NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON
$13,000,000*
CITY OF TAYLOR, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

Bids Due Thursday, June 26, 2025 at 11:00 AM, CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Taylor, Texas (the "City"), is offering for sale its $13,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates"). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assume any responsibility or liability for a prospective bidding procedure.

The City and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked "Bid for Certificates," should be addressed to "Mayor and City Council, City of Taylor, Texas," and delivered to the City's Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 11:00 AM, CDT on June 26, 2025 (the "date of the bid opening"). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "CONDITIONS OF THE SALE – Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE . . . Bidders must submit SIGNED Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, at jennifer@spfmuni.com on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 10:30 AM and 11:00 AM, CDT on the date of the bid opening.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if the telephone option is exercised.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be received in the Taylor City Hall at 400 Porter Street, Taylor, Texas 76574, at a meeting that convenes at 6:00 PM, CDT on Thursday, June 26, 2025.

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*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

SIGNED OFFICIAL BID FORM . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and must submit via email a Signed Official Bid Form in connection with the sale, by 11:30 AM CDT on the date of the sale to Monica Melvin, Specialized Public Finance Inc. at monica@spfmuni.com.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening. Upon awarding the Certificates, the City will also adopt the ordinance authorizing the Certificates (the "Ordinance") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Certificates will be made subject to the terms, conditions and provisions of the Ordinance to which ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT on Wednesday, June 25, 2025 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated July 23, 2025 (the "Dated Date"). Interest will accrue from the Date of Initial Delivery (defined herein) and will be due on February 15, 2026, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2026	$ 235,000	2036	$ 655,000
2027	265,000	2037	690,000
2028	440,000	2038	720,000
2029	465,000	2039	760,000
2030	490,000	2040	800,000
2031	515,000	2041	840,000
2032	540,000	2042	880,000
2033	570,000	2043	925,000
2034	595,000	2044	970,000
2035	625,000	2045	1,020,000

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2035, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser (defined herein) elects to aggregate two or more consecutive maturities as term Certificates.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company ("DTC") (see "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM" in the Official Statement).

<u>Paying Agent/Registrar</u> . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (see "THE CERTIFICATES – Paying Agent/Registrar" in the Official Statement).

<u>Source of Payment</u> . . . The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the Ordinance and a limited pledge of surplus revenues of the City's water and sewer system not to exceed $1,000.

Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

<u>Type of Bids and Interest Rates</u> . . . The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than 101.5% of their par value and not more than 110% of their par value. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.00%. For Certificates having stated maturities on and after August 15, 2035, no reoffering yield producing a dollar price less than 97.5% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

<u>Basis for Award</u> . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Date of Initial Delivery of all debt service payments on the Certificates on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any. In the event of a bidder's error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in cooperation with the Purchaser in $5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering terms as a result of any changes made to the principal amounts within these limits. Any such adjustment will be communicated to the winning bidder within three (3) hours after the opening of the bids.

In the event of any adjustment of the maturity schedule for the Certificates as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedule for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – Basis for Award" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City with a breakdown of its "underwriting spread," which, at minimum, includes the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

<u>Establishing the Issue Price for the Certificates</u> . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will **<u>not</u>** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the- offering-price of each maturity of the Certificates that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City's municipal advisor, Specialized Public Finance Inc. (the "City's Financial Advisor") the appropriate certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions, at least 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale and Bidding Instructions to establish the issue price of the Certificates may be taken on behalf of the City by the City's Financial Advisor, and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale and Bidding Instructions to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instruction.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

<u>Provision of Texas Ethics Commission Form 1295 ("TEC Form 1295")</u> . . . In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295") to the City as prescribed by the Texas Ethics Commission ("TEC"), or
(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the City to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Taylor, Texas*) and box 3 is the identification number assigned to this contract by the City (*Taylor CO 2025*) and description of the goods or services (*purchase of the City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the City to complete the TEC Form 1295 electronically at https://www.ethics.state.tx.us/main/file.htm, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the City. The completed and signed TEC Form 1295 must be sent by email, to the City's Financial Advisor at jennifer@spfmuni.com and Bond Counsel at jbfowler@mphlegal.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: jbfowler@mphlegal.com.

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the City, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed TEC Form 1295 is received. The City reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

<u>Good Faith Deposit</u> . . . A bank cashier's check, payable to the order of "City of Taylor," in the amount of $260,000 which is 2% of the proposed par value of the Certificates (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under "Covered Verifications" (defined below) and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Certificates has been made by the City.

<u>Verifications of Statutory Representations and Covenants</u> . . . The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

(i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT . . . Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE "COVERED VERIFICATIONS") SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Certificates are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

<u>Delivery of Certificates</u> . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the "Certificate" or "Certificates"), either in typed or printed form, in the aggregate principal amount of $13,000,000*, payable in stated installments to the Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's book-entry-only system. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about July 23, 2025, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on July 23, 2025, or thereafter on the date the Certificate is tendered for delivery, up to and including August 6, 2025. If for any reason the City is unable to make delivery on or before August 6, 2025, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

<u>Conditions to Delivery</u> . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the City ("Bond Counsel") and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate regarding "issue price" may be modified in a manner approved by the City. In no event will the City fail to deliver the Certificates as a result of the Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate regarding "issue price" not later than the close of business on the business day following the award of the bid, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification regarding "issue price" with reasonable certainty. Any questions concerning such certification regarding "issue price" should be directed to Bond Counsel, Bart Fowler, McCall, Parkhurst & Horton LLP at 512/478-3805.

<u>Legal Opinion</u> . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City (except as the enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

<u>No Material Adverse Change</u> . . . The obligations of the City to deliver the Certificates and of the Purchaser to accept delivery of and pay for the Certificates are subject to the condition that at the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition of the City from those set forth in or contemplated by the "Preliminary Official Statement" as it may have been supplemented or amended through the date of sale.

<u>No-Litigation Certificate</u> . . . On the date of delivery of the Certificates to the Purchaser, the City will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the City's knowledge no litigation of any nature is pending or, to the best of the certifying officials' knowledge or belief, threatened against the City, contesting or affecting the Certificates; restraining or enjoining the authorization, execution, or delivery of the Certificates; affecting the provision made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Certificates; or affecting the validity of the Certificates or the title of the present officials of the City.

GENERAL

<u>Financial Advisor</u> . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

____

*See "CONDITIONS OF THE SALE – Basis for Award." Preliminary, subject to change.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not plan to issue additional tax-supported general obligation debt within the next six months.

MUNICIPAL BOND RATING . . . The Certificates and outstanding general obligation debt of the City has been rated "AA" by S&P Global Ratings ("S&P") without regard to credit enhancement. The City also has various issues outstanding which are rated based on insurance provided by various commercial insurance companies. Any rating downgrade of the bond insurance provider after the Bid Opening shall not relieve the Purchaser of its obligation.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the initial purchasers. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

/s/ Dwayne Ariola
Mayor, City of Taylor, Texas

/s/ Lucy Aldrich
City Clerk, City of Taylor, Texas

June 18, 2025

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Taylor, Texas
400 Porter Street
Taylor, Texas 76574

June 26, 2025

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated June 18, 2025, of $13,000,000* CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of $13,000,000*, we will pay you a price of $______________________, representing approximately ________% of the par value. Such Certificates mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount*	Interest Rate	Maturity (August 15)	Principal Amount*	Interest Rate
2026	$ 235,000	%	2036	$ 655,000	%
2027	265,000	%	2037	690,000	%
2028	440,000	%	2038	720,000	%
2029	465,000	%	2039	760,000	%
2030	490,000	%	2040	800,000	%
2031	515,000	%	2041	840,000	%
2032	540,000	%	2042	880,000	%
2033	570,000	%	2043	925,000	%
2034	595,000	%	2044	970,000	%
2035	625,000	%	2045	1,020,000	%

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificates, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificates Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
		$	%
		$	%
		$	%
		$	%
		$	%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST ______________________%

The Initial Certificates shall be registered in the name of______________________, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of $260,000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, Dallas, Texas, not later than 10:00 AM, CDT, on July 23, 2025, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's Financial Advisor at jennifer@spfmuni.com and Bond Counsel at jbfowler@mphlegal.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

As used in the following verifications, "affiliate means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or Notice of Sale, notwithstanding anything in the bid or Notice of Sale to the contrary.

(i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

(iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that if Purchaser should fail or refuse to take up and pay for the Certificates in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Purchaser was found not to satisfy the requirements described in the Official Notice of Sale and Bidding Instructions under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the City. IF THE CITY CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

____
Name of Purchaser or Manager

____
Authorized Representative

____
Phone Number

____
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Taylor, Texas, this the 26th day of June, 2025.

ATTEST:

________________________________	________________________________
City Clerk	Mayor
City of Taylor, Texas	City of Taylor, Texas

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CERTIFICATE OF PURCHASER

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Issuer") in the principal amount of $13,000,000* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.

(b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from ________________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _______________, 2025.

[NAME OF PURCHASER], as Purchaser

By:_____________________________________

Name:___________________________________

____

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CERTIFICATE OF PURCHASER

(Sales where 3 bids are not received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Issuer") in the principal amount of $13,000,000* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in ________________ ("Hold-the-Price Maturities"), the][The] first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates ("Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto ("Initial Offering Price").

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from ________________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _______________, 2025.

[NAME OF PURCHASER], as Purchaser

By:_____________________________________

Name:___________________________________

____

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT

Dated June 18, 2025

Ratings:
S&P: "AA"
(See "OTHER INFORMATION – RATING")

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$13,000,000*
CITY OF TAYLOR, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

Dated Date: July 23, 2025 **Due: August 15, as shown on the inside cover page**
Interest to accrue from the Date of Initial Delivery (defined herein)

PAYMENT TERMS . . . Interest on the $13,000,000* City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates") will accrue from the Date of Initial Delivery, will be payable on February 15 and August 15 of each year commencing February 15, 2026 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar, defined below, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM"). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (see "THE CERTIFICATES – PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the "Certificate of Obligation Act"), Chapter 1502, Texas Government Code, as amended, the City's Home Rule Charter and an ordinance to be adopted by the City Council of the City authorizing the Certificates on the date of sale of the Certificates (the "Ordinance"). The Certificates constitute direct obligations of the City of Taylor, Texas (the "City"), payable from a direct and continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus revenues of the City's water and sewer system not to exceed $1,000 as provided in the ordinance authorizing the Certificates to be adopted on the date of sale of the Certificates (the "Ordinance") (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE" and "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of providing funds for paying contractual obligations incurred or to be incurred in connection with constructing, improving, designing, acquiring, and equipping the City's: (1) water and waste water system, including any related drainage; (2) streets and transportation facilities, including easements and right of way, sidewalks, drainage, traffic improvements, parking and lighting; (3) facilities for various City departments, to include the streets department, utility department, drainage department and airport; (4) public safety facilities, including Fire Station renovations and improvements; and (5) the payment of professional services in connection therewith including legal, architectural, fiscal and engineering fees and the costs of issuing the certificates of obligation and other matters related thereto.

CUSIP PREFIX: 877294
MATURITY SCHEDULE
See the Inside Cover Page

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION").

DELIVERY . . . Delivery of the Certificates is expected through the facilities of DTC on July 23, 2025 (the "Date of Initial Delivery").

BIDS DUE ON THURSDAY, JUNE 26, 2025, BY 11:00 AM, CDT

*Preliminary, subject to change.

MATURITY SCHEDULE*

Maturity (August 15)	Amount	Rate	Initial Yield	CUSIP Numbers[(1)]
2026	$ 235,000			
2027	265,000			
2028	440,000			
2029	465,000			
2030	490,000			
2031	515,000			
2032	540,000			
2033	570,000			
2034	595,000			
2035	625,000			
2036	655,000			
2037	690,000			
2038	720,000			
2039	760,000			
2040	800,000			
2041	840,000			
2042	880,000			
2043	925,000			
2044	970,000			
2045	1,020,000			

(Interest accrues from the Date of Initial Delivery)

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*Preliminary, subject to change.

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REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – REDEMPTION"). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Certificates.

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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the City with respect to the Certificates that has been "deemed final" by the City as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE CERTIFICATES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE CERTIFICATES ARE RELEASED FOR SALE, AND THE CERTIFICATES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE CERTIFICATES INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

TABLE OF CONTENTS

The cover page hereof, this page, the appendices and schedule included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY	The City of Taylor, Texas (the "City") is a political subdivision located in Williamson County, and operating as a home-rule city under the laws of the State of Texas and a charter approved by voters in 1914, most recently amended in 2024. The Charter provides for the governing and law-making body to be a council composed of five council members including the Mayor (the "City Council"). Four City Council members are elected by single member districts and one is elected at large. The Mayor of the City is elected by the City Council from among its members. The Chairman of the City Council is the Mayor of the City and may vote on all motions before the Council, but does not have veto power. The City Manager, appointed by the City Council, is the Chief Administrative Officer of the City. The City is approximately 22.61 square miles in area (see "INTRODUCTION – DESCRIPTION OF THE CITY").
THE CERTIFICATES	The Certificates are issued as $13,000,000* City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025. The Certificates are issued as serial Certificates maturing on August 15 in the years 2026 through 2045, inclusive.
PAYMENT OF INTEREST	Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates" and "THE CERTIFICATES – REDEMPTION").
AUTHORITY FOR ISSUANCE	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the "Certificate of Obligation Act of 1971"), Chapter 1502, Texas Government Code, as amended, the City's Home Rule Charter and an ordinance to be adopted by the City Council of the City authorizing the Certificates on the date of sale of the Certificates (the "Ordinance") (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE").
SECURITY	The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of the surplus revenues of the City's water and sewer system not to exceed $1,000 as provided in the Ordinance (see "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").
REDEMPTION	The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – REDEMPTION"). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Certificates.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.
USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used the purpose of providing funds for paying contractual obligations incurred or to be incurred in connection with constructing, improving, designing, acquiring, and equipping the City's: (1) water and waste water system, including any related drainage; (2) streets and transportation facilities, including easements and right of way, sidewalks, drainage, traffic improvements, parking and lighting; (3) facilities for various City departments, to include the streets department, utility department, drainage department and airport; (4) public safety facilities, including Fire Station renovations and improvements; and (5) the payment of professional services in connection therewith including legal, architectural, fiscal and engineering fees and the costs of issuing the certificates of obligation and other matters related thereto .

*Preliminary, subject to change.

MUNICIPAL BOND RATING .... The Certificates and outstanding general obligation debt of the City has been rated "AA" by S&P Global Ratings ("S&P") without regard to credit enhancement. The City also has various issues outstanding which are rated by S&P based on municipal bond insurance policies issued by various commercial insurance companies (see "OTHER INFORMATION – RATING").

BOOK-ENTRY-ONLY SYSTEM........... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM").

PAYMENT RECORD .... The City has never defaulted in the payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[1]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt[2]	Per Capita G. O. Tax Debt	Ratio Net G.O. Tax Debt to Taxable Assessed Valuation[2]	% of Total Tax Collections
2021	17,779	$ 1,229,346,446	$ 69,146	$ 17,750,000	$ 998	1.44%	99.75%
2022	17,779	1,470,132,537	82,689	27,830,000	1,565	1.89%	99.77%
2023	18,000	1,937,474,030	107,637	95,000,000	5,278	4.90%	99.70%
2024	17,872	2,388,802,240	133,662	112,425,000	6,291	4.71%	98.79%
2025	18,000	3,024,285,770	168,016	116,860,000 [3]	6,492	3.86%	97.53% [4]

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(1) Source: The City and the City's Annual Comprehensive Financial Report.
(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 3.
(3) Projected, includes the Certificates. Preliminary, subject to change.
(4) Partial collections as of April 30, 2025.

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires
Dwayne Ariola Mayor	May 2026
Greg Redden Mayor Pro Tem, District 1	May 2028
Shelli Cobb Councilmember, District 2	May 2027
Kelly Cmerek Mayor, District 3	May 2027
Robert Garcia Councilmember, District 4	May 2028

APPOINTED OFFICIALS

Name	Position
Brian LaBorde	City Manager
Carly Pearson	Assistant City Manager
Robert Powers	Chief Financial Officer
Lydia Collins	Assistant Chief Financial Officer
Ted Hejl	City Attorney
Lucy Aldrich	City Clerk

CONSULTANTS AND ADVISORS

Auditors .... BrooksWatson & Co., PLLC
Houston, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor .... Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Robert Powers Chief Financial Officer City of Taylor 400 Porter Street Taylor, Texas 76574 (512) 352-3676 (512) 352-8255 Fax	or	Jennifer Ritter Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78731 (512) 275-7300 (512) 275-7305 Fax

PRELIMINARY OFFICIAL STATEMENT
RELATING TO

$13,000,000*
CITY OF TAYLOR, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $13,000,000* City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the "Ordinance") to be adopted on the date of sale of the Certificates by the City Council of the City of Taylor, Texas (the "City") except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Certificates will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City first adopted its Home Rule Charter in 1914, and such charter was most recently amended in 2024. The City operates under the Council/Manager form of government. The Charter provides for the governing and law-making body to be the City Council composed of five Council members including the Mayor (the "City Council"). Four Council Members are elected by single member districts and one is elected at large. The Mayor of the City is elected by the City Council from among its members. The Chairman of the City Council is the Mayor of the City and may vote on all motions before the Council, but does not have veto power. The City Manager, appointed by the City Council, is the Chief Administrative Officer of the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, airport, sanitation services, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The estimated 2025 estimated population is 18,000. The City covers approximately 22.61 square miles. See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY."

