>8,358,175</u>	<u>6,654,424</u>	<u>6,363,174</u>	<u>6,453,347</u>
<u>\$ 10,305,800</u>	<u>\$ 10,298,080</u>	<u>\$ 12,303,062</u>	<u>\$ 11,134,771</u>	<u>\$ 10,160,134</u>	<u>\$ 10,886,064</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (11,618,887)	\$ (12,430,811)	\$ (12,660,683)	\$ (12,997,164)
Business-type activities	3,274,008	1,963,558	609,346	963,919
<b>Total primary government net expense</b>	<u>\$ (8,344,879)</u>	<u>\$ (10,467,253)</u>	<u>\$ (12,051,337)</u>	<u>\$ (12,033,245)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 7,655,907	\$ 7,247,922	\$ 6,858,118	\$ 6,420,308
Sales taxes	2,989,454	2,962,203	2,952,740	2,744,362
Franchise taxes	938,187	939,301	1,087,771	1,103,835
Investment earnings	110,551	38,666	19,475	31,020
Miscellaneous	603,343	251,452	626,032	212,420
Transfers	1,493,201	1,416,323	1,251,871	1,244,003
<b>Total governmental activities</b>	<u>13,790,643</u>	<u>12,855,867</u>	<u>12,796,007</u>	<u>11,755,948</u>
Business-type activities:				
Investment earnings	24,796	2,825	465	412
Miscellaneous	174,389	208,164	423,418	161,510
Transfers	(1,493,201)	(1,386,323)	(1,251,871)	(1,244,003)
Total business-type activities	<u>(1,294,016)</u>	<u>(1,175,334)</u>	<u>(827,988)</u>	<u>(1,082,081)</u>
<b>Total primary government</b>	<u>\$ 12,496,627</u>	<u>\$ 11,680,533</u>	<u>\$ 11,968,019</u>	<u>\$ 10,673,867</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,171,756	\$ 425,056	\$ 135,324	\$ (1,241,216)
Business-type activities	1,979,992	788,224	(218,642)	(118,162)
<b>Total primary government</b>	<u>\$ 4,151,748</u>	<u>\$ 1,213,280</u>	<u>\$ (83,318)</u>	<u>\$ (1,359,378)</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ (12,514,051)	\$ (10,960,005)	\$ (10,604,484)	\$ (9,701,276)	\$ (9,562,989)	\$ (9,946,608)
1,200,242	1,079,125	1,838,373	616,869	704,712	(428,219)
<u>\$ (11,313,809)</u>	<u>\$ (9,880,880)</u>	<u>\$ (8,766,111)</u>	<u>\$ (9,084,407)</u>	<u>\$ (8,858,277)</u>	<u>\$ (10,374,827)</u>
\$ 6,374,806	\$ 6,212,695	\$ 6,078,005	\$ 5,811,529	\$ 5,741,878	\$ 5,589,548
2,535,174	2,411,533	2,219,629	2,239,952	2,248,042	3,020,333
1,055,651	890,874	816,039	845,234	801,124	863,824
38,322	25,783	38,451	114,902	140,589	301,223
384,719	391,765	1,373,359	435,759	930,977	201,993
1,051,670	869,999	805,020	830,000	1,128,168	-
<u>11,440,342</u>	<u>10,802,649</u>	<u>11,330,503</u>	<u>10,277,376</u>	<u>10,990,778</u>	<u>9,976,921</u>
3,149	5,467	10,086	16,284	64,899	239,913
203,055	221,503	619,970	56,113	80,922	47,646
(1,051,670)	(869,999)	(805,020)	(830,000)	(1,128,168)	-
<u>(845,466)</u>	<u>(643,029)</u>	<u>(174,964)</u>	<u>(757,603)</u>	<u>(982,347)</u>	<u>287,559</u>
<u>\$ 10,594,876</u>	<u>\$ 10,159,620</u>	<u>\$ 11,155,539</u>	<u>\$ 9,519,773</u>	<u>\$ 10,008,431</u>	<u>\$ 10,264,480</u>
\$ (1,073,709)	\$ (157,356)	\$ 726,019	\$ 576,100	\$ 1,427,789	\$ 30,313
354,776	436,096	1,663,409	(140,734)	(277,635)	(140,660)
<u>\$ (718,933)</u>	<u>\$ 278,740</u>	<u>\$ 2,389,428</u>	<u>\$ 435,366</u>	<u>\$ 1,150,154</u>	<u>\$ (110,347)</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>General Fund</b>				
Restricted	\$ 1,133,876	\$ 1,223,913	\$ 865,526	\$ 778,132
Committed	10,785	10,785	10,785	10,785
Assigned	-	-	-	-
Unassigned	3,427,943	3,285,095	3,216,861	3,290,862
<b>Total general fund</b>	<u>\$ 4,572,604</u>	<u>\$ 4,519,793</u>	<u>\$ 4,093,172</u>	<u>\$ 4,079,779</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital project funds	-	-	-	-
Non-spendable	670,852	703,783	697,882	701,766
Restricted	3,944,577	4,422,813	5,058,875	7,244,749
Committed	1,388,667	697,454	450,768	462,996
<b>Total all other governmental funds</b>	<u>\$ 6,004,096</u>	<u>\$ 5,824,050</u>	<u>\$ 6,207,525</u>	<u>\$ 8,409,511</u>

