

Town of Taylor, Arizona

Annual Comprehensive Financial Report



Perimeter Fencing Upgrade at the Reed Hatch Memorial Cemetery

For The Fiscal Year Ended
June 30, 2021



TOWN OF TAYLOR, ARIZONA

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December 23, 2021

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

I am pleased to submit the Comprehensive Annual Financial Report (ACFR) for the Town of Taylor, Arizona (Town) for the fiscal year ended June 30, 2021. The report was prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed Certified Public Accountant.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Hinton Burdick, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Town of Taylor's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town of Taylor, incorporated in 1966, is located in Northeastern Arizona. It currently occupies 26 square miles and serves a population estimated at 4,321. The Town of Taylor is empowered by the citizens to levy property taxes through a proper election, but as of today levies no property taxes, nor has ever levied a tax on property. The Town is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The Town of Taylor has operated under the Council-Manager form of government since 1990. Policy-making and legislative authority are vested in a governing Council (Council) consisting of the mayor and six other Council members, all elected on a non-partisan basis. The Council appoints the Town manager, who in turn appoints the heads of various departments. Council members serve four-year terms which are staggered between a two-year election-cycle. The mayor is appointed from within the Council.

The Town of Taylor provides a full range of services, including ambulance and fire protection; the construction and maintenance of highways, streets and other infrastructure, parks and cultural activities. The Town also operates a water and sewer utility and an airport.

The Council is required to adopt a tentative budget on or before the third Monday in July of each year, which it did on July 2, 2020. The Town Council adopted the final budget for the fiscal year on August 13, 2021. The budget is prepared by fund, and department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing Council.

Local Economy

Major industries located within the government's boundaries, or in proximity, include power generation facilities, a regional healthcare facility, a 40-acre medical marijuana cultivation facility and a pork production operation.

In March 2016, doors opened to a new Wal-Mart store which is the anchor to a new 6-parcel commercial development in Taylor, Silver Creek Crossings. This new commercial development has bolstered construction sales taxes in the current year and will provide a stable base of retail sales tax.

Capital Projects

The Town commenced its second flood control project in a series of 3 that have been funded by FEMA to significantly reduce or eliminate flood hazard areas. The Pinedale Wash project is vital to the future success of the Town's business and industrial park and will also permanently remove several downstream homes from the floodplain. Funding of over \$1.5 Million will be provided for these 3 projects and will all be completed in the coming years.

Taylor completed a major renovation to its Rodeo Arena bleacher that seats nearly 5,000 spectators. This project was completed just in time to allow the annual 4th of July Rodeo, a historic event for the Town, to carry on despite missing the 2020 Summer Rodeo due to the COVID-19 Pandemic and structural cracking under the structure. This project cost was just over \$330,000. The Town Council also approved significant improvements to the Town's unique Cemetery by upgrading the perimeter fencing and paving 2 sections that were previously unpaved. These improvements to the Cemetery totaled \$160,000.

Long-term Financial Planning

The Town practices a very conservative fiscal approach to meeting the demands for service of the community. Resources are spent maintaining and improving the assets that are currently in place. A main priority of the Town Council and management has been to focus on operating within annual incomes and setting aside reserves while not needing to undergo financing of capital needs.

Awards and Acknowledgements

This is the Seventh year that the Town has compiled a ACFR, which will be submitted to the Government Finance Officers Association (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We were pleased to receive the award last year, and believe that our current ACFR meets the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Taylor's finances.