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated July 23, 2025 and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2026 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM."

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502 Texas Government Code, as amended, the City's Home Rule Charter, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates and is further secured by a limited pledge of the surplus revenues of the City's water and sewer system not to exceed $1,000.

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*Preliminary, subject to change.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to $2.50 per $100 taxable assessed valuation for all purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Texas Attorney General's office will permit allocation of $1.50 of the $2.50 maximum tax rate for ad valorem tax debt.

REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in book-entry-only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser (defined herein) elects to aggregate two or more consecutive maturities as term Certificates.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificate called for redemption or any other action premised or any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificate held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificate from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of an premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City so long as a book-entry-only system is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption will not be conducted by the City or the Paying/Agent Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

DEFEASANCE . . . *General.* The Ordinance provides for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until after all Defeased Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinance, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinance.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

*Retention of Right*s. To the extent that, upon the defeasance of any Defeased Certificates to be paid at its maturity, the City retains the right under State law to later call any Defeased Certificates which is subject to redemption (i.e. the Certificates) in accordance with the provisions of the Ordinance, the City may call such Defeased Certificates for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Certificates as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificates and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificates.

*Investment*s. Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

While the court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the proprietary-governmental dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

As noted above, the Ordinance provides that Certificateholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond

Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS TO THE ORDINANCE . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Certificates will be used the purpose of providing funds for paying contractual obligations incurred or to be incurred in connection with constructing, improving, designing, acquiring, and equipping the City's: (1) water and waste water system, including any related drainage; (2) streets and transportation facilities, including easements and right of way, sidewalks, drainage, traffic improvements, parking and lighting; (3) facilities for various City departments, to include the streets department, utility department, drainage department and airport; (4) public safety facilities, including Fire Station renovations and improvements; and (5) the payment of professional services in connection therewith including legal, architectural, fiscal and engineering fees and the costs of issuing the certificates of obligation and other matters related thereto.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources:
Principal
Bid Premium
Total Sources

Uses:
Deposit to Project Fund
Deposit to Debt Service Fund
Purchaser’s Discount
Costs of Issuance
Total Uses

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (“Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Williamson Central Appraisal District (the “Appraisal District”). Except as described below, the Appraisal District is required 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 market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – CITY AND TAXPAYER REMEDIES."

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1,1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF PROPERTY TAX CODE" for descriptions of any TIRZ created in the City.

Tax Abatement Agreements . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" herein.

Public Hearing and Maintenance and Operation Tax Rate Limitations . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2022 through 2024, which may be applied to a city's tax rate in tax years 2023 through 2025 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate," an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS"). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable 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 all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 15 of each year and the final installment due on August 15.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older and disabled persons of $50,000; disabled veterans are also granted an exemption of $3,000.

The City has not granted an additional exemption of the market value of residence homesteads.

See "TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT" for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the Williamson County Tax Assessor/Collector's Office collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

In 2005, the City designated a tax increment financing zone in its downtown area and designated the zone as the "Tax Increment Reinvestment Zone No. 1, City of Taylor." The tax increment base was established as of January 1, 2005 and the City contributes 100% of property taxes levied and collected within the zone for the tax incremental value.

The City currently has several Chapter 380 economic development agreements. The primary tax abatement agreement is with Samsung, in which Samsung currently receives 92.5% of property taxes paid on its facility located within the City provided certain conditions are met. See "– SAMSUNG SEMICONDUCTOR PLANT" below.

In 2017, the City entered into a Development Agreement (the "Development Agreement") pursuant to Texas Local Government Code Section 212.172 with V-Tex Logistics LLC ("V-Tex"). V-Tex currently owns property located in the extraterritorial jurisdiction of the City. Pursuant to the Development Agreement, V-Tex agreed to make a one-time payment to the City of $500,000 and further agreed to make an annual payment in lieu of property taxes to the City in an amount equal to the amount that would have otherwise been payable to the City by V-Tex had the property owned by V-Tex been within the city limits of the City. In exchange for these payments, the City has agreed not to annex the property owned by V-Tex for the term of the Development Agreement. The Development Agreement terminates on January 31, 2033.

In 2021, the City designated a tax increment financing zone for industrial use and designated the zone as the "Tax Increment Reinvestment Zone No. 2, City of Taylor." The tax increment base was established as of January 1, 2021 and the City contributes 93.5% of property taxes levied and collected within the zone for the tax incremental value.

SAMSUNG SEMICONDUCTOR PLANT . . . In a press conference on November 23, 2021, Texas Governor Greg Abbott announced that Samsung Austin Semiconductor, LLC ("Samsung") had selected the City for the site of their new semiconductor plant. The City had been in consideration as the possible location for Samsung's expansion in the United States for several months, along with other sites in Texas, New York, and Arizona.

Samsung is planning to invest $17 billion in land, buildings, equipment, and other personal business property. This includes $6 billion in buildings and other real property improvements, $11 billion in machinery and equipment, and the purchase of more than 1,200 acres of land for the 6 million square foot semiconductor manufacturing facility, located between Highway 79 and FM 973.

The facility will manufacture advanced semiconductor technology. The manufacturing facility is anticipated to be fully-operational by the end of 2026.

Samsung will be paying taxes on the property as it is developed, and while part of the incentive agreement includes an abatement of a portion of those taxes, the City is projected to receive more than $52 million over the 30 year term of the agreement for its general fund. The incentive package with Samsung included a Chapter 381 Tax Abatement Agreement with Williamson County, a Development Agreement with Williamson County, a Chapter 313 Agreement with the Taylor Independent School District, and four agreements with the City of Taylor. The City designated the land where the City property is located as a Tax Increment Refinancing Zone (TIRZ.) In the City's Chapter 311 Development Agreement and Chapter 380 Incentive Agreement, the City defines the TIRZ and agrees to reinvest a portion of the taxes generated from that property back into the property in the form of grants to the company, which are to be used specifically to improve the property itself. The agreement outlines the schedule for the payment of those grants, and specifies what those grants can be used for. Any development costs outside of the costs outlined in this agreement must be paid for by the company. The TIRZ reimbursement schedule, which is tied to specific improvements made to the property, will be as follows: 92.5% for the first 10 years, 90% for the second 10 years, and 85% for the final 10 years. Thereafter, the City will collect 100%.

In addition to the estimated 6,000 - 10,000 jobs construction jobs that this project is expected to provide, Samsung has agreed to create, fill, and maintain at least 1,800 employment positions.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/25 Market Valuation Established by Williamson County Appraisal District		
(excluding totally exempt property and exempt agricultural use value)		$ 3,611,357,657
Less Exemptions/Reductions		587,071,887
2024/25 Net Taxable Assessed Valuation		$ 3,024,285,770
Preliminary 2025/26 Taxable Assessed Valuation		$ 3,650,219,242
Debt Payable from Ad Valorem Taxes (as of 5-1-2025)		
General Obligation Debt	$ 150,500,000 [(1)]	
The Certificates	13,000,000 [(2)]	
Debt Payable from Ad Valorem Taxes		$ 163,500,000
Less: Self-Supporting Debt		(43,075,000) [(3)]
Net Debt Payable from Ad Valorem Taxes		$ 120,425,000
Interest and Sinking Fund (as of 5-1-2025)		$ 7,728,562
Ratio Tax Supported Net Debt to Taxable Assessed Valuation		3.98%

2025 Estimated Population - 18,000

Per Capita Taxable Assessed Valuation - $168,016

Per Capita Net Debt Payable from Ad Valorem Taxes - $6,801

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(1) Excludes the Certificates; preliminary, subject to change.

(2) Preliminary, subject to change.

(3) Includes water and sewer system-supported, drainage, TIRZ and airport supported debt, including a portion of the 2006 Certificates, 2007 Certificates, 2015 Refunding Bonds, 2016 Refunding Bonds, 2017 Refunding Bonds, 2017 Certificates, 2018 Certificates, 2019 Certificates, 2021 Refunding Bonds, 2022 Certificates, 2024 Certificates and the Certificates. Preliminary, subject to change.

TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population[(1)]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year[(2)]	Ratio Net G.O. Tax Debt to Taxable Assessed Valuation[(2)]	Funded Debt Per Capita
2021	17,779	$ 1,229,346,446	$ 69,146	$ 17,750,000	1.44%	$ 998
2022	17,779	1,470,132,537	82,689	27,830,000	1.89%	1,565
2023	18,000	1,937,474,030	107,637	95,000,000	4.90%	5,278
2024	17,872	2,388,802,240	133,662	112,425,000	4.71%	6,291
2025	18,000	3,024,285,770	168,016	116,860,000 (3)	3.86%	6,492

(1) Source: The City's Annual Comprehensive Financial Report.
(2) Excludes debt that is considered "self-supporting." See "TAX INFORMATION – TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT, FOOTNOTE 3."
(3) Projected, includes the Certificates and a portion of the debt that is not considered "self-supporting." See "TAX INFORMATION – TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT, FOOTNOTE 3." Preliminary, subject to change.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Local Maintenance	Interest & Sinking Fund	Tax Levy	Percent of Current Collections	Percent of Total Collections
2021	$ 0.8092	$ 0.6138	$ 0.1955	$ 10,453,052	98.94%	99.75%
2022	0.7651	0.5696	0.1955	11,298,250	99.00%	99.77%
2023	0.6490	0.4534	0.1956	13,165,841	98.88%	99.70%
2024	0.6288	0.3607	0.2681	14,986,646	98.79%	98.79% (1)
2025	0.5913	0.3100	0.2813	18,410,252	97.18% (1)	97.53% (1)

(1) Partial collections as of April 30, 2025.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Samsung Austin Semiconductor LLC[(1)]	$ 424,400,000	14.03%
RCR Taylor Rail LP	53,255,324	1.76%
Electric Reliability Council of TX	47,500,000	1.57%
PDC TP 01 Lot A LLC	45,469,521	1.50%
Oncor Electric Delivery	41,124,043	1.36%
Samsung Austin Semiconductor LLC	31,950,969	1.06%
130 Regional Water Supply Corporation	26,465,004	0.88%
Corecivic	21,627,553	0.72%
Taylor CPB Property LLC	18,042,996	0.60%
HEB Grocerty Company LP	17,562,852	0.58%
	$ 727,398,262	24.05%

(1) Although Samsung Austin Semiconductor LLC ("Samsung") comprises a very large portion of the City's total assessed valuation, the City does not collect a significant portion of taxes from Samsung due to the various economic development incentives provided to Samsung. See "AD VALOREM PROPERTY TAXATION – SAMSUNG SEMICONDUCTOR PLANT."

General Bond Debt Limitation . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter. See "THE CERTIFICATES – Tax Rate Limitation."

Table 5 – Tax Adequacy(1)

2025 Principal and Interest Requirements	$ 8,211,749
$0.2800 Tax Rate at 97% Collection Produces	$ 8,213,960
Estimated Average Annual Principal and Interest Requirements, 2025-2054	$ 6,385,431
$0.2177 Tax Rate at 97% Collection Produces	$ 6,386,354
Estimated Maximum Annual Principal and Interest Requirements, 2028	$ 9,890,061
$0.3372 Tax Rate at 97% Collection Produces	$ 9,891,955

(1) Includes the Certificates and excludes debt that is considered "self-supporting." See "TAX INFORMATION – Table 1 – Valuation, Exemptions and General Obligation Debt, Footnote 3." Preliminary, subject to change.

DEBT INFORMATION

Table 6 – Pro-Forma General Obligation Debt Service Requirements

Fiscal Year Ending 9/30	Outstanding Debt			The Certificates(1)			Less: Self-Supporting Debt(2)	Total Tax-Supported Debt Service
	Principal	Interest	Total	Principal	Interest	Total		
2025	$ 6,420,000	$ 6,185,300	$ 12,605,300	$ -	$ -	$ -	$ 4,393,551	$ 8,211,749
2026	7,635,000	5,666,828	13,301,828	235,000	689,722	924,722	4,790,970	9,435,579
2027	8,390,000	5,371,704	13,761,704	265,000	638,250	903,250	4,785,621	9,879,333
2028	8,570,000	5,039,633	13,609,633	440,000	625,000	1,065,000	4,784,573	9,890,061
2029	6,855,000	4,703,625	11,558,625	465,000	603,000	1,068,000	3,078,443	9,548,183
2030	5,340,000	4,438,220	9,778,220	490,000	579,750	1,069,750	3,096,218	7,751,753
2031	5,215,000	4,213,880	9,428,880	515,000	555,250	1,070,250	2,744,953	7,754,178
2032	5,445,000	3,988,700	9,433,700	540,000	529,500	1,069,500	2,750,843	7,752,358
2033	5,405,000	3,776,280	9,181,280	570,000	502,500	1,072,500	2,758,793	7,494,988
2034	5,255,000	3,550,240	8,805,240	595,000	474,000	1,069,000	2,748,353	7,125,888
2035	4,535,000	3,341,760	7,876,760	625,000	444,250	1,069,250	2,320,923	6,625,088
2036	4,720,000	3,161,435	7,881,435	655,000	413,000	1,068,000	2,327,698	6,621,738
2037	4,920,000	2,973,175	7,893,175	690,000	380,250	1,070,250	2,331,989	6,631,437
2038	4,745,000	2,781,000	7,526,000	720,000	345,750	1,065,750	1,964,663	6,627,088
2039	4,925,000	2,592,550	7,517,550	760,000	309,750	1,069,750	1,961,863	6,625,438
2040	4,820,000	2,413,013	7,233,013	800,000	271,750	1,071,750	1,966,781	6,337,981
2041	4,980,000	2,244,563	7,224,563	840,000	231,750	1,071,750	1,961,944	6,334,369
2042	5,160,000	2,070,238	7,230,238	880,000	189,750	1,069,750	1,965,194	6,334,794
2043	3,715,000	1,889,275	5,604,275	925,000	145,750	1,070,750	1,221,169	5,453,856
2044	3,860,000	1,750,438	5,610,438	970,000	99,500	1,069,500	1,222,181	5,457,756
2045	3,585,000	1,604,494	5,189,494	1,020,000	51,000	1,071,000	951,088	5,309,406
2046	3,720,000	1,463,625	5,183,625	-	-	-	546,988	4,636,638
2047	3,870,000	1,317,188	5,187,188	-	-	-	546,519	4,640,669
2048	4,020,000	1,162,963	5,182,963	-	-	-	544,944	4,638,019
2049	4,185,000	1,002,481	5,187,481	-	-	-	547,731	4,639,750
2050	4,350,000	835,119	5,185,119	-	-	-	544,669	4,640,450
2051	4,525,000	660,881	5,185,881	-	-	-	545,969	4,639,913
2052	4,710,000	473,900	5,183,900	-	-	-	545,844	4,638,056
2053	4,900,000	278,763	5,178,763	-	-	-	544,844	4,633,919
2054	1,725,000	75,469	1,800,469	-	-	-	547,969	1,252,500
	$ 150,500,000	$ 81,026,736	$ 231,526,736	$ 13,000,000	$ 8,079,472	$ 21,079,472	$ 61,043,280	$ 191,562,928

(1) Interest on the Certificates calculated as an assumed rate for purposes of illustration. Preliminary, subject to change.
(2) See "TAX INFORMATION – Table 1 – Valuation, Exemptions and General Obligation Debt, Footnote 3." Preliminary, subject to change.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Certificates since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Certificates, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total G.O. Tax Debt	Estimated % Applicable	City's Overlapping G.O. Tax Debt As of 4/30/2025
Williamson County	$ 1,167,630,000	2.20%	$ 25,687,860
Taylor Independent School District	123,339,916	82.44%	101,681,427
City of Taylor	120,425,000 (1)	100.00%	120,425,000 (1)
Total Direct and Overlapping Net Funded Debt			$ 247,794,287
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			8.19%
Per Capita Direct and Overlapping Net Funded Debt			$ 13,766

(1) Includes the Certificates and excludes the self-supporting debt. See "TAX INFORMATION – TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT, FOOTNOTE 3." Preliminary, subject to change.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next six months.

TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION(1)

Estimated Net Tax Supported Debt Service Requirements as of 9-30-25		$ 8,211,749
Interest and Sinking Fund as of 9-30-24	$ 1,307,065	
Estimated Revenue from Interest and Sinking Fund Tax Levy at 97%	8,252,096	9,559,161
Estimated Balance as of 9-30-25		$ 1,347,412

(1) Includes the Certificates and excludes the self-supporting debt. See "TAX INFORMATION – TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT, FOOTNOTE 3." Preliminary, subject to change.

OTHER OBLIGATIONS . . . See "NOTES TO THE FINANCIAL STATEMENTS – NOTE I.E.10 AND NOTE IV.E." in APPENDIX B.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. As of September 30, 2024 the City has a net pension fund liability of $6,927,338 calculated using a 6.75% discount rate. For more detailed information concerning the retirement plan, see Note V.D. in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2024."

In addition to the TMRS pension plan, the City grants other post-employment benefits. As of September 30, 2024, the City had an unfunded actuarial accrued liability for other post-employment benefits of $433,145. For more detailed information concerning the City's other post-employment benefits, see Note V.E. in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2024.

FINANCIAL INFORMATION

TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2024	2023	2022	2021	2020
Revenues:					
Taxes	$ 29,179,193	$ 28,246,411	$ 15,541,361	$ 12,851,066	$ 12,053,951
Licenses, Permits and Fees	1,093,356	1,699,205	1,340,385	922,614	840,831
Investment Income	1,974,251	993,959	87,296	11,524	144,054
Fines and Forfeitures	255,180	151,575	174,026	169,110	192,865
Intergovernmental	553,611	1,128,253	442,354	511,373	259,467
Charges for Services	1,305,786	828,203	665,537	375,580	223,699
Other	4,057,954	2,772,315	1,748,330	1,120,758	275,880
Total Revenues	$ 38,419,331	$ 35,819,921	$ 19,999,289	$ 15,962,025	$ 13,990,747
Expenditures:					
General Government	$ 10,381,922	$ 10,907,404	$ 4,216,205	$ 4,235,630	$ 3,589,314
Public Safety	10,242,838	9,392,230	7,728,914	7,474,861	6,686,089
Public Works	4,708,478	3,965,021	2,429,243	2,069,326	1,818,532
Community Development	4,890,769	5,068,328	2,965,621	1,315,181	1,190,988
Culture and Recreation	2,985,025	1,865,071	1,937,243	1,755,704	1,579,745
Capital Outlay	-	-	-	-	-
Other	94,116	91,416	-	-	-
Total Expenditures	$ 33,303,148	$ 31,289,470	$ 19,277,226	$ 16,850,702	$ 14,864,668
Excess of Revenues Over Expenditures	$ 5,116,183	$ 4,530,451	$ 722,063	$ (888,677)	$ (873,921)
Other Financing Sources:					
Sale of Real and Personal Property	$ -	$ -	$ -	$ -	$ -
Lease issuance	-	320,930	-	-	-
Operating Transfers In	1,986,843	1,881,920	1,959,200	1,984,486	2,135,150
Operating Transfers Out	(1,347,967)	(67,472)	(14,600)	(14,600)	(14,600)
Total Revenues	$ 638,876	$ 2,135,378	$ 1,944,600	$ 1,969,886	$ 2,120,550
Net Increase (Decrease)	$ 5,755,059	$ 6,665,829	$ 2,666,663	$ 1,081,209	$ 1,246,629
Other Adjustments	108,820				
Beginning Fund Balance	$ 17,634,897 (1)	$ 10,969,068	$ 8,302,405	$ 7,221,196	$ 5,974,567 (1)
Ending Fund Balance on September 30	$ 23,498,776	$ 17,634,897	$ 10,969,068	$ 8,302,405	$ 7,221,196

Source: City's audited financial statements.
(1) Restated.

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TABLE 10 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.A.T.C.S., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Voters in the City have also approved an additional 1/2% sales and use tax for economic development. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	$ 4,312,637	41.26%	$ 0.3138	$ 243
2022	6,433,466	56.94%	0.4376	362
2023	19,439,021	147.65%	1.0033	1,080
2024	20,695,250	138.09%	0.8663	1,158
2025	4,514,228 (1)	24.52%	0.1493	251

(1) Partial collections as of March 31, 2025.

INVESTMENTS

The City invests its investible funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of the State or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;

(6) bonds issued, assumed or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors;

(8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3;

(9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by or through an institution that either has its main office or a branch in the State, and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (ii)(a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission

Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City;

(10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above and clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;

(11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;

(12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;

(13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Securities and Exchange Commission Rule 2a-7;

(14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and

(15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool described in this paragraph (14) must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City of with a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if:

(i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool;

(ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;

(iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and

(iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the TPFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment

Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record in such rule, order, ordinance or resolution any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 11 – CURRENT INVESTMENTS . . . The City is authorized to invest in certificates of deposit, direct obligations of the United States government, United States government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolio meet the City's investment requirements, and in qualified local government investment pools as approved by the City Council.

As of April 30, 2025, the City's investable funds were invested in the following categories:

Type of Investment	% of Portfolio	Market Value
Local Government Pools (LGIP)	98.66%	$ 148,177,109
Money Market	0.01%	12,329
Commercial Paper	0.66%	995,682
U.S. Agencies	0.67%	999,490
	100.00%	$ 150,184,610

As of such date, the market value of the investment portfolio was approximately 100.00% of its book value. No funds of the City are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

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TAX MATTERS

OPINIONS . . . On the Date of Initial Delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof; and (2) will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See "APPENDIX C – FORM OF BOND COUNSEL'S OPINION."

In rendering its opinion, Bond Counsel will rely upon certain information and representations of the City, including information and representations contained in the City's federal tax certificate and covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates and the Certificates and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinions represent its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinions are not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates or the Certificates. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the representations of the City that it deems is relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificates, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Collateral Federal Income Tax Consequences . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under Federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreements for the benefit of the respective registered and beneficial owners of the Certificates. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org/.

ANNUAL REPORTS . . . The City will provide annually to the MSRB, (i) within six months after the end of each fiscal year of the City ending in and after 2025, financial information and operating data, which information and data may be unaudited, with respect to the City of the general type included in this Official Statement being the information of the type included in Tables numbered 1 through 6 and 9 through 11 and (ii) if not provided as part of such financial information and operating data, audited financial statements of the City, within twelve months after the end of each fiscal year of the City ending in and after 2025. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation and in substantially the form included in APPENDIX B and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Security and Exchange Commission Rule 15c2-12, as amended, (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 and September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB.

EVENT NOTICES . . . The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Beneficial Owners of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City intends the words used in clauses (15) and (16) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

The City will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should the Rule be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

CYBERSECURITY RISKS

The City, like other municipalities in the State, utilizes technology in conducting its operations. As a user of technology, the City potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the City may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the City. The City employs a multi-layered approach to combating cybersecurity threats. While the City deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the City's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial. Further, cybersecurity breaches could expose the City to litigation and other legal risks, which could cause the City to incur other costs related to such legal claims or proceedings.

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OTHER INFORMATION

RATING . . . The Certificates and outstanding general obligation debt of the City has been rated "AA" by S&P Global Ratings ("S&P") without regard to credit enhancement. The City also has various issues outstanding which are rated by S&P based on municipal bond insurance policies issued by various commercial insurance companies. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Certificates.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . . The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS . . . Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City's water and sewer system not to exceed $1,000. Issuance of the Certificates is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described herein under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO-LITIGATION CERTIFICATE . . . The City will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and City Clerk, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Initial Purchaser to take and pay for the Certificates, and of the City to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of _______________________ (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately _________% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the City learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Certificates as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Certificates to the Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Certificates have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Certificates have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

This Official Statement will be approved by the City Council of the City for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

Mayor
City of Taylor, Texas

ATTEST:

City Clerk
City of Taylor, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Taylor is an industrial and agribusiness center at the intersection of U.S. Highways 79 and 95, approximately 29 miles northeast of Austin, located in Williamson County.

LABOR MARKET PROFILE

	Williamson County	
	April 2025	April 2024
Total Civilian Labor Force	420,772	410,329
Total Employment	407,185	397,259
Total Unemployment	13,587	13,070
Percent Unemployed	3.2%	3.2%

	State of Texas	
	April 2025	April 2024
Total Civilian Labor Force	15,922,661	15,523,969
Total Employment	15,334,972	14,972,359
Total Unemployment	587,689	551,610
Percent Unemployed	3.7%	3.6%

Source: Texas Employment Commission, Austin, Texas

TAYLOR MUNICIPAL AIRPORT

The Taylor Municipal Airport is located north of U.S. Highway 79 and west of Carlos Parker Boulevard (Loop 397). The airport property is located just inside the Taylor City limits. Runway 17-35 is asphalt pavement, 4,000 feet long by 75 feet wide. The City has 52 T-hangars and 10 tie downs available for rent.

RECREATION

The City of Taylor has seven parks comprised of some 390 acres. Of the seven parks, three provide, or will provide, the vast majority of recreational amenities for visitors and residents. In addition to these parks, the City of Taylor has approximately 5 miles of hike and bike trails.

Murphy Park: Located in north Taylor, Murphy Park contains some 55 acres including a large pavilion for public rental, a miniature golf course, children's playgrounds, picnic tables, lighted tennis courts and the Murphy Park Aquatic Center. A state-of-the-art swimming pool opened in May 2000 in Murphy Park. The new complex is called Murphy Park Aquatic Center. The pool was funded, in part, by a grant from Texas Parks and Wildlife. Total cost of the pool was $1,200,000. There are two pools in the complex: a children's beach-entry play pool and an eight lane competition lap pool. Within past two years, the City has demolished one of the existing restroom facilities and replaced it with an ADA approved, public restroom that cost $280,000. The City has also recently constructed two basketball courts, an observation deck on one of the lakes, one children's playscape, a sand volleyball court, and several covered picnic shelters. Murphy Park is located at Lake Drive and Main Street (Highway 95 North), with entrance off of Lake Drive.

Robinson Park: Located in southeast Taylor, Robinson Park contains a lighted adult softball field, a basketball court, a public restroom facility, and a swimming pool. The City recently constructed a children's playscape, an additional basketball court, horseshoe and washer pits, and a parking lot to the park.

Bull Branch Park: Located in northwest Taylor, Bull Branch has a large stocked fishing pond and a pavilion for public use. It also contains a two-mile long hike and bike trail.

APPENDIX B

EXCERPTS FROM THE
CITY OF TAYLOR, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2024

The information contained in this APPENDIX consists of excerpts from the City of Taylor, Texas Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.H. to the financial statements, the City restated beginning net position/fund balance within the general fund and governmental activities due to the correction of an error related to assets. In addition, the TIRZ No. 2 fund classification was changed from a discretely presented component until to blended. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 21, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor Texas

CITY OF TAYLOR TX

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2024 by $151,724,795.

- The City's total net position increased by $26,641,013. 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 $120,205,596 at September 30, 2024, an increase of $23,060,685 from the prior fiscal year; this includes an increase of $5,755,059 in the general fund, an increase of $15,982,729 in the capital improvements fund and a decrease of $3,129 in the I&S fund.

- At the end of the fiscal year, unassigned fund balance for the general fund was $21,625,378 or 65% of total general fund expenditures.

- The City's outstanding bonds, tax notes, and certificates of obligations increased by $23,660,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $150,500,000.

- The City's net pension liability totaled $6,110,818 as of year-end.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 22-27 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 28-32 of this report.

Proprietary Funds

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

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

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

Component Units

The City maintains the accounting and financial statements for three 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. The TIRZ No. 2 fund is blended and presented as a special revenue fund.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-100 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by $151,724,795 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, $108,669,616, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total current and other assets for the City increased by $30,584,143 or 23% primarily due to greater cash on hand from unspent bond proceeds in the current year.

Total long-term liabilities for the City increased by $22,972,698 or 17% when compared to the prior year. The increase is directly related to debt issuances in the current year.

Total capital assets increased by $21,171,803 or 15% due to continued investment in the City's growing infrastructure as well as developer contributions to the public works and utility infrastructure totaling $4,472,785 and $5,426,443, respectively, during the year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

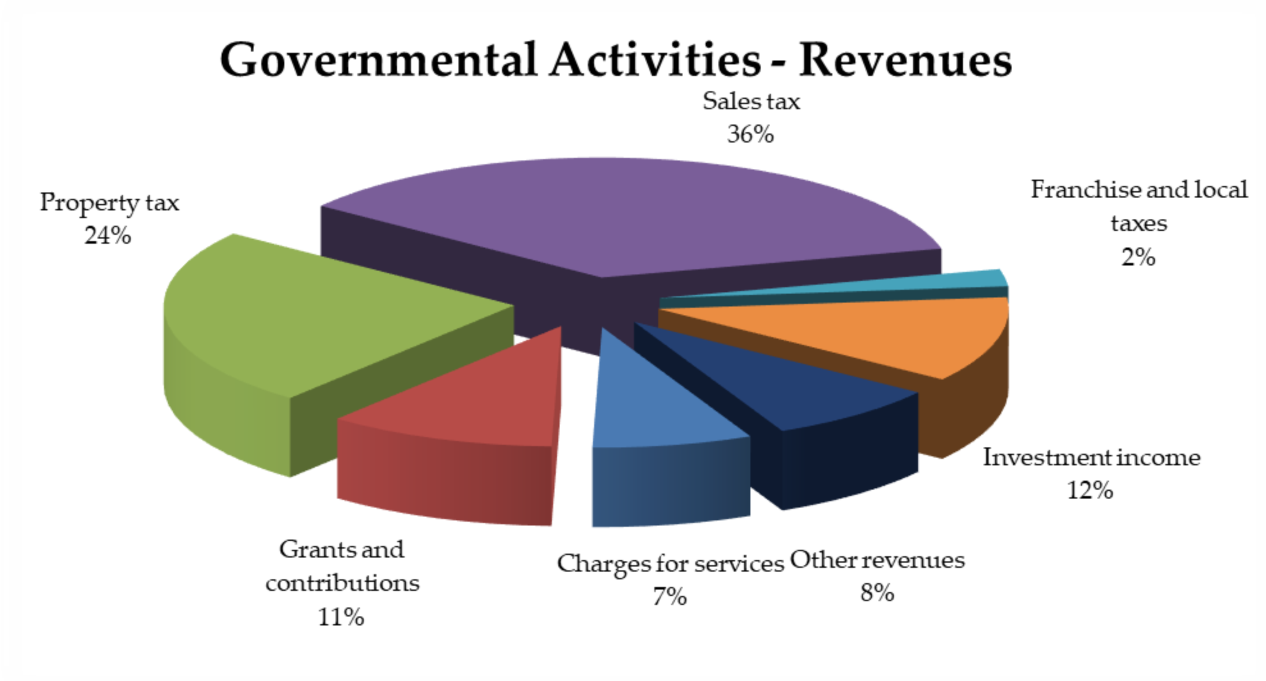
	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 129,233,159	$ 33,552,217	$ 162,785,376	$ 104,816,763	$ 27,384,470	$ 132,201,233
Capital assets, net	90,384,310	72,279,516	162,663,826	77,944,738	63,547,285	141,492,023
Total Assets	219,617,469	105,831,733	325,449,202	182,761,501	90,931,755	273,693,256
Deferred Outflows of Resources	3,274,679	762,814	4,037,493	3,142,168	873,428	4,015,596
Other liabilities	11,896,711	5,025,704	16,922,415	9,981,523	4,773,640	14,755,163
Long-term liabilities	123,965,907	36,444,426	160,410,333	107,385,470	30,052,165	137,437,635
Total Liabilities	135,862,618	41,470,130	177,332,748	117,366,993	34,825,805	152,192,798
Deferred Inflows of Resources	319,063	110,089	429,152	342,255	90,017	432,272
Net Position:						
Net investment in capital assets	59,607,686	49,061,930	108,669,616	50,703,446	39,549,225	90,252,671
Restricted	7,813,410	2,082,864	9,896,274	5,779,676	6,513,184	12,292,860
Unrestricted	19,289,371	13,869,534	33,158,905	11,711,299	10,826,952	22,538,251
Total Net Position	$ 86,710,467	$ 65,014,328	$ 151,724,795	$ 68,194,421	$ 56,889,361	$ 125,083,782

Statement of Activities:

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

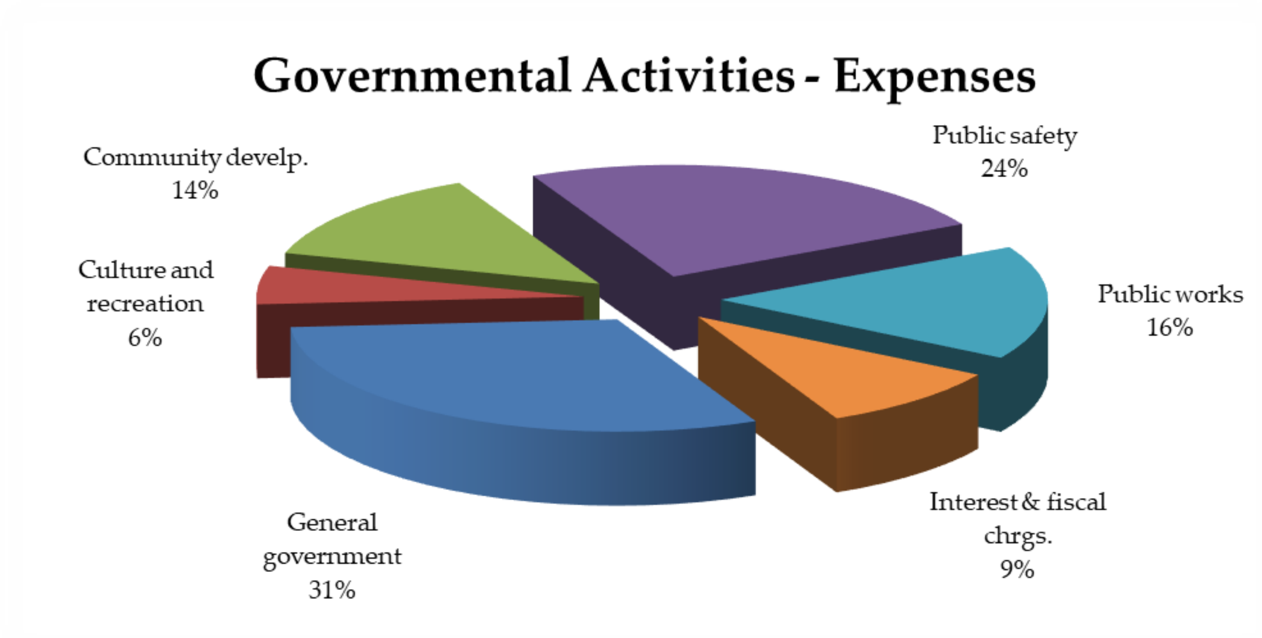
	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 4,252,174	$ 20,010,536	$ 24,262,710	$ 4,163,672	$ 16,851,447	$ 21,015,119
Operating grants	754,359	-	754,359	1,414,135	-	1,414,135
Capital grants	5,305,280	6,142,657	11,447,937	1,434,311	432,552	1,866,863
General revenues:						
Property tax	14,444,113	-	14,444,113	12,651,196	-	12,651,196
Sales tax	20,695,250	-	20,695,250	18,640,704	-	18,640,704
Franchise and local taxes	1,330,384	-	1,330,384	1,284,366	-	1,284,366
Investment income	6,655,349	952,239	7,607,588	2,363,285	1,031,741	3,395,026
Other revenues	4,658,297	173,381	4,831,678	2,819,532	122,424	2,941,956
Total Revenues	58,095,206	27,278,813	85,374,019	44,771,201	18,438,164	63,209,365
Expenses						
General government	13,198,493	-	13,198,493	12,783,759	-	12,783,759
Culture and recreation	2,374,774	-	2,374,774	1,828,400	-	1,828,400
Community develp.	5,767,245	-	5,767,245	5,935,803	-	5,935,803
Public safety	10,398,513	-	10,398,513	9,888,753	-	9,888,753
Public works	7,041,422	-	7,041,422	6,535,021	-	6,535,021
Interest & fiscal chrgs.	4,018,356	1,052,543	5,070,899	2,791,725	1,172,937	3,964,662
Public utility	-	12,371,109	12,371,109	-	8,642,116	8,642,116
Airport	-	544,235	544,235	-	593,898	593,898
Cemetery operating	-	329,359	329,359	-	295,823	295,823
Sanitation	-	1,636,957	1,636,957	-	1,650,275	1,650,275
Total Expenses	42,798,803	15,934,203	58,733,006	39,763,461	12,355,049	52,118,510
Change in Net Position Before Transfers	15,296,403	11,344,610	26,641,013	5,007,740	6,083,115	11,090,855
Transfers	3,219,643	(3,219,643)	-	(25,664)	25,664	-
Total	3,219,643	(3,219,643)	-	(25,664)	25,664	-
Change in Net Position	18,516,046	8,124,967	26,641,013	4,982,076	6,108,779	11,090,855
Beginning Net Position	68,194,421	56,889,361	125,083,782	63,212,345	50,780,582	113,992,927
Ending Net Position	$ 86,710,467	$ 65,014,328	$ 151,724,795	$ 68,194,421	$ 56,889,361	$ 125,083,782

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



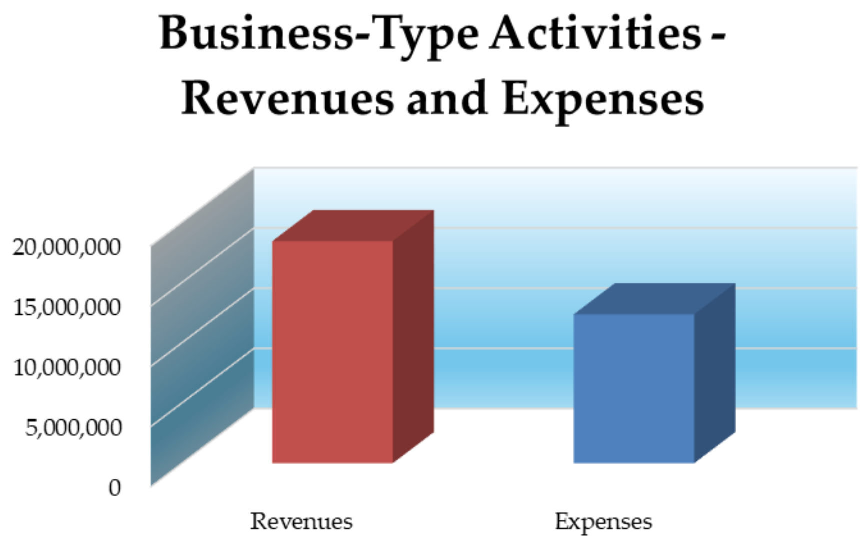
For the year ended September 30, 2024, revenues from governmental activities totaled $58,095,206. Property tax, charges for services, capital grants, and sales tax are the City's largest general revenue sources. Overall revenue increased $13,324,005 or 30% from the prior year. Total grants and contributions increased by $3,211,193 or 113% primarily due to nonrecurring developer contributions of infrastructure received in the current year. Property tax revenue increased $1,792,917 or 14% due to greater property values and a growing tax base. Sales tax revenue increased by $2,054,546 or over 100% due to construction and development related to the Samsung semiconductor facility. Charges for services increased $88,502 or 2% due to greater plan review fees and subdivision fees resulting from new construction and local growth. Investment income increased by $4,292,064 or over 100% due to rising interest rates and greater interest-bearing account balances. Other revenues increased by $1,838,765 or 65% primarily due to greater roadway impact fees collected and nonrecurring funding received for the Samsung Semiconductor project in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2024, expenses for governmental activities totaled $42,798,803. This represents an increase of $3,035,342 or 8% from the prior year. The City's largest functional expense is general government totaling $13,198,493. General government expenses increased by $414,734 or over 3% due to additional salary and wage expenses. Public safety expenses totaled $10,398,513 and increased $509,760 or 5% when compared to the prior year. This was primarily due to greater personnel costs related to an increase in wages and new hires in the current year. Community development expenses decreased by $168,558 or 3% primarily as a result of greater engineering costs related to the Samsung Semiconductor project in the prior year. Culture and recreation increased by $546,374 or 30% primarily due to nonrecurring maintenance and repair expenses incurred in the current year. Public works increased by $506,401 or 8% resulting from current year raises and greater engineering service costs for city projects over the course of the year. In addition, the City incurred greater replacement fund costs related to equipment purchases in the current year. Interest and fiscal charges increased by $1,226,631 or over 100% primarily due to nonrecurring bond issuance costs, accrued interest on new debt, and interest paid on debt issued in the prior year. All remaining expenses remained relatively consistent with the previous year.

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



For the year ended September 30, 2024, charges for services by business-type activities totaled $20,010,536. This is an increase of $3,159,089, or 19%, from the previous year. This increase is primarily attributed to the 8% increase in water and sewer service rates during the year. In addition, local growth resulted in new connections, increased consumption, and overall utility customers were up as of the end of the year. Grants and contributions increased $5,710,105 due to developer contributions of $5,426,443 during the year.

Total expenses increased $3,579,154 or 29% to a total of $15,934,203. Public utility expenses totaled $12,371,109, while airport, cemetery operations, and sanitation totaled $544,235, $329,359, and $1,636,957, respectively. The largest increase was seen in public utility expenses. This increase was mainly attributed to personnel costs related to salary increase due to inflation, pump and water line repairs, and water treatment expenses. Interest and fiscal charges decreased by $120,394 or 10% primarily due to paydown of debt and the transfers of principal and interest payments between funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2024, the City's governmental funds reported combined fund balances of $120,205,596, an increase of $23,060,685 in comparison with the prior year. Approximately 18% of this amount, $21,625,378**,** 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 $745,748, 2) committed $2,872,739 or 3) restricted for particular purposes $94,961,731.

As of the end of the year the general fund reflected a total fund balance of $23,498,776. Of this, $1,873,398 is considered restricted and $21,625,378 is unassigned. General fund balance increased by $5,755,059. This increase is primarily due to greater than anticipated sales tax, charges for services, investment income and other revenues.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $21,625,378 is 65% of total general fund operating expenditures. Sales tax increased $2,054,546 from the prior year contributing to the current year increase in fund balance. In addition, other revenue increased $1,285,639, primarily due to increased funding related to the Samsung semiconductor plant.

The capital improvements fund had an ending fund balance of $90,635,417 as of yearend. Total fund balance increased by $15,982,729 from the prior year primarily due to proceeds from bond issuances in the current year. During the year, the City expended $11,839,744 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of $1,307,065 at September 30, 2024, a decrease of $3,129 when compared to the previous year. During the year, the fund recorded total principal and interest payments of $6,610,416 and property tax revenue of $6,380,523.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the public utility fund, totaled $58,564,145. Unrestricted net position at the close of the fiscal year amounted to $12,508,856, and net position had total increase of $4,175,260 from the previous year. Total investment in capital assets, net of related debt of was $43,972,425, and capital assets, net of depreciation totaled $66,474,572.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by $1,611,236 and increasing total revenues by $10,213,498 resulting in a net increase in budgeted fund balance of $9,900,023. The primary reasons for the budget revision were due to higher than expected sales taxes, as well as higher than expected investment income and funding received from local grants and reimbursements. Expenditures were amended to account for general revisions to reflect actual operating results. Total budgeted revenues of $36,521,398 were less than actual revenues of $38,419,331, resulting in a total positive revenue variance of $1,897,933. Total budgeted expenditures of $30,360,013 were less than actual expenditures of $33,303,148, resulting in a total negative expenditure variance of $2,943,135.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $90,384,310 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of $2,115,164. The City's business-type activities funds had invested $72,279,516 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

- 2025 Freightliner M2-106 - $131,824
- Contributed Asset - Spring Creek PH 1 - $2,574,555
- Contributed Asset - Castlewood PH 1 - $1,898,230
- Pickleball Courts - $185,400
- Bull Branch Park Playground Equipment - $243,845
- Mustang Creek Tributary - $165,546
- Downtown Signage and Streets - $34,161
- Heritage Park Splashpad - $687,920
- Animal Shelter Remodel - $666,806
- Justice Center - $1,538,157
- Bull Branch/Donna Channel Drainage - $537,503
- Electrical Improvements/Building Generators - $22,230
- 2022 Street Maintenance (Upgrades) - $4,146,949
- Travis/Franklin Street Drainage - $185,979
- Wellness/Recreation Center - $31,234
- Fire Stations 1 & 2 - Design Phase - $285,601
- 2024 Street Maintenance - $80,907
- Mauldin 1860 Track Paver - $247,698
- 2025 Freightliner M2-106 - $113,993
- 2025 Freightliner M2-106 - $130,732
- Land - 4.887 Acres Drainage Easement - $1,095,618
- Mustang Creek WWTP Improvements - $952,570
- Airport Lift Station - $380,633
- Highland Dr. Waterline - $311,333
- FM 973 & CR 401 Water and Wastewater Improvements - $690,151
- North Pump Station Improvements (w/ Generator) - $119,375
- Airport Sewer - $668,737
- TxDOT Airport Project - $300,000
- Airport Fuel Facility - $334,632

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

LONG-TERM DEBT

The City's outstanding bonds, tax notes, and certificates of obligation payable net of all premiums and discounts increased by $24,032,742 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $156,463,301, net of all premiums and discounts. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The tax base for the City of Taylor continues to expand, increasing by $647,000,000 or 26.8%, from $2.4 billion to $3.1 billion in 2024 as compared to 2023. In 2024, the City issued $29,250,000 in certificates of obligation to fund needed water and wastewater projects, roadway, drainage and transportation projects, improvements to parks and athletic facilities, and public safety facilities.

The property tax rate for tax year 2024 (fiscal year 2025) is $0.591368 per $100 valuation, a decrease of 3.7406 cents from the previous year. Approximately 52 percent of this rate, or $0.310021, is utilized for General Fund maintenance and operations. The remaining 48 percent, or $0.281347, is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2025 is estimated to be $7,850,000. Sales tax revenue for fiscal year 2025 is budgeted at $16,340,000.

The City of Taylor continues to seek and attract industrial businesses. RCR Taylor Logistics Park, a master planned rail-served logistic & industrial park broke ground in 2019 and continues to develop and market the property. In Q4 2021, Samsung Semiconductor announced plans to build a 6,000,000 square foot, $17 billion semiconductor manufacturing facility in Taylor. Construction of this facility began in early 2022 and is ongoing. Thousands of construction jobs have been created and the first fabrication plant will provide 1,800 permanent jobs.

In addition to Samsung, other major employers within Taylor include the Electric Reliability Council of Texas (ERCOT), which has 600 employees and manages the electric power grid for about 90 percent of the state's electric load. Other large employers include the Taylor Independent School District (TISD), Wal-Mart and Durcon Manufacturing.

Recent major developments during the past year include the following:

Soulbrain Holdings Co., Ltd, a manufacturer of phosphoric acid, a key component in the making of semiconductor chips, secured a 10-year economic development agreement with Williamson County to complement previous agreements it reached with the City of Taylor and the Taylor EDC to begin construction on its 85-acre site in Taylor. Phase 1 is expected to bring $200 million in investment and create 50 jobs. Phase 2 is anticipated to create an additional $400 million investment and 50 jobs.

iMarket is in the planning stages to build 2.2 million square-feet of industrial space on 211 acres near the Samsung plant.

BPP Data Center is estimated to include $1 billion in capital investment over 10 years in servers and equipment.

Taylor Industrial Park is a 20-acre site, and has announced plans to begin construction on a 51,000 square foot office/warehouse shell building.

The University of Texas acquired a 68-acre tract located near the Samsung plant from Temple College of Taylor Foundation. The university is currently evaluating which programs would be best fits for its new Taylor Center.

The City's Fund Balance Policy requires that the General Fund maintain a minimum of three months of operating expenditures as unassigned reserves. The unassigned fund balance for the General Fund can be found in the Financial Highlights section of the Management Discussion and Analysis (MD&A). It is intended that the available fund balance beyond the minimum will be used for capital outlay and emergency expenditures. We anticipate that revenues and expenditures for fiscal year 2025 will allow fund balance to remain at adequate levels to meet these stated goals and objectives.

The largest revenue source for the Utilities Fund is water and wastewater user fees, accounting for 95 percent of utility revenues. A water and sewer rate study was completed and adopted by the City Council in 2021. Rate increases for both water and sewer rates have occurred in FY 2022 through FY 2024. A five percent increase to water rates and three percent increase to sewer rates was approved for fiscal year 2025.

Water and sewer rate increases are used to cover increasing operational costs, to fund capital improvements and to build up reserves in the Public Utilities Fund. The current rate system, which focuses on water conservation, implements an increasing tier rate which charges a higher price for water at higher levels of consumption. An update to the rate study will begin in FY 2025.