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 781,021	\$ 612,452	\$ 615,461	\$ -	\$ -	\$ -
10,785	10,785	17,739	-	-	-
-	409,969	-	-	-	-
3,686,745	3,855,829	2,943,662	3,567,124	3,899,851	3,809,353
<u>\$ 4,478,551</u>	<u>\$ 4,889,035</u>	<u>\$ 3,576,862</u>	<u>\$ 3,567,124</u>	<u>\$ 3,899,851</u>	<u>\$ 3,809,353</u>
\$ -	\$ -	\$ -	\$ 3,353,764	\$ 1,055,079	\$ 4,702,011
-	-	-	499,523	392,573	248,681
697,543	729,268	735,606	-	-	-
7,778,543	6,389,661	2,886,566	-	-	-
450,114	327,257	155,415	-	-	-
<u>\$ 8,926,200</u>	<u>\$ 7,446,186</u>	<u>\$ 3,777,587</u>	<u>\$ 3,853,287</u>	<u>\$ 1,447,652</u>	<u>\$ 4,950,692</u>

# City of Taylor, Texas

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2017	2016	2015	2014
<b>Revenues</b>				
Taxes	\$ 11,583,548	\$ 11,297,631	\$ 10,880,953	\$ 10,246,691
Licenses, permits, and fees	331,723	282,906	214,560	134,322
Charges for services	1,434,450	839,009	1,817,680	1,936,409
Fines and forfeitures	279,426	248,042	266,967	319,668
Intergovernmental	2,292,587	673,865	612,061	271,622
Investment earnings	110,548	40,324	19,256	31,020
Other revenues	227,976	505,598	601,386	174,181
<b>Total Revenues</b>	16,260,258	13,887,375	14,412,863	13,113,913
<b>Expenditures</b>				
Current:				
General government	3,620,828	3,031,068	4,132,938	4,193,947
Culture and recreation	1,255,298	1,141,441	1,099,300	1,107,678
Community development	828,646	841,276	632,021	660,441
Public safety	5,705,113	5,134,332	5,174,338	4,915,960
Public works	1,304,925	1,153,524	1,252,245	1,316,652
Debt Service:				
Principal retirement	1,290,000	1,494,972	1,271,180	1,207,384
Interest and fiscal changes	725,728	692,008	861,304	919,438
Bond issuance costs	34,807	95,074	-	-
Capital outlay:	4,348,143	794,863	3,253,720	775,494
Unrealized loss on investments	35,019	-	-	-
<b>Total Expenditures</b>	19,148,507	14,378,558	17,677,046	15,096,994
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	(2,888,249)	(491,183)	(3,264,183)	(1,983,081)
<b>Other financing sources (uses)</b>				
Transfers in	2,441,818	2,029,948	1,822,939	1,633,050
Transfers (out)	(987,462)	(1,054,459)	(747,349)	(565,430)
Debt issuance	1,620,000	5,845,000	-	-
Premium on debt issuance	46,750	544,267	-	-
Lease issuance	-	-	-	-
Payments to escrow agent	-	(6,152,746)	-	-
<b>Total Other Financing Sources (Uses)</b>	3,121,106	1,212,010	1,075,590	1,067,620
<b>Net Change in Fund Balances</b>	\$ 232,857	\$ 720,827	\$ (2,188,593)	\$ (915,461)