Respectfully Submitted,

Gus Lundberg

Gus Lundberg
Town Manager

**Town of Taylor, Arizona
List of Elected and Appointed Officials
June 30, 2021**

Elected Officials

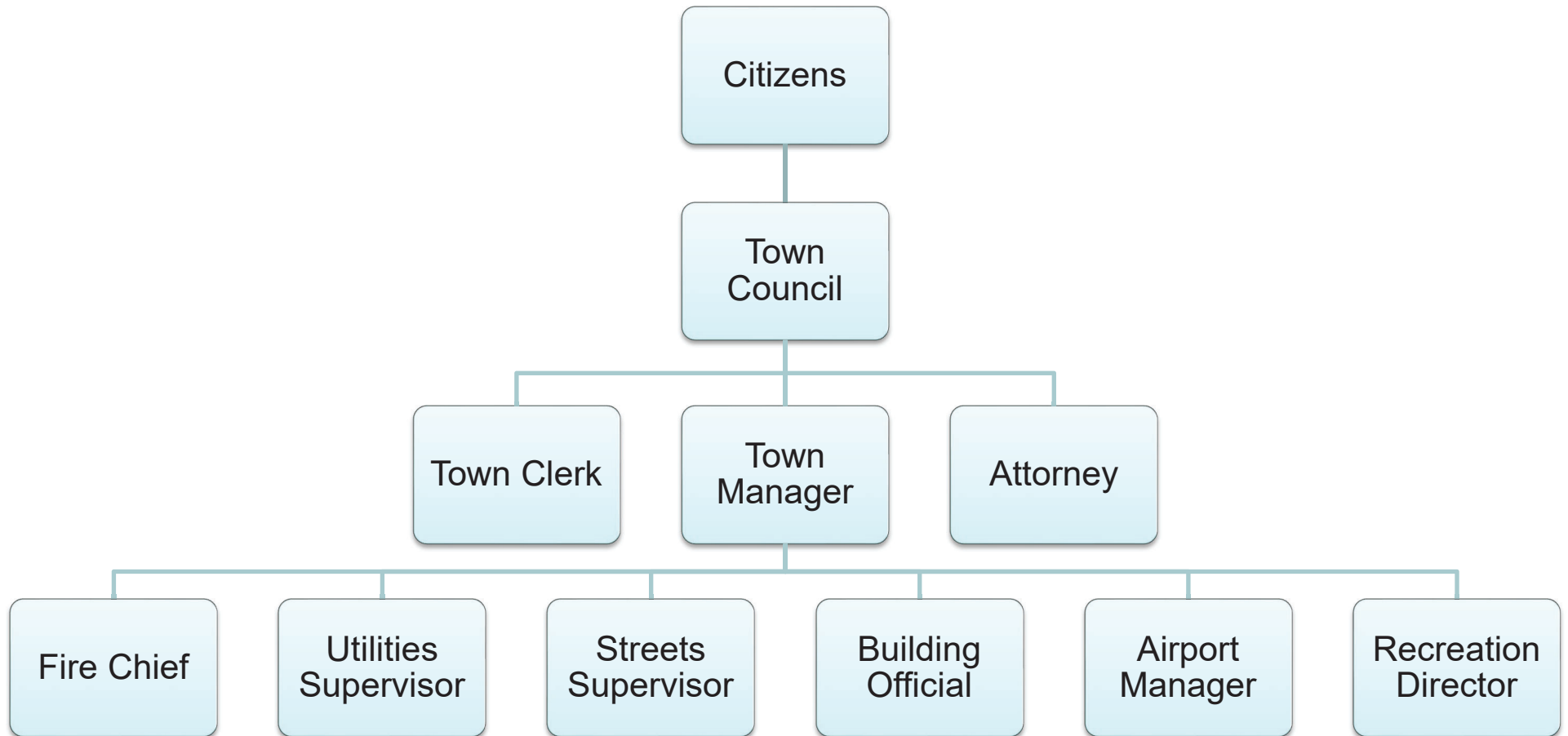
Mayor	David Smith
Vice-Mayor	Jason Brubaker
Council	Shawn Palmer
Council	Sherry Cosper
Council	Bill Baldwin
Council	Kris Neff
Council	Dustin Hancock

Appointed Officials

Town Manager	Gus Lundberg
Utilities Supervisor	Jeremy Peters
Streets Supervisor	Richard Troutman
Recreation Director	Aaron Dunford
Building Official/Zoning Administrator	Allen Davis
Town Clerk	Geri Judd
Town Attorney	Bill Sims
Fire Chief	William Nelson
Police Chief	Robert Martin
Airport Manager	Ray Webber
Town Magistrate	Fred Peterson

Town of Taylor, Arizona

Organization Chart





Government Finance Officers Association

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

Presented to

**Town of Taylor
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

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Independent Auditors' Report on Financial Statements

The Honorable Mayor and
Town Council
Taylor, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylor, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylor, Arizona, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Taylor, Arizona's basic financial statements. The introductory section, nonmajor fund budgetary comparison schedule, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 individual nonmajor fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Town of Taylor, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Taylor, Arizona's internal control over financial reporting and compliance.