In 2016, the City Council approved an ordinance establishing a Transportation User Fee (TUF) that applies to properties within the City of Taylor. A flat fee of $8.00 per equivalent residential unit is assessed, with commercial customers being assessed at 6 different tier levels that ranged from $25 to

$133 per month. The total annual revenue generated from the TUF is projected to be $876,000 for the fiscal year 2025. The TUF was designed to address a portion of the street repair and maintenance expenses for Taylor's aged infrastructure but is not enough to meet the demands of all the lower rated streets.

The City of Taylor assesses a Municipal Drainage Utility System (MDUS) fee to provide funding for the maintenance and improvement of the City's drainage system. The fee for residential dwellings remains at $3.00 per equivalent residential unit per month in fiscal year 2025. The fee for non-residential properties remains at $3.00 per 2,500 square feet of impervious area. The total annual revenue generated from the MDUS fee is projected to be $663,500 for the fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2024

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 115,646,987	$ 28,121,508	$ 143,768,495
Investments	3,971,045	-	3,971,045
Restricted cash	7,043,846	2,670,761	9,714,607
Receivables, net	2,461,132	2,630,810	5,091,942
Lease receivable	27,780	39,080	66,860
Due from primary government			
Other assets	-	-	-
Inventories	-	57,237	57,237
Total Current Assets	129,150,790	33,519,396	162,670,186
Land held for investment	-	-	-
Lease receivable	82,369	32,821	115,190
Capital assets:			
Non-depreciable	15,954,236	27,604,328	43,558,564
Net depreciable capital assets	74,430,074	44,675,188	119,105,262
Total Noncurrent Assets	90,466,679	72,312,337	162,779,016
Total Assets	219,617,469	105,831,733	325,449,202
Deferred Outflows of Resources			
Deferred charge on refunding	60,000	316,775	376,775
Pension outflows	2,532,986	444,241	2,977,227
OPEB outflows TMRS	10,019	1,798	11,817
OPEB outflows Retiree Healthcare	671,674	-	671,674
Total Deferred Outflows of Resources	3,274,679	762,814	4,037,493

Component Units	
Taylor EDC	Tax Increment Financing
$ 14,224,082	$ 865,942
-	-
-	-
467,252	-
-	-
2,160	
1,553	-
-	-
14,695,047	865,942
259,299	-
-	-
54,355	-
39,203	-
352,857	-
15,047,904	865,942
-	-
-	-
-	-
-	-
-	-

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable and accrued liabilities	5,911,409	1,634,362	7,545,771
Due to component unit	2,160	-	2,160
Customer deposits	-	587,897	587,897
Compensated absences, current	1,161,046	32,019	1,193,065
Accrued interest payable	627,283	201,426	828,709
Long-term debt due within one year	4,154,813	2,570,000	6,724,813
OPEB liability - Retiree healthcare, current	40,000	-	40,000
Total Current Liabilities	11,896,711	5,025,704	16,922,415
Noncurrent liabilities:			
Net pension liability	5,199,005	911,813	6,110,818
OPEB liability TMRS	410,195	73,550	483,745
OPEB liability Retiree healthcare	1,567,494	-	1,567,494
Compensated absences, noncurrent	129,006	3,558	132,564
Advances payable	1,402,313	-	1,402,313
Debt due in more than one year	115,257,894	35,455,505	150,713,399
Total Noncurrent Liabilities	123,965,907	36,444,426	160,410,333
Total Liabilities	135,862,618	41,470,130	177,332,748
Deferred Inflows of Resources			
Lease related	86,010	69,398	155,408
Pension inflows	138,869	24,356	163,225
OPEB inflows TMRS	91,100	16,335	107,435
OPEB inflows Retiree healthcare	3,084	-	3,084
Total Deferred Inflows of Resources	319,063	110,089	429,152
Net Position			
Net investment in capital assets	59,607,686	49,061,930	108,669,616
Restricted for:			
Debt service	1,307,065	-	1,307,065
Capital projects	3,537,952	2,082,864	5,620,816
Community development	-	-	-
Cemetery land purchase	139,641	-	139,641
Moody museum	246,628	-	246,628
Library bequest funds	347,021	-	347,021
Cemetery - nonexpendable	745,748	-	745,748
Municipal court	124,516	-	124,516
Peg fees	372,618	-	372,618
Weatherization	66,135	-	66,135
Tourism	191,049	-	191,049
Other purposes	735,037	-	735,037
Unrestricted	19,289,371	13,869,534	33,158,905
Total Net Position	$ 86,710,467	$ 65,014,328	$ 151,724,795

See Notes to Financial Statements.

Component Units	
Taylor EDC	Tax Increment Financing
114,865	18,249
-	-
-	-
21,178	-
-	-
-	-
-	-
136,043	18,249
-	-
-	-
-	-
2,354	-
-	-
-	-
2,354	-
138,397	18,249
-	-
-	-
-	-
-	-
-	-
39,203	-
-	-
-	-
14,870,304	847,693
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
$ 14,909,507	$ 847,693

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 13,198,493	$ 3,285,511	$ 602,241	$ -
Culture and recreation	2,374,774	-	-	223,200
Community development	5,767,245	-	-	-
Public safety	10,398,513	283,133	152,118	-
Public works	7,041,422	683,530	-	5,082,080
Interest and fiscal charges	4,018,356	-	-	-
Total Governmental Activities	42,798,803	4,252,174	754,359	5,305,280
Business-Type Activities				
Public Utility	13,389,753	17,050,752	-	6,142,657
Airport	578,134	471,632	-	-
Cemetery Operating	329,359	249,792	-	-
Sanitation	1,636,957	2,238,360	-	-
Total Business-Type Activities	15,934,203	20,010,536	-	6,142,657
Total Primary Government	$ 58,733,006	$ 24,262,710	$ 754,359	$ 11,447,937
Component Units				
Taylor Economic Development Corporation	$ 4,116,271	$ -	$ -	$ -
Tax Increment Financing	674,308	-	-	-
Total Component Units	$ 4,790,579	$ -	$ -	$ -

General Revenues:

Taxes

Property tax

Sales tax

Franchise and local taxes

Investment income

Gain on sale of capital asset

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position (as previously reported)

Change to financial reporting entity (TIRZ No. 2 discrete to blended)

Error correction

Beginning Net Position (restated)

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
$ (9,310,741)	$ -	$ (9,310,741)	$ -	$ -
(2,151,574)	-	(2,151,574)	-	-
(5,767,245)	-	(5,767,245)	-	-
(9,963,262)	-	(9,963,262)	-	-
(1,275,812)	-	(1,275,812)	-	-
(4,018,356)	-	(4,018,356)	-	-
(32,486,990)	-	(32,486,990)	-	-
-	9,803,656	9,803,656	-	-
-	(106,502)	(106,502)	-	-
-	(79,567)	(79,567)	-	-
-	601,403	601,403	-	-
-	10,218,990	10,218,990	-	-
(32,486,990)	10,218,990	(22,268,000)	-	-
			(4,116,271)	-
			-	(674,308)
			(4,116,271)	(674,308)
14,444,113	-	14,444,113	-	574,976
20,695,250	-	20,695,250	6,900,769	-
1,330,384	-	1,330,384	-	-
6,655,349	952,239	7,607,588	594,253	45,570
-	-	-	421,707	
4,658,297	173,381	4,831,678	-	347,238
3,219,643	(3,219,643)	-	-	-
51,003,036	(2,094,023)	48,909,013	7,916,729	967,784
18,516,046	8,124,967	26,641,013	3,800,458	293,476
67,939,542	56,889,361	124,828,903	11,109,049	700,276
146,059	-	146,059	-	(146,059)
108,820	-	108,820	-	-
68,194,421	56,889,361	125,083,782	11,109,049	554,217
$ 86,710,467	$ 65,014,328	$ 151,724,795	$ 14,909,507	$ 847,693

City of Taylor, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2024

	General	Capital Improvements	I & S for CO Bonds
Assets			
Cash and cash equivalents	$ 23,365,578	$ 86,083,308	$ 459,433
Restricted cash	793,305	6,250,541	-
Investments	3,293,544	-	-
Receivables, net	1,887,145	231,613	106,220
Lease receivable	110,149	-	-
Due from other funds	167,856	-	847,632
Total Assets	$ 29,617,577	$ 92,565,462	$ 1,413,285
Liabilities			
Accounts payable and accrued liabilities	$ 5,002,254	$ 1,922,927	$ -
Due to other funds	845,838	7,118	-
Due to component unit	2,160	-	-
Total Liabilities	5,850,252	1,930,045	-
Deferred Inflows of Resources			
Lease related	86,010	-	-
Unavailable revenue - property taxes	182,539	-	106,220
Total Deferred Inflows of Resources	268,549	-	106,220
Fund Balances			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	1,307,065
Capital projects	72,549	90,635,417	-
Library donation fund	347,021	-	-
Roadway impact fund	724,055	-	-
Special revenue	-	-	-
Moody museum	246,628	-	-
Peg fees	372,618	-	-
LaFrance donations	13,323	-	-
Weatherization	66,135	-	-
Seized funds (police)	11,069	-	-
Animal shelter donations	20,000	-	-
Committed for:			
Drainage	-	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	21,625,378	-	-
Total Fund Balances	23,498,776	90,635,417	1,307,065
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 29,531,567	$ 92,565,462	$ 1,413,285

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 4,130,185	$ 114,038,504
-	7,043,846
677,501	3,971,045
236,154	2,461,132
-	110,149
-	1,015,488
$ 5,043,840	$ 128,640,164
$ 116,970	$ 7,042,151
162,532	1,015,488
-	2,160
279,502	8,059,799
-	86,010
-	288,759
-	374,769
745,748	745,748
-	1,307,065
661,391	91,369,357
-	347,021
-	724,055
484,460	484,460
-	246,628
-	372,618
-	13,323
-	66,135
-	11,069
-	20,000
819,916	819,916
2,052,823	2,052,823
-	21,625,378
4,764,338	120,205,596
$ 5,043,840	$ 128,554,154

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City of Taylor, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds	$	120,205,596
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		15,796,071
Capital assets - net depreciable		72,473,075
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		288,759
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		60,000
Pension Outflows-TMRS		2,499,983
OPEB Outflows-TMRS		9,886
OPEB Outflows-Retiree healthcare		671,674
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		1,737,444
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Pension Inflows-TMRS		(137,060)
OPEB Inflows-TMRS		(89,886)
OPEB Inflows-Healthcare		(3,084)
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Net pension liability		(5,131,265)
OPEB liability-Supplemental Death Fund		(404,731)
OPEB liability-Retiree Healthcare		(1,607,494)
Accrued interest		(627,283)
Bond premium		(4,141,461)
Compensated absences		(1,285,107)
Non-current liabilities due in one year		(3,719,941)
Non-current liabilities due in more than one year		(109,884,709)
Net Position of Governmental Activities	$	86,710,467

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, 2024

	General	Capital Improvements	I & S for CO Bonds
Revenues			
Property tax	$ 7,519,412	$ -	$ 6,380,523
Sales tax	20,695,250	-	-
Franchise and local taxes	964,531	-	-
License and permits	1,093,356	-	-
Charges for services	1,305,786	-	-
Fines and forfeitures	255,180	-	-
Intergovernmental	553,611	763,373	338,600
Investment income	1,974,251	4,503,880	136,914
Other revenues	4,057,954	479,193	-
Total Revenues	38,419,331	5,746,446	6,856,037
Expenditures			
Current:			
General government	10,381,922	-	-
Culture and recreation	2,985,025	-	-
Community development	4,890,769	-	-
Public safety	10,242,838	-	-
Public works	4,708,478	-	-
Debt service:			
Principal retirement	81,966	-	2,955,000
Interest and fiscal charges	12,150	-	3,655,416
Bond issuance costs	-	370,567	-
Capital outlay	-	11,839,744	-
Total Expenditures	33,303,148	12,210,311	6,610,416
Excess of Revenues Over (Under) Expenditures	5,116,183	(6,463,865)	245,621
Other Financing Sources (Uses)			
Transfers in	1,986,843	1,583,485	-
Transfers (out)	(1,347,967)	(3,518)	(248,750)
Bond issuance	-	20,320,000	-
Bond premium	-	546,627	-
Total Other Financing Sources (Uses)	638,876	22,446,594	(248,750)
Net Change in Fund Balances	5,755,059	15,982,729	(3,129)
Beginning fund balances (as previously reported)	17,634,897	74,652,688	1,310,194
Change to financial reporting entity (TIRZ No. 2 discrete to blended)	-	-	-
Error correction	108,820	-	-
Beginning fund balances	17,743,717	74,652,688	1,310,194
Ending Fund Balances	$ 23,498,776	$ 90,635,417	$ 1,307,065

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 525,838	$ 14,425,773
-	20,695,250
365,853	1,330,384
-	1,093,356
1,569,899	2,875,685
27,953	283,133
29,956	1,685,540
27,804	6,642,849
56,851	4,593,998
2,604,154	53,625,968
623,331	11,005,253
-	2,985,025
-	4,890,769
-	10,242,838
415,694	5,124,172
-	3,036,966
-	3,667,566
-	370,567
21,090	11,860,834
1,060,115	53,183,990
1,544,039	441,978
18,184	3,588,512
(236,197)	(1,836,432)
-	20,320,000
-	546,627
(218,013)	22,618,707
1,326,026	23,060,685
3,292,253	96,890,032
146,059	146,059
-	108,820
3,438,312	97,144,911
$ 4,764,338	$ 120,205,596

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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, 2024

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

Net changes in fund balances - total governmental funds	$	23,060,685
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		11,315,627
Contributed capital		4,472,784
Depreciation expense		(3,648,067)
Net effect of capital disposals		(8,423)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(80,345)
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		69,135
OPEB expense		(68,974)
Compensated absences		(104,236)
Accrued interest		(160,354)
Amortization of deferred charges on refunding		(25,704)
Amortization of bond premium and discounts		268,893
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		3,036,966
Bonds issued		(20,320,000)
Premiums on debt issued		(546,627)
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.		1,254,686
Change in Net Position of Governmental Activities	$	18,516,046

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
Assets			
Current Assets			
Cash and cash equivalents	$ 26,431,907	$ 533,425	$ 268,928
Restricted cash:			
Customer deposits	587,897	-	-
Capital improvements	2,082,864	-	-
Receivables, net	2,142,374	20,653	19,230
Lease receivable	16,781	22,299	-
Inventories	57,237	-	-
Total Current Assets	31,319,060	576,377	288,158
Noncurrent Assets			
Lease receivable	17,452	15,369	-
Capital assets:			
Non-depreciable	25,995,753	1,551,975	56,600
Net depreciable capital assets	40,478,819	4,158,534	37,835
Total Noncurrent Assets	66,492,024	5,725,878	94,435
Total Assets	97,811,084	6,302,255	382,593
Deferred Outflows of Resources			
Deferred charge on refunding	316,775	-	-
Pension outflows	392,026	26,043	26,172
OPEB outflows TMRS	1,587	105	106
Total Deferred Outflows of Resources	710,388	26,148	26,278

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ 887,248	$ 28,121,508	$ 1,608,483
-	587,897	-
-	2,082,864	-
448,553	2,630,810	-
-	39,080	-
-	57,237	-
1,335,801	33,519,396	1,608,483
-	32,821	-
-	27,604,328	158,165
-	44,675,188	1,956,999
-	72,312,337	2,115,164
1,335,801	105,831,733	3,723,647
-	316,775	-
-	444,241	33,003
-	1,798	133
-	762,814	33,136

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Liabilities			
Current Liabilities			
Accounts payable	1,322,705	72,360	64,162
Customer deposits	587,897	-	-
Current maturities of long-term debt	2,500,000	70,000	-
Compensated absences, current	28,294	-	3,725
Accrued interest	196,904	4,522	-
Total Current Liabilities	4,635,800	146,882	67,887
Noncurrent Liabilities			
Long-term debt	34,380,608	1,074,897	-
Compensated absences, noncurrent	3,144	-	414
Net pension liability	804,642	53,453	53,718
OPEB liability TMRS	64,905	4,312	4,333
Total Noncurrent Liabilities	35,253,299	1,132,662	58,465
Total Liabilities	39,889,099	1,279,544	126,352
Deferred Inflows of Resources			
Lease related	32,320	37,078	-
Pension inflows	21,493	1,428	1,435
OPEB Inflows TMRS	14,415	958	962
Total Deferred Inflows of Resources	68,228	39,464	2,397
Net Position			
Net investment in capital assets	43,972,425	5,051,670	37,835
Restricted for capital improvments	2,082,864	-	-
Unrestricted	12,508,856	(42,275)	242,287
Total Net Position	$ 58,564,145	$ 5,009,395	$ 280,122