<b>Debt service as percentage of noncapital expenditures</b>	13.6%	16.1%	14.6%	14.7%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 9,940,659	\$ 9,588,691	\$ 9,168,082	\$ 9,074,489	\$ 8,843,496	\$ 9,442,425
101,808	169,159	92,220	113,208	105,591	129,750
1,855,391	1,948,547	1,794,596	1,662,049	1,464,667	2,604,165
323,928	247,130	382,919	287,821	308,439	305,708
312,170	146,780	1,046,781	991,107	1,027,208	476,057
38,322	25,381	38,452	114,902	140,589	301,223
382,384	235,561	1,294,289	351,900	875,655	201,213
<u>12,954,662</u>	<u>12,361,249</u>	<u>13,817,339</u>	<u>12,595,476</u>	<u>12,765,645</u>	<u>13,460,541</u>
4,147,828	3,874,060	2,527,926	2,846,860	2,628,035	3,281,548
1,110,059	-	343,860	-	-	-
631,422	-	-	-	-	-
4,441,585	4,051,068	4,214,072	4,330,047	4,214,449	4,199,718
1,374,935	2,465,390	3,823,790	3,681,843	3,380,810	3,528,574
1,213,983	993,484	938,129	891,896	795,792	671,849
823,110	839,966	808,698	733,766	982,337	700,119
134,800	54,500	-	-	-	-
1,883,518	825,405	2,086,699	1,857,267	8,215,648	2,469,171
-	-	-	-	-	-
<u>15,761,240</u>	<u>13,103,873</u>	<u>14,743,174</u>	<u>14,341,679</u>	<u>20,217,071</u>	<u>14,850,979</u>
<u>(2,806,578)</u>	<u>(742,624)</u>	<u>(925,835)</u>	<u>(1,746,203)</u>	<u>(7,451,426)</u>	<u>(1,390,438)</u>
1,126,893	1,595,738	1,648,065	1,005,766	1,287,399	1,280,839
(578,678)	(747,342)	(853,657)	(182,037)	(169,422)	(1,300,839)
6,990,000	4,875,000	1,030,000	2,655,000	7,675,000	3,000,000
254,070	-	-	-	33,886	-
-	-	-	-	-	381,545
<u>(4,132,346)</u>	<u>-</u>	<u>(964,535)</u>	<u>-</u>	<u>(4,662,789)</u>	<u>-</u>
<u>3,659,939</u>	<u>5,723,396</u>	<u>859,873</u>	<u>3,478,729</u>	<u>4,164,074</u>	<u>3,361,545</u>
<u>\$ 853,361</u>	<u>\$ 4,980,772</u>	<u>\$ (65,962)</u>	<u>\$ 1,732,526</u>	<u>\$ (3,287,352)</u>	<u>\$ 1,971,107</u>
14.5%	15.0%	13.8%	13.0%	14.8%	11.1%

# City of Taylor, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended Sept 30	Real Property			Personal Property		Less Exemptions Real Property
	Residential Assessed Value	Commercial Assessed Value	Agriculture	Personal	Other	
2008	\$ 462,462	\$ 190,589	\$ 34,222	\$ 99,778	\$ -	\$ 24,802
2009	439,446	218,102	36,496	116,084	-	39,734
2010	455,517	211,709	39,355	114,305	-	39,031
2011	451,487	197,816	39,566	128,562	-	39,471
2012	444,086	220,153	38,771	144,280	-	26,915
2013	444,424	229,683	39,361	137,607	-	28,839
2014	482,453	238,861	43,761	133,642	-	31,398
2015	526,702	248,870	44,524	148,777	-	30,906
2016	579,978	264,734	48,240	155,488	-	34,349
2017	678,682	275,597	50,185	156,899	-	37,156

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.