HintonBurdick, PLLC
Gilbert, Arizona
December 21, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Taylor
Management's Discussion and Analysis
June 30, 2021

As management of the Town of Taylor (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Local sales tax collections of \$2,495,426 were up 15.0%, or \$325,555, from last year.
- In April 2015, the Town Council entered into an inter-governmental agreement (IGA) with the neighboring Town of Snowflake for a jointly-operated Fire and Ambulance Department. The Town of Taylor is managing agency of the joint department and efficiencies in operations are expected. The towns have funded a joint Police Department (managed by Snowflake) for over 20 years. In fiscal year 2021, Ambulance revenues of \$1,246,403 exceeded the budget by \$351,403, or 39.3%.
- The Town's total net position at the close of the fiscal year was \$17,505,094. This amount is comprised of \$15,331,577 in net investment in capital assets, \$1,343,287 in restricted net position, and \$830,231 in unrestricted net position.
- Governmental activities net position increased by \$3,225,858 and business-type activities net position increased \$171,325 for a net increase of \$3,401,183 in fiscal year 2021.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-Wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's property tax base or condition of the Town's roads to accurately assess the overall health of the Town.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, culture and recreation, and interest on long-term debt. Sales tax, State Revenue Sharing, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers to cover most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on the accrual basis of accounting in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Reporting the Town's Fiduciary Responsibilities

The Town is not currently a trustee or fiduciary for any assets.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets and deferred outflows exceeded liabilities and deferred inflows by \$17,505,094 as of June 30, 2021, as shown in the following condensed statement of net position. The Town has chosen to account for its water and sewer operations in enterprise funds which are shown as Business-type Activities.

Town of Taylor's Statement of Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 5,048,659	4,339,340	(481,011)	(356,255)	4,567,648	3,983,085
Net capital assets	10,942,489	8,692,551	8,332,114	8,442,841	19,274,602	17,135,392
Total assets	15,991,148	13,031,891	7,851,102	8,086,586	23,842,250	21,118,477
Deferred outflows of resources	199,573	168,359	76,928	58,357	276,501	226,716
Total assets and deferred outflows	\$ 16,190,721	13,200,250	7,928,030	8,144,943	24,118,751	21,345,193
Long-term liabilities	\$ 1,411,494	1,682,852	4,078,422	4,538,999	5,489,916	6,221,851
Current liabilities	609,709	706,832	110,607	99,712	720,316	806,544
Total liabilities	2,021,203	2,389,684	4,189,029	4,638,710	6,210,232	7,028,395
Deferred inflows of resources	291,184	158,090	112,241	54,796	403,425	212,886
Total liabilities and deferred inflows	2,312,387	2,547,774	4,301,270	4,693,507	6,613,657	7,241,282
Net position:						
Net investment in capital assets	10,671,345	8,381,314	4,660,233	4,350,145	15,331,577	12,731,460
Restricted	1,059,457	1,012,468	283,829	283,829	1,343,287	1,296,297
Unrestricted	2,147,532	1,258,693	(1,317,301)	(1,182,538)	830,231	76,155
Total net position	\$ 13,878,334	10,652,476	3,626,760	3,451,436	17,505,094	14,103,912

The Town has \$24,118,751 in total assets and deferred outflows of resources, with \$19,274,602 in capital assets (net of depreciation). Funds included in the business-type activities column are the Town's enterprise funds operation, which are Water and Sewer. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities. See Note 3-C, Capital Assets, for more information about the Town's capital assets.