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
175,135	1,634,362	271,571
-	587,897	-
-	2,570,000	434,872
-	32,019	4,450
-	201,426	-
175,135	5,025,704	710,893
-	35,455,505	1,231,724
-	3,558	495
-	911,813	67,740
-	73,550	5,464
-	36,444,426	1,305,423
175,135	41,470,130	2,016,316
-	69,398	-
-	24,356	1,809
-	16,335	1,214
-	110,089	3,023
-	49,061,930	469,192
-	2,082,864	-
1,160,666	13,869,534	1,268,252
$ 1,160,666	$ 65,014,328	$ 1,737,444

City of Taylor, Texas

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

For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Operating Revenues			
Water revenue	$ 11,552,379	$ -	$ -
Sewer revenue	5,498,373	-	-
Airport services	-	471,632	-
Cemetery services	-	-	249,792
Sanitation	-	-	-
Other income	97,811	23,990	4,823
Charges for services	-	-	-
Rents and royalties	46,757	-	-
Total Operating Revenues	17,195,320	495,622	254,615
Operating Expenses			
Personnel services	2,424,093	126,954	170,542
Contractual services	7,656,912	242,256	122,822
Material and supplies	639,435	8,995	33,670
Depreciation	1,485,304	166,030	2,325
Total Operating Expenses	12,205,744	544,235	329,359
Operating Income (Loss)	4,989,576	(48,613)	(74,744)
Nonoperating Revenues (Expenses)			
Investment income	908,191	43,548	500
Interest expense	(1,018,644)	(33,899)	-
Total Nonoperating Revenues (Expenses)	(275,818)	9,649	500
Income Before Transfers & Capital Contributions	4,713,758	(38,964)	(74,244)
Transfers and Capital Contributions			
Capital grants	716,214	-	-
Developer contributions	5,426,443	-	-
Transfers in	-	47,125	132,042
Transfers (out)	(3,234,610)	-	-
Change in Net Position	7,621,805	8,161	57,798
Beginning net position	50,942,340	5,001,234	222,324
Ending Net Position	$ 58,564,145	$ 5,009,395	$ 280,122

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ -	$ 11,552,379	$ -
-	5,498,373	-
-	471,632	-
-	249,792	-
2,238,360	2,238,360	-
-	126,624	72,722
-	-	1,575,434
-	46,757	-
2,238,360	20,183,917	1,648,156
-	2,721,589	158,507
1,636,957	9,658,947	824,931
-	682,100	-
-	1,653,659	827,037
1,636,957	14,716,295	1,810,475
601,403	5,467,622	(162,319)
-	952,239	12,500
-	(1,052,543)	(63,058)
-	(265,669)	(50,558)
601,403	5,201,953	(212,877)
-	716,214	-
-	5,426,443	-
-	179,167	1,467,563
(164,200)	(3,398,810)	-
437,203	8,124,967	1,254,686
723,463	56,889,361	482,758
$ 1,160,666	$ 65,014,328	$ 1,737,444

City of Taylor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	**Airport**	**Cemetery Operating**
Cash Flows from Operating Activities			
Receipts from customers	$ 17,225,680	$ 475,781	$ 245,514
Payments to suppliers and contractors	(8,329,780)	(236,755)	(50,710)
Payments to employees for salaries and benefits	(2,431,285)	(111,910)	(164,102)
Net Cash Provided (Used) by Operating Activities	6,464,615	127,116	30,702
Cash Flows from Noncapital Financing Activities			
Transfer in	-	47,125	132,042
Transfer (out)	(3,234,610)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,234,610)	47,125	132,042
Cash Flows from Capital and Related Financing Activities			
Capital grants	716,214	-	-
Purchases of capital assets	(4,268,216)	(634,631)	(56,600)
Proceeds from capital debt	9,170,225	-	-
Principal paid on capital debt	(2,350,000)	(70,000)	-
Interest paid on capital debt	(1,048,360)	(35,388)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	2,054,498	(740,019)	(56,600)
Cash Flows from Investing Activities			
Interest on investments	908,191	43,548	500
Net Cash Provided (Used) by Investing Activities	908,191	43,548	500
Net Increase (Decrease) in Cash and Cash	6,192,694	(522,230)	106,644
Beginning cash and cash equivalents	22,909,974	1,055,655	162,284
Ending Cash and Cash Equivalents (Including Restricted Cash)	$ 29,102,668	$ 533,425	$ 268,928

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds				Governmental Activities	
Sanitation		Total		Internal Service	
$	2,148,384	$	20,095,359	$	1,648,156
	(1,633,080)		(10,250,325)		(825,466)
	-		(2,707,297)		(179,015)
	515,304		7,137,737		643,675
	-		179,167		1,467,563
	(164,200)		(3,398,810)		-
	(164,200)		(3,219,643)		1,467,563
	-		716,214		-
	-		(4,959,447)		(916,893)
	-		9,170,225		-
	-		(2,420,000)		(445,304)
	-		(1,083,748)		(67,447)
	-		1,257,879		(1,429,644)
	-		952,239		12,500
	-		952,239		12,500
	351,104		6,128,212		694,094
	536,144		24,664,057		914,389
$	887,248	$	30,792,269	$	1,608,483

City of Taylor, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds Public Utilities	Airport	Cemetery Operating
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ 4,989,576	$ (48,613)	$ (74,744)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,485,304	166,030	2,325
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	39,968	(19,251)	(9,101)
Inventory	-	-	54,000
Lease receivable	(12,002)	(590)	-
Deferred Outflows of Resources:			
Pension outflows	74,117	(9,016)	(1,269)
OPEB outflows	160	(41)	(13)
Increase (Decrease) in:			
Accounts payable	(33,433)	14,496	51,782
Customer deposits	2,394	-	-
Net pension liability	(104,171)	20,257	5,165
OPEB liability	8,080	2,236	1,297
Deferred Inflows of Resources:			
Pension inflows	21,493	180	(175)
OPEB inflows	(6,871)	1,428	1,435
Net Cash Provided (Used) by Operating Activities	$ 6,464,615	$ 127,116	$ 30,702
Schedule of Non-Cash Capital and Related Financing Activities			
Developer contributions	$ 5,426,443	$ -	$ -

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
$ 601,403	$ 5,467,622	$ (162,319)
-	1,653,659	827,037
(89,976)	(78,360)	-
-	54,000	-
-	(12,592)	-
-	63,832	24,116
-	106	81
3,877	36,722	(535)
-	2,394	-
-	(78,749)	(43,621)
-	11,613	(1,499)
-	21,498	1,809
-	(4,008)	(1,394)
$ 515,304	$ 7,137,737	$ 643,675
$ -	$ 5,426,443	$ -

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

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

B. Reporting Entity

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

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

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

Blended Component Units

Tax Increment Reinvestment Zone No. 2

The Tax Increment Reinvestment Zone No. 2 ("TIRZ"), is legally separate from the City and was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The City will participate in the Zone by contributing annually up to 93.5% of the City's tax increment from real property ad valorem taxes in the Zone assessed and collected for tax years beginning January 1, 2021, and continuing until termination of the Zone. The City is financially accountable for the TIF and the TIF is fiscally dependent on the City as defined by GASB 61. The Board of Directors shall consist of at least five members, but no more than fifteen members including any members appointed by the City Council. The current Board is comprised entirely of City Council members. Therefore, blended presentation is appropriate. Separately issued audited financial statements are not available.

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, 111 West 3rd St, Suite 100, Taylor, TX 76574.

Tax Increment Financing Fund

The Tax Increment Financing fund No. 1, is legally separate from the City and was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The City is financially accountable for the TIF and the TIF is fiscally dependent on the City as defined by GASB 61. The Board of Directors shall consist of at least five members, but no more than fifteen members including any members appointed by the participating taxing units, and that the Taylor Main Street Advisory Board is appointed to serve as the Board of Directors. The current Board is not primarily comprised of City Council members. Therefore, discrete presentation is appropriate. Separately issued audited financial statements are not available. However, the fund's government wide presentation represents a complete presentation of the entity's activity.

Separately issued audited financial statements are not available. However, the fund's government wide presentation represents a complete presentation of the entity's activity.

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

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

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

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

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

The government reports the following major governmental funds:

General Fund

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

Capital Improvements Fund

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

I&S for CO Bonds Fund

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

The government reports the following major enterprise funds:

Public Utilities Fund

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

Airport

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

Cemetery Operating Fund

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

Sanitation Fund

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

Additionally, the government reports the following fund types:

Special Revenue Funds

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

Internal Service Funds

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

Transportation User Fee Fund

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

Permanent Fund

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

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

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

D. Measurement focus and basis of accounting

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows / Inflows of Resources

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

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

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

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

10. Long-Term Obligations

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

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

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

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

11. Leases

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

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

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

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

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

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

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

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

12. Subscription Based Information Technology Arrangements ("SBITA")

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

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

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

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

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

13. Pensions

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

14. Other Postemployment Benefits ("OPEB")

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

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

15. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

The Property Tax Code provides for county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board responsible for appraising property for all taxing units within the county. The appraisal of property within the City of Taylor is the responsibility of the Williamson Central Appraisal District. With the exception of certain state mandated limitations on the valuation of residential homestead property, the Appraisal District is required 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. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

(i) "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

(ii) "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

(iii) "no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations.

3. Compensated Absences

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

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

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations at the legal level of control as follows:

General Fund:	
Total expenditures	$ 2,942,135
Hotel/Motel Tax Revenue:	
Total expenditures	$ 44,797

B. 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		$ 1,307,065	$ -
Capital projects		91,369,357	-
Cemetery land purchase		139,641	-
Municipal court	*	124,516	-
Moody museum		246,628	-
Library bequest funds		347,021	-
Roadway impact fees		724,055	-
PEG Fees		372,618	-
Pubic safety		11,069	-
Donations		33,323	-
Weaterization		66,135	-
Tourism		191,049	-
Main street		25,002	-
Other purposes		4,252	-
Drainage		-	819,916
Road maintenance		-	2,052,823
Total		$ 94,961,731	$ 2,872,739

* Restricted by enabling legislation

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2024, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Municipal bonds	$ 3,971,045	0.50	AAA
External investment pools	110,380,052	0.10	AAAm
Total fair value	$ 114,351,097		
Portfolio weighted average maturity		0.11	

As of September 30, 2024, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
External investment pools	$ 589,593	0.08	AAAm
Total fair value	$ 589,593		
Portfolio weighted average maturity		0.08	

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, 2024, 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, 2024, the market values of pledged securities and FDIC exceeded bank balances.

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

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

B. Fair Value Measurement

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

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

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

The following table sets forth by level, within the fair value hierarchy, the City’s fair value measurements at September 30, 2024.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	$ 3,971,045	$ 3,971,045	$ -	$ -
Total Assets at fair value	$ 3,971,045	$ 3,971,045	$ -	$ -

C. Receivables

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

	Governmental Activities				
	General	I&S for CO Bonds	Capital Improvements	Nonmajor Governmental	Total
Property taxes	$ 237,150	$ 124,897	$ -	$ -	$ 362,047
Sales tax	1,371,821	-	-	-	1,371,821
Franchise taxes	263,661	-	-	-	263,661
Accounts	-	-	-	252,277	252,277
Other	69,124	-	231,613	320	301,057
Allowance	(54,611)	(18,677)	-	(16,443)	(89,731)
	$ 1,887,145	$ 106,220	$ 231,613	$ 236,154	$ 2,461,132

	Business-Type Activities				
	Public Utilities	Airport	Cemetery Operating	Sanitation	Total
Accounts	$ 2,147,678	$ 20,653	$ 19,230	$ 449,372	$ 2,636,933
Allowance	(5,304)	-	-	(819)	(6,123)
	$ 2,142,374	$ 20,653	$ 19,230	$ 448,553	$ 2,630,810

The Taylor Economic Development Corporation receivables consisted of sales tax totaling $467,252.

Lease Receivables

The City is the lessor of three contracts in which the City receives lease payments from lessees. This includes two separate cell phone companies for the use of existing water tower antenna space and two tolling equipment companies. The cell tower leases commenced in 2018 and 2021 and are renewable in 5-year increments. Annual lease payments of $18,150 will be received from AT&T through September 2026. Monthly lease payments of $2,133.75 will be received from Verizon through December 2023. This lease was completed during the 2024 fiscal year. The City has a lease agreement with Kapsch for the use and access of roadway to test an open road tolling system. Monthly lease payments of $2,640 will be received from Kapsch through June 2028. The airport has a lease agreement to lease hanger space with a lessee for $1,950 per month through May of 2026. As of September 30, 2024, the lease receivable and offsetting deferred inflows amounted to $34,233 and $32,320, respectively, for the cell tower leases. The lease receivable and offsetting deferred inflows amounted to $110,149 and $86,010, respectively, for the new tolling company roadway lease. The lease receivable and offsetting deferred inflows amounted to $37,668 and $37,078, respectively, for the airport hanger lease.

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

Year ending	Business-Type Activities	
September 30,	Principal	Interest (4%)
2025	$ 39,080	$ 2,470
2026	32,821	930
	$ 71,901	$ 3,400

Year ending	Governmental Activities	
September 30,	Principal	Interest (4%)
2025	$ 27,780	$ 3,900
2026	28,911	2,769
2027	30,089	1,591
2028	23,369	391
	$ 110,149	$ 8,651

D. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 4,008,188	$ 1,957,803	$ -	$ 5,965,991
Construction in progress	6,232,542	8,536,778	(4,781,076)	9,988,244
Total capital assets not being depreciated	10,240,730	10,494,581	(4,781,076)	15,954,235
Capital assets, being depreciated:				
Streets and bridges	62,400,392	4,472,785	1,806,258	68,679,435
Parks and dams	21,645,430	565,731	741,152	22,952,313
Sidewalks, curbs and gutters	3,789,523	-	-	3,789,523
Buildings and improvements	12,529,407	21,015	2,225,243	14,775,665
Operating equipment	6,213,827	289,298	(320,443)	6,182,682
Right-of-use assets-equipment	462,308	-	-	462,308
Equipment in internal service funds	8,961,103	1,079,689	-	10,040,792
Total capital assets being depreciated	116,001,990	6,428,518	4,452,210	126,882,718
Less accumulated depreciation				
Streets and bridges	24,312,770	1,619,125	-	25,931,895
Parks and dams	6,204,538	776,069	-	6,980,607
Sidewalks, curbs and gutters	1,057,924	94,738	-	1,152,662
Buildings and improvements	5,190,309	431,983	-	5,622,292
Operating equipment	4,136,045	645,418	(320,443)	4,461,020
Right-of-use assets-equipment	95,662	95,394	-	191,056
Equipment in internal service funds	7,300,734	812,377	-	8,113,111
Total accumulated depreciation	48,297,982	4,475,104	(320,443)	52,452,643
Net capital assets being depreciated	67,704,008	1,953,414	4,772,653	74,430,075
Total Capital Assets	$ 77,944,738	$ 12,447,995	$ (8,423)	$ 90,384,310

Depreciation was charged to governmental functions as follows:

General government	$ 307,827
Community development	462,429
Public safety	883,691
Public works	1,994,120
Internal service funds	827,037
Total Governmental Activities Depreciation Expense	$ 4,475,104

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 2,050,412	$ 1,095,618	$	$ 3,146,030
Construction in progress	24,250,723	3,863,830	(3,656,255)	24,458,298
Total capital assets not being depreciated	26,301,135	4,959,448	(3,656,255)	27,604,328
Capital assets, being depreciated:				
Plant distribution and collection	54,223,389	5,426,442	3,557,579	63,207,410
Buildings	10,718,045	-	98,676	10,816,721
Runway	2,238,416	-	-	2,238,416
Equipment	1,482,531	-	-	1,482,531
Total capital assets being depreciated	68,662,381	5,426,442	3,656,255	77,745,078
Less accumulated depreciation				
Plant distribution and collection	25,073,231	1,224,856	-	26,298,087
Buildings	4,381,359	250,042	-	4,631,401
Runway	1,080,773	55,960	-	1,136,733
Equipment	880,868	122,801	-	1,003,669
Total accumulated depreciation	31,416,231	1,653,659	-	33,069,890
Net capital assets being depreciated	37,246,150	3,772,783	3,656,255	44,675,188
Total Capital Assets	$ 63,547,285	$ 8,732,231	$ -	$ 72,279,516

Depreciation was charged to business-type activities as follows:

Public Utilities	$ 1,485,304
Airport	166,030
Cemetery	2,325
Total Business-type Activities Depreciation Expense	$ 1,653,659

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 54,355	$ -	$ 54,355
Total capital assets not being depreciated	107,417	54,355	-	54,355
Capital assets, being depreciated:				
Leasehold improvements	26,261	-	-	26,261
Commercial sign	17,244	-	(17,244)	-
Office Equipment	59,279	12,236	-	71,515
RTU Asset-building	85,552	-	(85,552)	-
Total capital assets being depreciated	188,336	12,236	(102,796)	97,776
Less accumulated depreciation				
Leasehold improvements	8,827	1,751	-	10,578
Commercial sign	12,212	718	(12,930)	-
Office Equipment	43,584	4,411	-	47,995
RTU Asset-building	47,529	28,517	(76,046)	-
Total accumulated depreciation	112,152	35,397	(88,976)	58,573
Net capital assets being depreciated	76,184	(23,161)	(13,820)	39,203
Total capital assets	$ 183,601	$ 31,194	$ (13,820)	$ 93,558

E. Other Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 1,180,871	$ 1,166,653	$ (1,062,417)	$ 1,285,107	$ 1,156,596
Compensated Absences in internal service funds	3,259	4,657	(2,971)	4,945	4,450
Total Governmental Activities	$ 1,184,130	$ 1,171,310	$ (1,065,388)	$ 1,290,052	$ 1,161,046
Business-Type Activities:					
Compensated Absences	$ 35,803	$ 40,651	$ (40,877)	$ 35,577	$ 32,019
Total Business-Type Activities	$ 35,803	$ 40,651	$ (40,877)	$ 35,577	$ 32,019
Component Unit Activities - Taylor EDC					
Compensated Absences	$ 26,633	$ 26,000	$ (29,101)	$ 23,532	$ 21,178
Total Component Unit Activities	$ 26,633	$ 26,000	$ (29,101)	$ 23,532	$ 21,178

F. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension/OPEB liabilities, respectively.