<b>Total Assessed Value</b>	<b>Tax Rate</b>	<b>Estimated Tax Value</b>	<b>Ratio of Total Assessed Value to Total Estimated Actual Value</b>
\$ 762,249	\$ 0.79000	\$ 762,249	100.0%
770,394	0.79000	770,394	100.0%
781,855	0.79000	781,855	100.0%
777,960	0.81389	777,960	100.0%
820,375	0.81389	820,375	100.0%
822,236	0.81389	822,236	100.0%
867,319	0.81390	867,319	100.0%
937,967	0.81389	937,967	100.0%
1,014,091	0.81389	1,014,091	100.0%
1,124,207	0.80389	1,124,207	100.0%

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

Fiscal Year	CITY OF TAYLOR			WILLIAMSON COUNTY			
	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2008	\$ 0.60446	\$ 0.18554	\$ 0.79000	\$ 0.27129	\$ 0.16813	\$ 0.02890	\$ 0.46832
2009	0.59627	0.19373	0.79000	0.29084	0.17000	0.03098	0.49182
2010	0.57796	0.21204	0.79000	0.28990	0.17000	0.03000	0.48990
2011	0.58982	0.22407	0.81389	0.28769	0.17000	0.03000	0.48769
2012	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2013	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2014	0.59069	0.22321	0.81390	0.27903	0.16750	0.04000	0.48653
2015	0.59344	0.22045	0.81389	0.27403	0.16750	0.04000	0.48153
2016	0.59344	0.22045	0.81389	0.26903	0.16750	0.04000	0.47653
2017	0.59949	0.20441	0.80389	0.26903	0.16750	0.04000	0.47653

Note:

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

Source: Williamson County Tax Collector.

**TAYLOR SCHOOL DISTRICT**

<b>Operating</b>	<b>Debt Service</b>	<b>Total Rate</b>	<b>Total Direct &amp; Overlapping Rates</b>
\$ 1.04000	\$ 0.16000	\$ 1.20000	\$ 2.45832
1.04000	0.45000	1.49000	2.77182
1.04000	0.43000	1.47000	2.74990
1.04000	0.41000	1.45000	2.75158
1.17000	0.28000	1.45000	2.75292
1.17000	0.28000	1.45000	2.75292
1.17000	0.28000	1.45000	2.75043
1.17000	0.28000	1.45000	2.74542
1.17000	0.40000	1.57000	2.86042
1.17000	0.40000	1.57000	2.85042

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

Taxpayer	2017			2008		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Electric Reliability Council of TX	\$ 31,000,000	1	2.76%	\$ -	-	-
Electric Reliability Council of TX	19,261,312	2	1.71%	-	-	-
Corecivic	14,306,366	3	1.27%	-	-	-
HEB Grocery Co LLP	11,563,475	4	1.03%	-	-	-
Durcon Laboratory Tops Inc	11,499,877	5	1.02%	-	-	-
ONCOR Electric Delivery Co	10,500,528	6	0.93%	-	-	-
Wal-Mart Real Estate Trust	9,784,550	7	0.87%	-	-	-
SPJST Rest Home	9,242,718	8	0.82%	-	-	-
Union Pacific RR CO	8,796,761	9	0.78%	-	-	-
Taylor CPB Property LLC	6,138,180	10	0.55%	-	-	-
Electric Reliability Council	-	-	-	33,770,171	1	4.38%
ERCOT	-	-	-	15,029,770	2	1.95%
CCA Properties of Texas LP	-	-	-	13,999,683	3	1.82%
HEB Grocery Company LP	-	-	-	12,499,789	4	1.62%
Wal-Mart Real Estate Trust	-	-	-	9,021,962	5	1.17%
ONCOR Electric Delivery Co	-	-	-	8,414,106	6	1.09%
Texas HWY 95 LP	-	-	-	6,761,779	7	0.88%
Durcon Laboratory Tops	-	-	-	6,039,360	8	0.78%
Wal-Mart Stores East Inc	-	-	-	5,703,052	9	0.74%
KB Homes Lone Star LP	-	-	-	5,278,705	10	0.69%
<b>Total</b>	<b>\$ 132,093,767</b>			<b>\$ 116,518,377</b>		