The Town's programs include: General Government, Public Safety, Public Works/Streets, Culture and Recreation, Water, and Sewer. Each program's revenues and expenses are presented on the next page.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

Town of Taylor's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Program revenues:						
Charges for services	\$ 1,508,741	1,041,899	1,505,803	1,334,391	3,014,544	2,376,290
Operating grants and contributions	1,363,210	1,417,330	-	-	1,363,210	1,417,330
Capital grants and contributions	1,544,628	1,127,008	180,401	43,080	1,725,028	1,170,088
General revenues:						
Taxes	3,450,550	2,974,995	-	-	3,450,550	2,974,995
State revenue sharing	617,531	551,138	-	-	617,531	551,138
Other revenues	307,409	245,588	270	3,595	307,679	249,183
Total revenues	8,792,069	7,357,959	1,686,474	1,381,066	10,478,543	8,739,025
Expenses:						
General government	1,608,764	1,533,429	-	-	1,608,764	1,533,429
Public safety	2,947,552	2,736,405	-	-	2,947,552	2,736,405
Public works/Streets	479,424	514,095	-	-	479,424	514,095
Culture and recreation	519,795	563,140	-	-	519,795	563,140
Interest on long-term debt	10,675	12,640	-	-	10,675	12,640
Water	-	-	880,231	550,258	880,231	550,258
Sewer	-	-	630,919	579,203	630,919	579,203
Total expenses	5,566,211	5,359,710	1,511,149	1,129,461	7,077,360	6,489,170
Change in net position	3,225,858	1,998,249	175,325	251,605	3,401,183	2,249,854
Net position - beginning	10,652,476	8,654,227	3,451,436	3,199,830	14,103,912	11,854,057
Net position - ending	\$ 13,878,334	10,652,476	3,626,760	3,451,436	17,505,094	14,103,912

Governmental Activities

The cost of all Governmental activities this year was \$5,566,211. \$1,508,741 of this cost was paid for by those who directly benefited from the programs. \$2,907,838 was subsidized by grants and contributions received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services totaled \$4,416,579. General taxes, State Revenue Sharing, investment in earnings, and other revenues totaled \$4,375,490.

Total resources available during the year to finance governmental operations were \$19,665,376, consisting of Net Position at July 1, 2020 of \$10,652,476, program revenues of \$4,416,579, and General Revenues of \$4,375,490. Total Governmental Activities expenses during the year were \$5,566,211; thus, Governmental Net Position was increased by \$3,225,858. The primary reason for this increase was due to significant increases in taxes revenues as the recovery from COVID-19 continues. Additionally, revenues from ambulance fees increased \$346,540. Lastly, grant revenues totaling \$694,350 were received for street projects.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

Business-type Activities

Net Position of the Business Type activities at June 30, 2021, as reflected in the Statement of Net Position, was \$3,626,760. The cost of providing all Proprietary (Business Type) activities this year was \$1,511,149. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,505,803. The Net Position increased by \$175,325. This increase is primarily due to increases in water rates.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Taylor uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Taylor's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. See the Balance Sheet for Governmental Funds statement for information about components of the fiscal year's ending fund balance for governmental funds.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,434,913, an increase of \$804,753 in comparison with the prior year. Approximately 76.1% (\$3,374,863) constitutes assigned or unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund has a total fund balance of \$3,375,456 of which \$3,370,780 is assigned or unassigned. The fund balance increased during the current year by \$759,159 mainly due to an increase in sales tax and intergovernmental revenues.

The Highway User Revenue Fund has a total fund balance of \$1,055,375, all of which is restricted for road construction and maintenance. The fund balance increased during the current year by \$41,512.

The Grants Fund has a total fund balance of \$4,083. The fund balance increased during the year by \$4,083, after intergovernmental revenues of \$453,030, transfers in of \$108,274 from the General fund, and capital outlay expenditures of \$557,221.

Proprietary funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

General fund revenues of \$6,906,865 were more than budgeted revenues of \$6,264,174 by \$642,691, mainly due to sales tax revenues, intergovernmental revenues, and ambulance revenues received being higher than anticipated.