	Beginning Balance	Additions	Refunds/ Payments	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 6,280,000	$ -	$ (985,000)	$ 5,295,000	$ 845,000
Combination Tax and					
Revenue Certificates of Obligation	84,485,000	20,320,000	(1,870,000)	102,935,000	2,285,000
Revenue Certificates of Obligation - ISF	1,125,000	-	(215,000)	910,000	215,000
Limited Tax Note	5,230,000	-	(100,000)	5,130,000	505,000
Less deferred amounts:					
For premiums	3,894,451	546,627	(273,282)	4,167,796	-
Total Bonds Payable	101,014,451	20,866,627	(3,443,282)	118,437,796	3,850,000
Note Payable - internal service fund	815,834	-	(168,709)	647,125	157,633
Lease - internal service fund	144,730	-	(61,595)	83,135	62,149
Lease - governmental activities	122,018	-	(28,434)	93,584	29,358
SBITA - governmental activities	204,599	-	(53,532)	151,067	55,673
Total Governmental Activities	$ 102,301,632	$ 20,866,627	$ (3,755,552)	$ 119,412,707	$ 4,154,813
Long-term liabilities due in more than one year				$ 115,257,894	
Business-Type Activities:					
General Obligation Bonds	$ 6,870,000	$ -	$ (375,000)	$ 6,495,000	$ 535,000
Combination Tax and					
Revenue Certificates of Obligation	22,850,000	8,930,000	(2,045,000)	29,735,000	2,035,000
Less deferred amounts:					
For premiums	1,696,108	240,225	(140,828)	1,795,505	-
Total Bonds Payable	31,416,108	9,170,225	(2,560,828)	38,025,505	2,570,000
Total Business-Type Activities	$ 31,416,108	$ 9,170,225	$ (2,560,828)	$ 38,025,505	$ 2,570,000
Long-term liabilities due in more than one year				$ 35,455,505	

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. Assets under lease have a net book value of $164,223 of year end. Assets financed through notes payable have a book value of $574,728. SBITA assets have a book value of $163,680 as of year end.

	Beginning Balance	Additions	Reductions	Ending Balance	Due in one Year
Component Unit - Taylor EDC					
Building lease	$ 40,772	$ -	$ (40,772)	$ -	$ -
Total Component Unit Activities	$ 40,772	$ -	$ (40,772)	$ -	$ -
Lease Liabilities Due in More than One Year				$ -	

In February 2022, the Corporation signed a noncancelable lease for an office building. The lease term is for 3 years with monthly payments of $2,380, $2,500, & $2,650, respectively, in twelve-month increments. There is no stated interest rate in the lease. The Corporation has utilized our incremental borrowing rate which was determined to be 5.5% on the date of the agreement. The original lease ran through January 31, 2025 however the Corporation terminated the lease early as of September 30, 2024. The Taylor EDC has an unused line of credit totaling $3,500,000.

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	$ 300,000	$ 405,000	$ 705,000
$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	5,065,000	8,010,000
$3,020,000 General Obligation Refunding Bonds, Series 2017, due in installments through 2029, interest at 2% to 4%	785,000	1,025,000	1,810,000
$4,035,000 General Obligation Refunding Bonds, Series 2021, due in installments through 2032, interest at 3%	1,265,000	-	1,265,000
Total General Obligation Bonds	$ 5,295,000	$ 6,495,000	$ 11,790,000
Combination Tax and Revenue Certificates of Obligation:			
$4,200,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, due in annual installments through 2026, interest at 4.45%	$ -	$ 1,190,000	$ 1,190,000
$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	1,800,000	2,445,000	4,245,000
$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,650,000	-	2,650,000
$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	950,000	3,300,000	4,250,000
$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	2,755,000	-	2,755,000
$12,590,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, due in annual installments through 2044, interest at 2.75%	6,490,000	3,900,000	10,390,000
$22,910,000 Combination Tax and Revenue Certificates of Obligation, Series 2022, due in annual installments through 2042, interest at 3%	11,805,000	9,970,000	21,775,000
$5,090,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 0%	4,920,000	-	4,920,000
$52,155,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 4-5%	52,155,000	-	52,155,000
$29,250,000 Combination Tax and Revenue Certificates of Obligation, Series 2024, due in annual installments through 2054, interest at 4-5%	20,320,000	8,930,000	29,250,000
Total Combination Tax and Revenue/Certificates of Obligation	$ 103,845,000	$ 29,735,000	$ 133,580,000

		Governmental Activities		Business - Type Activities		Total
Tax Notes:						
$5,325,000 Limited Tax Note						
Series 2022, due in annual installments through 2029,						
interest at 2.77%		5,130,000		-		5,130,000
Total Tax Notes	$	5,130,000	$	-	$	5,130,000
Less deferred amounts:						
Discounts and premiums	$	4,167,796	$	1,795,505	$	5,963,301
Notes Payable						
$406,7220 Note Payable to Government Capital, due in annual installments						
of $88,844 through October 2025, interest at 2.49%		165,114		-		165,114
$1,030,100 lease payable to Community Leasing, due in annually						
installments of $91,322 through 2030, interest at 3.79%		482,011		-		482,011
$72,164 lease payable to John Deere, due in monthly						
installments of $1322.5 through 2028, interest at 3.25%		36,265		-		36,265
$232,528 lease payable to US Bank, due in annual						
installments of $17,634 through 2018, interest at 2.79%		46,870		-		46,870
$147,329 Lease payable to Avaya Financial, due in monthly						
installments of $2,700 through 2028, interest at 3.25%		93,584		-		93,584
SBITA:						
$50,229 SBITA payable to Axon, due in annual						
installments of $11,283 through 2027, interest at 4%		31,311		-		31,311
$82,739 SBITA payable to Axon, due in annual						
installments of $22,720 through 2027, interest at 4%		42,852		-		42,852
$123,372 SBITA payable to Axon, due in annual						
installments of $27,713 through 2027, interest at 4%		76,904		-		76,904
Total Notes, SBITA and Leases Payable		974,911		-		974,911
Total Debt	$	119,412,707	$	38,025,505	$	157,438,212

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

General Obligation Bonds

Year	Governmental Activities		Business-type Activities	
Ending	Principal	Interest	Principal	Interest
2025	$ 845,000	$ 187,417	$ 535,000	$ 252,060
2026	575,000	163,400	530,000	238,400
2027	265,000	142,700	1,255,000	217,200
2028	475,000	134,400	1,950,000	167,000
2029	525,000	117,800	330,000	89,000
2030	535,000	99,300	355,000	75,800
2031	555,000	80,400	360,000	61,600
2032	575,000	59,450	380,000	47,200
2033	465,000	37,800	395,000	32,000
2034	480,000	19,200	405,000	16,200
Total	$ 5,295,000	$ 1,041,867	$ 6,495,000	$ 1,196,460

Tax Notes

Year	Governmental Activities	
Ending	Principal	Interest
2025	$ 505,000	$ 142,101
2026	355,000	128,113
2027	1,180,000	118,279
2028	1,590,000	85,593
2029	1,500,000	41,550
Total	$ 5,130,000	$ 515,636

Certificates of Obligation

Year Ending	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2025	$ 2,500,000	$ 4,372,581	$ 2,035,000	$ 1,231,141
2026	3,955,000	4,076,423	2,220,000	1,060,493
2027	4,095,000	3,921,305	1,595,000	972,221
2028	3,530,000	3,749,118	1,025,000	903,523
2029	3,440,000	3,597,333	1,060,000	857,943
2030	3,340,000	3,450,853	1,110,000	812,268
2031	3,145,000	3,307,528	1,155,000	764,353
2032	3,285,000	3,167,658	1,205,000	714,393
2033	3,290,000	3,033,688	1,255,000	672,793
2034	3,070,000	2,890,938	1,300,000	623,903
2035	3,195,000	2,762,838	1,340,000	578,923
2036	3,325,000	2,628,988	1,395,000	532,448
2037	3,475,000	2,489,188	1,445,000	483,988
2038	3,615,000	2,346,338	1,130,000	434,663
2039	3,760,000	2,197,188	1,165,000	395,363
2040	3,610,000	2,058,481	1,210,000	354,531
2041	3,735,000	1,929,869	1,245,000	314,694
2042	3,870,000	1,796,544	1,290,000	273,694
2043	3,130,000	1,658,106	585,000	231,169
2044	3,250,000	1,540,756	610,000	209,681
Thereafter	35,230,000	7,772,569	4,360,000	1,102,313
Total	$ 103,845,000	$ 64,748,283	$ 29,735,000	$ 13,524,492

The City entered into one certificate of obligation during the 2024 year, Series 2024 totaling $29,250,000. Interest rates ranged from 4-5% and both are due in annual installments through 2054.

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

Year ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Total
2025	$ 91,507	$ 4,910	$ 96,417
2026	45,481	2,788	48,269
2027	37,702	1,310	39,012
2028	2,029	85	2,114
Total	$ 176,719	$ 9,093	$ 185,812

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

SBITA

Year ending September 30,	Governmental Activities Principal	Interest	Total
2025	$ 55,673	$ 6,043	$ 61,716
2026	57,900	3,816	61,716
2027	37,494	1,500	38,994
Total	$ 151,067	$ 11,359	$ 162,426

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

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

Year ending September 30,	Governmental Activities Principal	Interest	Total
2025	$ 157,633	$ 22,533	$ 180,166
2026	156,356	17,658	174,014
2027	78,696	12,626	91,322
2028	81,679	9,643	91,322
2029	84,774	6,548	91,322
2030	87,987	3,335	91,322
Total	$ 647,125	$ 72,343	$ 719,468

G. Deferred Charges on Refunding

Deferred charges (gains) resulting from the issuance of series 2010, 2012, 2015, 2016, 2017, and 2021 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled $60,000 and $316,775, respectively. Current year amortization expense for governmental and business-type activities totaled $25,704 and $46,676, respectively.

H. Interfund Transactions

Transfers between the primary government funds during the 2024 year were as follows:

	Transfer In:						
Transfer out:	**General**	**Capital Improvments**	**Nonmajor Governmental**	**Cemetery Operating**	**Airport**	**Equipment Replacement**	**Total**
General	$ -	$ -	$ 13,184	$ 68,845	$ 47,125	$ 1,218,813	$ 1,347,967
Capital Improvements	3,518	-	-	-	-	-	3,518
I&S for CO Bonds	-	-	-	-	-	248,750	248,750
Nonmajor Governmental	228,000	-	5,000	3,197	-	-	236,197
Public Utilities	1,591,125	1,583,485	-	60,000	-	-	3,234,610
Sanitation	164,200	-	-	-	-	-	164,200
Total	$ 1,986,843	$ 1,583,485	$ 18,184	$ 132,042	$ 47,125	$ 1,467,563	$ 5,235,242

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

During the year, the Tax Increment Financing discretely present component unit contributed $170,840, $338,600 and $13,456 to the General, I&S for CO Bonds and Main Street Revenue funds, respectively, for debt service and capital funding.

The compositions of interfund balances as of the year ended September 30, 2024 were as follows:

	Receivable Fund:		
Payable Fund:	**General**	**I&S For CO Bonds**	**Total**
General	$ -	$ 845,838	845,838
Capital porjects	5,324	1,794	7,118
Nonmajor governmental	162,532	-	162,532
Total	$ 167,856	$ 847,632	$ 1,015,488

Interfund receivables and payables relate to various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

V. OTHER INFORMATION

A. Risk Management

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

B. Commitments and Contingent Liabilities

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

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

<u>Development Review Reimbursement Agreement ("DRRA")</u>

The City entered into a Development Review Costs and Services contract in order to expedite the development review and approval of the construction and development of a semiconductor production fabrication plant on land that will be utilized for a manufacturing facility. This agreement includes funding for City development review costs and services as well as costs of 3rd party contractors. The City is to repay all amounts funded for direct City costs associated with the project, as defined in the agreement. The City is not required to repay amounts provided and expended for 3rd party review charges and costs. The Company provided a total of $1,402,313 during the year which was placed in escrow and utilized as necessary to complete the City's development review. Subsequent replenishments will be made upon request, if necessary. This balance and subsequent advances will be paid back in annual payments starting in 2027. The amount reported as payable under this agreement totaled $1,402,313 as of September 30, 2024. During the year, the Company has also funded City $3,080,952 for 3rd party review costs.

Project Funding Agreement

The City entered into a project funding agreement with a manufacturing company that requires the construction of water and wastewater facilities to land that will be utilized for construction of a manufacturing facility. In order to expedite the construction of these facilities, the Company will contribute toward the cost of the various phases of the project. The balance of unspent contributions remaining at year end totaled $2,082,864.

C. Construction Commitments

The City of Taylor has active construction projects as of September 30, 2024. The projects include improvements for parks, the animal shelter facility, the intersection at 2nd and Main streets, downtown roads, and water and wastewater infrastructure.

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

Project	Authorized Contract Award	Remaining Commitment
TRP & Doak Park	$ 1,575,550	$ 264,216
Mustang Creek WWTP Improvements Train 2 Rehab	5,339,000	331,677
Northside Pump Station Improvements	2,124,640	103,142
Total	$ 19,672,233	$ 699,035

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

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

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

	Plan Year 2023	Plan Year 2022
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI	30% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits		131
Inactive employees entitled to but not yet receiving benefits		164
Active employees		177
	Total	**472**

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 12.94%, 12.70% and 12.69% in calendar years 2024, 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $1,787,449, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60 to 11.85%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2023. They were adopted in 2022 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2027 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public/Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

Discount Rate

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

Pension Plan Fiduciary Net Position

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/22	$ 40,620,192	$ 33,692,854	$ 6,927,338
Changes for the year:			
Service cost	2,077,338	-	2,077,338
Interest	2,757,259	-	2,757,259
Change in benefit terms	-	-	-
Difference between expected and actual experience	947,583	-	947,583
Changes of assumptions	(230,954)	-	(230,954)
Contributions – employer	-	1,605,732	(1,605,732)
Contributions – employee	-	885,050	(885,050)
Net investment income	-	3,901,945	(3,901,945)
Benefit payments, including refunds of emp. contributions	(1,621,172)	(1,621,172)	-
Administrative expense	-	(24,808)	24,808
Other changes	-	(173)	173
Net changes	3,930,054	4,746,574	(816,520)
Balance at 12/31/23	$ 44,550,246	$ 38,439,428	$ 6,110,818

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%
$ 12,710,616	$ 6,110,818	$ 726,888

5. <u>Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

For the year ended September 30, 2024, the City recognized pension expense of $1,710,944.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	$ 889,614	$ -
Changes in actuarial assumptions	-	(163,225)
Differences between expected and actual economic experience	697,495	-
Contributions subsequent to the measurement date	1,390,118	-
Total	$ 2,977,227	$ (163,225)

The City reported $1,390,118 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, 2025. 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:	
2024	$ 477,664
2025	498,420
2026	773,334
2027	(325,534)
2028	-
Thereafter	-
	$ 1,423,884

E. Other Post-Employment Benefits

<u>Supplemental Death Benefits Fund</u>

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

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

The City offers supplemental death to:	Plan Year 2022	Plan Year 2023
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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the fund is considered to be unfunded.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	27
Active employees	177
Total	285

The City's contributions to the TMRS SDBF for the years ended 2024, 2023 and 2022 were $16,197, $16,840, and $15,029, 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
2022	0.13%	0.13%	100.0%
2023	0.14%	0.14%	100.0%
2024	0.11%	0.11%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease 2.77%	Current Single Rate Assumption 3.77%	1% Increase 4.77%
$ 579,199	$ 483,745	$ 409,581

Changes in the Total OPEB Liability:

		Total OPEB Liability
Balance at 12/31/22	$	433,145
Changes for the year:		
Service Cost		22,758
Interest		17,645
Difference between expected and actual experience		3,110
Changes of assumptions		24,788
Benefit payments		(17,701)
Net changes		50,600
Balance at 12/31/23	$	483,745

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

For the year ended September 30, 2024, the City recognized OPEB expense of $13,487.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (27,676)
Change in assumptions	-	(79,759)
Contributions subsequent to measurement date	11,817	-
Total	$ 11,817	$ (107,435)

The City reported $11,817 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, 2025.