Source: Williamson County Tax Collector.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2008	\$ 5,524,316	\$ 5,416,832	98.1%	\$ 104,999	\$ 5,521,831	100.0%
2009	5,820,781	5,658,597	97.2%	158,455	5,817,052	99.9%
2010	5,802,025	5,694,713	98.2%	102,449	5,797,162	99.9%
2011	6,050,622	5,976,895	98.8%	67,320	6,044,215	99.9%
2012	6,195,426	6,119,868	98.8%	70,176	6,190,044	99.9%
2013	6,255,176	6,197,753	99.1%	51,357	6,249,110	99.9%
2014	6,352,505	6,292,672	99.1%	51,384	6,344,056	99.9%
2015	6,797,312	6,723,090	98.9%	55,305	6,778,395	99.7%
2016	7,318,681	7,245,999	99.0%	53,106	7,299,105	99.7%
2017	7,754,442	7,678,073	99.0%	1,418	7,679,491	99.0%

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	Contractual Obligation	Capital Lease	Note Payable
2008	\$ 10,666,935	\$ 5,008,320	\$ 220,464	\$ 509,052	\$ -
2009	10,582,740	7,333,955	-	397,436	-
2010	9,878,545	9,877,038	-	281,737	-
2011	9,192,005	9,768,476	145,398	418,071	-
2012	8,723,764	14,516,902	120,375	351,050	-
2013	8,739,097	16,479,268	93,267	340,278	-
2014	7,884,431	16,183,943	68,244	582,143	-
2015	7,059,764	15,796,861	43,221	379,215	285,899
2016	11,871,687	10,230,646	-	1,425,252	228,547
2017	10,205,000	11,490,000	-	1,310,951	424,225

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

<b>Business-type Activities</b>					
<b>Combination Tax &amp; Revenue Bonds</b>	<b>General Obligation Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>	
\$ 20,259,397	\$ 358,065	\$ 37,022,233	8.77%	2,152	
22,711,045	4,432,260	45,457,436	12.82%	2,574	
28,382,962	4,196,455	52,616,737	16.67%	3,464	
25,441,524	5,982,995	50,948,469	16.05%	3,228	
23,228,602	5,380,070	52,320,763	16.03%	3,254	
21,420,022	5,971,060	53,042,992	16.11%	3,320	
21,044,132	5,087,051	50,849,944	14.22%	3,085	
20,650,000	4,178,042	48,393,002	14.90%	3,103	
13,280,000	10,759,095	47,795,227	13.25%	2,900	
16,690,000	8,685,000	48,805,176	12.08%	2,757	

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2008	\$ 11,025,000	\$ 155,140	\$ 10,869,860	1.43%	632
2009	15,015,000	102,626	14,912,374	1.94%	844
2010	14,075,000	233,182	13,841,818	1.77%	911
2011	15,175,000	287,894	14,887,106	1.91%	943
2012	14,103,834	145,607	13,958,227	1.70%	868
2013	14,710,158	236,346	14,473,812	1.76%	906
2014	12,971,482	225,505	12,745,977	1.47%	773
2015	11,237,806	185,697	11,052,109	1.18%	709
2016	22,630,782	276,695	22,354,087	2.20%	1,356
2017	18,890,000	387,965	18,502,035	1.65%	1,045

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

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics.

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

**City of Taylor, Texas**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2017 (Unaudited)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Debt repaid with property taxes:			
Williamson County	\$ 872,279,942	1.79%	\$ 15,613,811
Taylor ISD	68,739,943	100.00%	68,739,943
Subtotal, overlapping debt			<u>84,353,754</u>
City of Taylor	23,430,176	100%	<u>23,430,176</u>
Total direct and overlapping debt			<u><u>\$ 107,783,930</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.

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

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

	2017	2016	2015	2014
Debt limit	\$ 290,341	\$ 262,110	\$ 242,218	\$ 224,679
Total net debt applicable to limit	29,915	25,164	37,137	37,205
Legal debt margin	\$ 260,426	\$ 236,946	\$ 205,082	\$ 187,474

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	\$ 1,124,207
Add back: exempt real property	37,156
Total assessed value	1,161,363
Debt limit (10% of total assessed value)	290,341
Debt applicable to limit:	
Total Debt	48,805
Less: Amount set aside for repayment of general obligation debt	(18,890)
Total net debt applicable to limit	29,915
Legal debt margin	\$ 260,426