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

Year ended December 31:		
2024	$	(26,258)
2025		(36,673)
2026		(43,182)
2027		(3,575)
2028		2,253
Thereafter		-
	$	(107,435)

Health Care Benefit Provided by Plan

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

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

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

Deferred Retirement Benefits

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

Duty Death in Service Retirement Benefits

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

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

Non-duty in Service Retirement Benefits

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

Duty and Non-duty Disabled Retirement Benefits

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

Benefits for Spouses of Retired Employees

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

Non-Medicare and Medicare-Eligible Provisions

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

Vision Coverage

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

Dental Coverage

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

Life Insurance Coverage

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

Retiree Opt-Out

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

Benefits Paid By the Plan

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2024, date of the actuarial valuation.

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

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

1% Decrease (3.06%)	**Current Single Rate Assumption 4.06%**	**1% Increase (5.06%)**
$ 1,742,519	$ 1,607,494	$ 1,485,539

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
$ 1,485,539	$ 1,607,494	$ 1,790,028

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2023	**$** 776,642
Changes for the year:	
Service Cost	45,192
Interest	36,610
Difference between expected and	785,058
actual experience	-
Changes of assumptions	72,636
Benefit payments	(108,644)
Net changes	830,852
Balance at 9/30/2024	**$** 1,607,494

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

For the year ended September 30, 2024, the City recognized OPEB expense of $182,379

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 671,674	$ -
Change in assumptions	-	(3,084)
Total	**$** 671,674	**$** (3,084)

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

Year ended September 30:		
2025	$	100,577
2026		100,577
2027		100,577
2028		85,711
2029		86,615
Thereafter		194,533
	$	668,590

Employees covered by benefit terms

At the September 30, 2024 valuation date, the following employees were covered by the benefit terms:

Status	Employee	Employee & Spouse
Inactive employees or beneficiaries currently receiving benefits	6	1
Active employees	142	21
Total	148	22

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated September 30, 2024 and measured as of September 30, 2024 uses the mortality table: RPH 2014 Total Table with Projection MP-2021 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

The discount rate for the current valuation was lowered from 4.77% to 4.09%. the City began using the active premium rates for retirees. Previously the City had separate rates for retirees. This valuation reflects a change in premium rates so the cost is higher due to the cost of the implicit premiums being reflected. Also there was over a 14% increase in the number of plan participants from 149 in fiscal year 2022 to 170 in the current year. These are the major contributing factors related to the greater experience loss and the increase in the NOL. There have been no other substantive changes in the retiree plan since the last full valuation.

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

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.09%
Inflation Rate	2.5%
Salary Growth	3.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

The amount of OPEB expenses during the year were $13,487 and $182,379 for the SDB and Retiree Healthcare plans, respectively, totaling $195,866.

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

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

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

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

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled $185,797 for the year ended September 30, 2024.

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, 2024:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year Property Tax	Amount of Taxes Abated during the Fiscal Year Sales Tax
Construction of a 20,000 data information facility to create positive economic benefits through employment and tax revenue.	75%	$ 42,757	$ -
Construction of a 60,000 sf regional manufacturing and retail facility to create positive economic benefits through employment and tax revenue.	50%	-	59,648
Construction of a semiconductor manufacturing facility to create positive economic benefits through employment and tax revenue.	50%	-	4,778,770
Total		**$ 42,757**	**$ 4,838,418**

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

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

H. Restatements

The City restated beginning fund balance and net position for general fund and governmental activities due to a correction in assets. In addition, the City restated governmental activities, nomajor governmental funds, and the tax increment financing discretely presented component unit due to a change in presentation of the TIRZ no. 2 fund from discrete to blended presentation. The summary of restatements is as follows:

	Governmental Activities	General	Nonmajor Governmental	Discretely Presented Component Unit- TIF
Prior year ending fund balance/net position as reported	$ 67,939,542	$ 17,634,897	$ 3,292,253	$ 700,276
Correction to assets	108,820	108,820	-	-
Component unit change from discretely presented to blended	146,059	-	146,059	(146,059)
Restate beginning fund balance/net position	$ 68,194,421	$ 17,743,717	$ 3,438,312	$ 554,217

I. Subsequent Events

There were no material subsequent events through March 21, 2025, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Taylor, Texas

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

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 8,055,000	$ 7,989,412	$ 7,519,412	$ (470,000)
Sales tax	14,200,000	21,695,501	20,695,250	(1,000,251)
Franchise and local taxes	918,000	933,023	964,531	31,508
License and permits	1,201,500	1,093,356	1,093,356	-
Charges for services	755,300	1,305,786	1,305,786	-
Fines and forfeitures	179,500	255,180	255,180	-
Intergovernmental	128,100	341,161	553,611	212,450
Investment income	405,000	1,902,450	1,974,251	71,801
Other revenues	465,500	1,005,529	4,057,954	3,052,425
Total Revenues	26,307,900	36,521,398	38,419,331	1,897,933
Expenditures				
Current:				
General government				
City council	446,569	356,198	391,069	(34,871)
City management	752,267	970,333	987,905	(17,572)
Public information	225,338	289,715	292,991	(3,276)
Human resources	453,357	468,383	473,027	(4,644)
Financial services	1,065,831	922,108	924,231	(2,123)
Municipal court	385,381	421,940	422,894	(954)
Building maintenance	900,758	738,939	739,961	(1,022)
Information technology	296,936	288,123	262,266	25,857
Nondepartmental	5,089,600	5,669,549	5,677,401	(7,852)
City clerk	206,640	204,402	210,177	(5,775)
Total general government	9,822,677	10,329,690	10,381,922	(52,232)
Culture and recreation				
Moody museum	22,225	15,393	15,007	386
Public library	687,234	618,441	626,869	(8,428)
Parks and recreation	2,595,310	2,324,528	2,343,149	(18,621)
Total culture and recreation	3,304,769	2,958,362	2,985,025	(26,663)

City of Taylor, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	$ 1,958,310	$ 1,932,578	$ 4,696,841	$ (2,764,263)
Main Street program	200,132	191,881	193,928	(2,047)
Total community development	2,158,442	2,124,459	4,890,769	(2,766,310)
Public safety				
Fire department	4,190,606	4,387,031	4,415,869	(28,838)
Police department	5,282,612	5,398,070	5,385,249	12,821
Animal control	383,221	438,509	441,720	(3,211)
Total public safety	9,856,439	10,223,610	10,242,838	(19,228)
Public works				
Maintenance	2,706,450	3,127,849	3,148,136	(20,287)
Engineering and inspection	900,000	1,596,043	1,560,342	35,701
Total public works	3,606,450	4,723,892	4,708,478	15,414
Total Expenditures	28,748,777	30,360,013	33,303,148	(2,943,135) *
Revenues Over (Under) Expenditures	(2,440,877)	6,161,385	5,116,183	(1,045,202)
Other Financing Sources (Uses)				
Transfers in	2,432,435	2,450,405	1,986,843	(463,562)
Transfers (out)	(2,733,010)	(1,453,219)	(1,347,967)	105,252
Total Other Financing Sources (Uses)	(300,575)	997,186	638,876	(358,310)
Net Change in Fund Balance	$ (2,741,452)	$ 7,158,571	5,755,059	$ (1,403,512)
Beginning fund balance			17,743,717	
Ending Fund Balance			$ 23,498,776	

Notes to Required Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	$ 2,077,338	$ 1,692,580	$ 1,544,110	$ 1,445,657
Interest	2,757,259	2,571,320	2,401,979	2,285,948
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	947,583	(4,285)	217,930	(434,362)
Changes of assumptions	(230,954)	-	-	-
Benefit payments, including refunds of participant contributions	(1,621,172)	(1,773,534)	(1,685,453)	(1,569,543)
Net change in total pension liability	3,930,054	2,486,081	2,478,566	1,727,700
Total pension liability - beginning	40,620,192	38,134,111	35,655,545	33,927,845
Total pension liability - ending (a)	44,550,246	40,620,192	38,134,111	35,655,545
Plan fiduciary net position				
Contributions - employer	$ 1,605,732	$ 1,326,691	$ 1,264,770	$ 1,138,244
Contributions - members	885,050	731,814	671,769	627,378
Net investment income	3,901,945	(2,631,197)	4,130,252	2,222,717
Benefit payments, including refunds of participant contributions	(1,621,172)	(1,773,534)	(1,685,453)	(1,569,543)
Administrative expenses	(24,808)	(22,762)	(19,104)	(14,376)
Other	(173)	27,162	129	(561)
Net change in plan fiduciary net position	4,746,574	(2,341,826)	4,362,363	2,403,859
Plan fiduciary net position - beginning	33,692,854	36,034,680	31,672,317	29,268,458
Plan fiduciary net position - ending (b)	$ 38,439,428	$ 33,692,854	$ 36,034,680	$ 31,672,317
Fund's net pension liability - ending (a) - (b)	$ 6,110,818	$ 6,927,338	$ 2,099,431	$ 3,983,228
Plan fiduciary net position as a percentage of the total pension liability	86.28%	82.95%	94.49%	88.83%
Covered payroll	$ 12,643,564	$ 10,454,481	$ 9,596,703	$ 8,962,539
Fund's net pension liability as a percentage of covered payroll	48.33%	66.26%	21.88%	44.44%

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
$ 1,401,414	$ 1,182,552	$ 1,041,311	$ 968,428	$ 969,566	$ 849,391
2,112,720	2,033,920	1,924,860	1,820,956	1,807,443	1,722,971
(645,002)	-	-	-	-	-
368,547	(21,953)	(109,310)	(103,381)	(453,575)	(316,854)
239,530	-	-	-	67,202	-
(1,586,423)	(1,396,663)	(1,226,886)	(1,139,378)	(1,327,734)	(889,978)
1,890,786	1,797,856	1,629,975	1,546,625	1,062,902	1,365,530
32,037,059	30,239,203	28,609,228	27,062,603	25,999,701	24,634,171
33,927,845	32,037,059	30,239,203	28,609,228	27,062,603	25,999,701
$ 1,035,374	$ 963,711	$ 865,382	$ 823,209	$ 856,984	$ 816,847
610,069	567,366	508,931	472,404	477,619	443,939
3,916,028	(778,480)	3,147,066	1,428,482	31,157	1,123,153
(1,586,423)	(1,396,663)	(1,226,886)	(1,139,378)	(1,327,734)	(889,978)
(22,115)	(15,038)	(16,304)	(16,128)	(18,976)	(11,725)
(664)	(786)	(826)	(867)	(937)	(964)
3,952,269	(659,890)	3,277,363	1,567,722	18,113	1,481,272
25,316,189	25,976,079	22,698,716	21,130,994	21,112,881	19,631,609
$ 29,268,458	$ 25,316,189	$ 25,976,079	$ 22,698,716	$ 21,130,994	$ 21,112,881
$ 4,659,387	$ 6,720,870	$ 4,263,124	$ 5,910,512	$ 5,931,609	$ 4,886,820
86.27%	79.02%	85.90%	79.34%	78.08%	81.20%
$ 8,715,264	$ 8,105,224	$ 7,246,423	$ 6,748,626	$ 6,823,122	$ 6,341,992
53.46%	82.92%	58.83%	87.58%	86.93%	77.05%

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	$ 1,787,449	$ 1,551,989	$ 1,345,915	$ 1,215,943
Contributions in relation to the actuarially determined contribution	$ 1,787,449	$ 1,551,989	$ 1,345,915	$ 1,215,943
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 13,871,386	$ 12,222,528	$ 10,499,551	$ 9,316,011
Employer contributions as a percentage of covered payroll	12.89%	12.70%	12.82%	13.05%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projectedon a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
$ 1,113,923	$ 1,015,485	$ 939,599	$ 853,691	$ 812,004	$ 830,507
$ 1,113,923	$ 1,015,485	$ 939,599	$ 853,691	$ 812,004	$ 830,507
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,711,109	$ 8,545,927	$ 7,900,339	$ 7,124,866	$ 6,602,710	$ 6,572,876
12.79%	11.88%	11.89%	11.98%	12.30%	12.64%

City of Taylor, Texas

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

TEXAS MUNICIPAL RETIREMENT SYSTEM

SUPPLEMENTAL DEATH BENEFITS PLAN

Year Ended:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total OPEB liability				
Service cost	$ 22,758	$ 42,863	$ 38,387	$ 27,784
Interest	17,645	12,348	11,888	14,499
Differences between expected and actual experience	3,110	(38,952)	18,429	(48,165)
Changes of assumptions	24,788	(225,947)	21,159	79,500
Benefit payments, including refunds of participant contributions	(17,701)	(13,591)	(17,274)	(6,274)
Net change in total OPEB liability	50,600	(223,279)	72,589	67,344
Total OPEB liability - beginning	$ 433,145	$ 656,424	$ 583,835	$ 516,491
Total OPEB liability - ending	$ 483,745	$ 433,145	$ 656,424	$ 583,835
Covered employee payroll	$ 12,643,564	$ 10,454,481	$ 9,596,703	$ 8,962,539
City's total OPEB liability as a percentage of covered employee payroll	3.83%	4.14%	6.84%	6.51%

Notes to schedule:

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

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

12/31/2019	12/31/2018	12/31/2017 [1]
$ 22,660	$ 24,316	$ 19,565
15,985	14,756	14,401
(21,171)	(17,300)	-
82,525	(29,995)	33,502
(6,101)	(5,674)	(4,348)
93,898	(13,897)	63,120
$ 422,593	$ 436,490	$ 373,370
$ 516,491	$ 422,593	$ 436,490 [2]
$ 8,715,264	$ 8,105,224	$ 7,246,423
5.93%	5.21%	6.02%

City of Taylor, Texas

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

RETIREE HEALTHCARE

Year Ended:

	9/30/2024	9/30/2023	9/30/2022
Total OPEB liability			
Service cost	$ 45,192	$ 45,192	$ 67,723
Interest	36,610	36,264	21,094
Differences between expected and actual experience	785,058	-	(47,941)
Changes of assumptions	72,636	-	(153,989)
Benefit payments, including refunds of participant contributions	(108,644)	(39,752)	(43,477)
Net change in total OPEB liability	830,852	41,704	(156,590)
Total OPEB liability - beginning	776,642	734,938	$ 891,528
Total OPEB liability - ending (a)	1,607,494	776,642	$ 734,938
Covered employee payroll	$ 10,454,481	$ 10,454,481	$ 9,225,768
City's total OPEB liability as a percentage of covered employee payroll	15.38%	7.43%	7.97%

Notes to schedule:

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

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

9/30/2021	9/30/2020	9/30/2019	9/30/2018 [1]
$ 67,723	$ 44,401	$ 44,401	$ 42,669
20,010	28,470	25,128	25,079
-	46,574	-	-
-	77,880	-	-
(35,616)	(29,465)	(33,771)	(13,977)
52,117	167,860	35,758	53,771
$ 839,411	$ 671,551	$ 635,793	$ 582,022
$ 891,528	$ 839,411	$ 671,551	$ 635,793 [2]
$ 7,633,382	$ 7,206,702	$ 6,466,936	$ 6,466,936
11.68%	11.65%	10.38%	9.83%

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law*.]

CITY OF TAYLOR, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025 IN THE AGGREGATE PRINCIPAL AMOUNT OF $____________

AS BOND COUNSEL FOR THE CITY OF TAYLOR, TEXAS (the "City") of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the Ordinance of the City adopted on __________, 2025 authorizing the issuance of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Certificates have been authorized, issued and delivered in accordance with law; and that said Certificates, except the enforceability thereof as may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, on all taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenue of the City's Water and Sewer System all as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the City with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City and the sufficiency of the revenues pledged by the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,