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 212,769	\$ 211,823	\$ 204,358	\$ 205,222	\$ 202,532	\$ 196,763
<u>37,875</u>	<u>37,719</u>	<u>35,210</u>	<u>38,281</u>	<u>30,045</u>	<u>24,381</u>
<u><u>\$ 174,894</u></u>	<u><u>\$ 169,148</u></u>	<u><u>\$ 166,941</u></u>	<u><u>\$ 172,487</u></u>	<u><u>\$ 172,382</u></u>	<u><u>\$ 174,312</u></u>

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

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2008	\$ 5,877,587	\$ 4,639,485	\$ 1,238,102	\$ 2,700,000	\$ 781,605	35.6%	
2009	5,965,725	3,250,434	2,715,291	2,675,000	664,190	81.3%	
2010	6,340,142	3,589,878	2,750,264	2,650,000	547,778	86.0%	
2011	8,185,627	3,386,091	4,799,536	-	-	100.0%	
2012	7,259,363	3,704,075	3,555,288	-	-	100.0%	
2013	6,929,109	3,529,757	3,399,352	-	-	100.0%	
2014	6,875,146	3,618,109	3,257,037	-	-	100.0%	
2015	6,300,263	3,824,509	2,475,754	-	-	100.0%	
2016	7,804,655	3,917,205	3,887,450	-	-	100.0%	
2017	9,081,323	3,769,347	5,311,976	-	-	100.0%	

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

**City of Taylor, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>3</sup>	Per Capita <sup>5</sup> Personal Income	School Enrollment <sup>4</sup>	Unemployment Rate <sup>2</sup>
2008	17,202	\$ 433,574	\$ 24,547	3,156	4.7%
2009	17,663	371,698	20,082	3,115	6.7%
2010	15,191	392,160	20,780	3,086	7.7%
2011	15,783	305,582	20,116	3,086	7.1%
2012	16,080	326,360	20,296	3,178	6.8%
2013	15,979	329,263	20,606	3,239	5.6%
2014	16,483	337,502	21,691	4,178	4.2%
2015	15,595	324,891	20,833	4,333	3.4%
2016	16,483	360,763	21,887	4,547	3.3%
2017	17,701	404,149	22,832	4,249	2.8%

**Data Sources:**

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

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

<b>Employer</b>	<b>2017</b>		<b>2008</b>	
	<b>No. Employees<sup>1</sup></b>	<b>Rank</b>	<b>No. Employees<sup>1</sup></b>	<b>Rank</b>
ERCOT	720	1	630	1
Taylor ISD	578	2	526	2
Corrections Corp of America	394	3	282	3
Wal-Mart	211	4	265	4
John's Community Hospital	165	5	215	5
Durcon Laboratory Tops	160	6	207	6
Floyds Glass	155	7	150	7
HEB	148	8	150	8
City of Taylor	147	9	145	9
Burrows Cabinets	137	10	107	10
<b>Total</b>	<b>2,815</b>		<b>2,677</b>	

<sup>1</sup>Source: [www.mactexas.com](http://www.mactexas.com).

# City of Taylor, Texas

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2017	2016	2015	2014	2013
<b>General Government</b>					
Management services	4	4	4	4	4
Human resources	2	2	2	2	2
Finance	4	4	4	4	4
Municipal court	4	3	4	5	5
C D - planning	7	6	5	6	6
Main street	1	1	1	1	1
C D - recreation	-	-	-	-	-
Building	3	3	3	3	3
General services	1	1	1	1	1
Information technology	1	1	1	1	1
Other	1	1	1	1	1
<b>Police</b>					
Officers	27	27	27	27	27
Civilians	8	9	9	8	8
Animal control	3	2	1	2	2
<b>Fire</b>					
Firefighters and officers	23	23	23	23	23
Civilians	1	1	1	1	1
<b>Other Public Works</b>					
Engineering/inspection	1	1	1	2	2
Street maintenance	14	14	14	14	13
Grounds	-	-	-	-	-
Other	-	-	-	-	1
Parks and recreation	6	6	6	6	6
Library	9	8	7	7	7
Water	14	14	14	14	14
Wastewater	3	3	3	2	2
Utilities admin.	6	6	6	6	6
Airport	2	2	2	2	2
Cemetery	2	2	2	2	2
Fleet services	2	2	2	2	2
<b>Total all governmental funds</b>	<u>149</u>	<u>146</u>	<u>144</u>	<u>146</u>	<u>146</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
4	4	3	2	3
2	2	3	3	3
4	4	4	4	4
5	5	4	4	4
5	5	5	6	6
1	1	2	2	1
-	-	1	1	1
3	3	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	-	-	-
25	25	27	27	26
8	8	11	10	11
2	2	1	1	2
23	23	24	25	23
1	1	1	1	1
2	2	2	3	2
13	13	6	9	9
-	-	7	9	7
1	2	2	2	2
6	6	6	6	
7	7	7	7	7
14	14	13	15	12
2	2	2	1	3
6	6	6	6	7
2	3	3	3	3
1	2	1	2	2
2	2	2	2	2
<u>142</u>	<u>145</u>	<u>146</u>	<u>153</u>	<u>144</u>

# City of Taylor, Texas

## OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2017	2016	2015	2014
General government				
Building permits issued	95	94	63	129
Building inspections conducted	outsourced	outsourced	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	573	813	722	717
Parking violations	37	36	33	54
Traffic violations	4,546	3,429	1,543	1,604
Fire:				
Emergency responses	2,281	2,127	2,036	1,915
Fires extinguished	82	44	64	61
Inspections	329	361	359	316
Highways and streets				
Street resurfacing (miles)	-	15	17	10
Potholes repaired	130	741	777	655
Recreation				
Athletic field permits issued	30	32	33	30
Library				
Volumes in collection	54,117	53,011	50,223	47,952
Total volumes borrowed	74,872	78,368	75,581	78,186
Water				
New connections	137	160	50	44
Water main breaks	353	222	235	352
Average daily consumption (millions of gallons)	2	2	3	2
Peak daily consumption (millions of gallons)	3	3	2	3
Wastewater				
Average daily treatment (millions of gallons)	1	2	2	1
Airport				
LL fuel (thousand gallon)	46	59	48	46
Jet A fuel (thousand gallon)	14	27	29	23
Landings / Take off (thousand)	14	12	9	14
Cemetery				
Lots sold	33	77	66.5	80
Municipal Court				
Cases processed	2,675	1,876	2,113	2,562
General Services				
Facilities				
Work orders	577	645	553	538
Fleet				
Work orders	941	834	903	816
Information Technology				
Personal computers / laptops	171	155	152	135
Service requests	475	415	407	549

2013	2012	2011	2010	2009	2008
101	82	33	35	481	530
outsourced	1,637	1,291	540	410	503
669	653	653	699	730	707
67	86	76	87	63	72
3,615	2,660	3,388	2,457	3,489	2,063
1,069	1,813	2,225	1,788	2,302	1,704
56	45	110	112	121	149
137	194	315	503	427	394
-	-	-	-	-	-
461	771	171	741	1,430	851
37	37	36	24	-	-
44,850	45,413	46,099	42,733	40,330	37,809
79,187	87,895	91,408	88,622	81,893	81,274
96	720	1,246	1,240	872	873
437	445	584	350	515	511
2	2	3	2	2	2
3	4	4	3	3	4
2	1	2	2	2	1
45	35	47	56	67	76
32	23	26	23	26	36
14	11	12	12	11	13
84	75	63	63	40	70
4,158	4,852	6,863	7,278	6,419	5,684
453	450	423	417	-	-
1071	1,270	1,243	877	-	-
135	132	120	114	-	-
555	562	413	300	-	-

# City of Taylor, Texas

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2017	2016	2015	2014
<b>Police</b>				
Number of stations	1	1	1	1
Zone Officers	27	27	27	27
Number of patrol units	15	15	15	15
<b>Fire</b>				
Number of stations	2	2	2	2
<b>Streets and Grounds</b>				
Streets (miles)	106	106	106	106
Streetlights	1,114	1,114	1,113	1,102
Traffic signals	12	12	12	12
<b>Recreation</b>				
Acreage	462	462	462	462
Playgrounds	7	7	7	7
Baseball/softball diamonds	20	20	20	20
Swimming pools	2	2	2	2
Tennis courts	8	8	8	8
<b>Water</b>				
Water mains	118	125	121	121
Fire hydrants	808	808	604	604
Storage capacity	5	5	5	5
<b>Wastewater</b>				
Treatment capacity	4	4	4	4,000
Sanitary sewer (miles)	95	95	90	90
Storm sewers (miles)	6	6	5	5
<b>Airport</b>				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	52	52	52	52
Tie-downs	27	27	27	27
<b>Cemetery</b>				
Acreage	135	135	135	135
<b>General Services</b>				
Facilities	19	19	19	19
Fleet vehicles	168	165	164	164
Network servers	7	7	7	7

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
1	1	1	1	1	1
27	25	25	27	21	27
15	15	12	12	12	12
2	2	2	2	2	2
106	93	93	92	87	87
1,102	1,102	1,097	1,097	1,097	1,097
12	13	11	13	11	11
462	387	387	387	387	387
7	7	6	6	6	4
20	20	20	20	20	10
2	2	2	2	2	2
8	8	10	10	10	10
120	119	115	109	109	99
598	598	596	583	450	582
5	5	5	5		5
4,000	4,000	4,000	4,000	4,000	4,000
89	89	86	86	86	84
4	4	3	3	3	3
4,000	4,000	4,000	4,000	4,000	4,000
52	52	52	52	52	52
27	27	27	27	27	27
135	135	135	114	114	114
19	16	14	14	-	-
162	157	154	150	-	-
4	4	3	3	-	-

*SINGLE AUDIT REPORTS*

**City of Taylor, Texas**

**Fiscal Year Ended  
September 30, 2017**

# City of Taylor, Texas

## *SINGLE AUDIT REPORTS*

Year Ended September 30, 2017

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**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

*Independent Auditor's Report*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Taylor, Texas's basic financial statements, and have issued our report thereon dated February 16, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Taylor, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Taylor, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Taylor, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Taylor, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

Brooks Watson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
February 16, 2018



**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

*Independent Auditor's Report*

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Taylor, Texas's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Taylor, Texas's major federal programs for the year ended September 30, 2017. The City of Taylor, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Taylor, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Taylor, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Taylor, Texas's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the City of Taylor, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2017.

### **Report on Internal Control over Compliance**

Management of the City of Taylor, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Taylor, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Taylor, Texas's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Taylor, Texas's basic financial statements. We issued our report thereon dated February 16, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by [OMB Circular A-133](#) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



BrooksWatson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
February 16, 2018

**City of Taylor, Texas**  
***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***  
**For the Year Ended September 30, 2017**

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

**None.**

**City of Taylor, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2017**

**I. SUMMARY OF AUDITOR'S RESULTS:**

***Financial Statements***

Type of auditor's report issued:

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

***Federal Awards***

The auditor's report on compliance for major federal programs expresses an unmodified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section .510(a)?	___ Yes	_X_ No

**City of Taylor, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2017**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

20.219/20.205	Highway Planning and Construction Cluster
---------------	---

Enter the dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**II. FINANCIAL STATEMENT FINDINGS:**

**None.**

**III. FEDERAL AWARDS FINDINGS:**

**None.**

# City of Taylor, Texas

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2017

Federal Grantor/Pass-through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass-through Texas Department of Housing and Community Affairs:			
<i>Home Investment Partnerships Program</i>	1002602	14.239	599,258
Pass-through Williamson County, Texas:			
<i>Community Development Block Grant</i>	2016	14.218	545,818
<b>Total Department of Housing and Urban Development</b>			1,145,076
 <b>US DEPARTMENT OF TRANSPORTATION</b>			
Pass-through Texas Department of Parks and Wildlife:			
<i>Highway Planning and Construction Cluster</i>	RT013028	20.219	149,155
Pass-through Texas Department of Transportation:			
<i>Highway Planning and Construction Cluster</i>	CSJ # 0320-03-093	20.205	1,016,592
<b>Total Department of Transportation/Highway Planning and Construction Cluster</b>			1,165,747
 <b>US DEPARTMENT OF HOMELAND SECURITY</b>			
Pass-through Texas Division of Emergency Management:			
<i>Hazard Mitigation Grant</i>	PA-06-TX-4223-PW-01799	97.039	15,966
<b>TOTAL PROGRAMS</b>			\$ 2,326,789

# City of Taylor, Texas

## *NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

For the year ended September 30, 2017

### **Note 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Taylor, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.