Expenditures of \$6,039,432 were less than budgeted expenditures of \$6,351,000 by \$311,567, mainly due to budgeted contingency amounts not being used. All departmental expenditures were under budgeted amounts.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Town of Taylor's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	Total
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Net Capital Assets:						
Land and water rights	\$ 1,865,885	1,032,224	40,000	40,000	1,905,885	1,072,224
Buildings	872,697	884,813	-	-	872,697	884,813
Improvements	2,474,953	2,689,671	-	-	2,474,953	2,689,671
Infrastructure	1,360,253	1,467,601	8,157,720	6,916,981	9,517,973	8,384,583
Machinery and equipment	1,280,137	1,017,317	117,264	104,930	1,397,401	1,122,247
Work in progress	3,088,564	1,600,925	17,130	1,380,930	3,105,694	2,981,855
Totals	\$ 10,942,489	8,692,551	8,332,114	8,442,841	19,274,602	17,135,393

The capital assets of the Town are those assets that are used in performance of Town functions. The total amount of capital assets, net of depreciation, of \$19,274,602 is an increase of \$2,139,209 from the previous year. Governmental activities capital assets, net of depreciation, of \$10,942,489 is an increase of \$2,249,938 from the previous year. Business-type activities capital assets, net of depreciation, of \$8,332,114 is a decrease of \$110,727 from the previous year. The net increase in capital assets, net of depreciation is equal to the amount that new investment in capital assets exceeded depreciation charged on capital assets during the year. Additional information regarding capital assets may be found in the notes to the financial statements, Note 3-C.

Town of Taylor's Outstanding Long-term Liabilities

	Current Year	Previous Year	Change
Governmental activities:			
Compensated absences	\$ 61,663	55,664	5,999
Capital leases	271,144	311,237	(40,093)
Landfill post-closure payable	58,836	58,836	-
Net pension/OPEB liability	1,019,851	1,257,115	(237,264)
Total governmental	\$ 1,411,494	1,682,852	(271,358)
Business-type activities:			
WIFA Sewer Excise Revenue	\$ 2,215,881	2,450,696	(234,815)
2018 Excise Revenue	1,456,000	1,642,000	(186,000)
Compensated absences	13,425	10,562	2,863
Net pension/OPEB liability	393,116	435,741	(42,625)
Total business-type	\$ 4,078,422	4,538,999	(460,577)
Total outstanding long-term liabilities	\$ 5,489,916	6,221,851	(731,934)

Additional information regarding long-term liabilities may be found in the notes to the financial statements, Note 3-D.

Town of Taylor
Management's Discussion and Analysis
June 30, 2021

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2021/2022 the Town Council and management budgeted for increased revenue and expenditures.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Taylor Finance Department
PO Box 158
Taylor, Arizona 85939

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BASIC FINANCIAL STATEMENTS

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Town of Taylor
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,004,587	173,092	3,177,679
Accounts receivable, net of allowance	826,563	204,524	1,031,087
Internal balances	1,208,796	(1,208,796)	-
Inventory	4,676	41,874	46,550
Total current assets	5,044,622	(789,306)	4,255,316
Non-current assets:			
Restricted cash and cash equivalents	-	306,739	306,739
Net pension/OPEB asset	4,037	1,556	5,593
Capital assets:			
Not being depreciated	4,954,449	57,130	5,011,579
Net of accumulated depreciation	5,988,039	8,274,984	14,263,023
Total non-current assets	10,946,526	8,640,409	19,586,934
Total assets	15,991,148	7,851,102	23,842,250
Deferred outflows of resources - pensions/OPEB	199,573	76,928	276,501
Total assets and deferred outflows of resources	\$ 16,190,721	7,928,030	24,118,751
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 498,945	46,543	545,488
Accrued liabilities	110,763	-	110,763
Accrued interest payable	-	41,154	41,154
Customer deposits	-	22,910	22,910
Compensated absences	30,832	8,726	39,558
Long-term debt due within one year	41,468	431,397	472,865
Total current liabilities	682,008	550,730	1,232,738
Non-current liabilities:			
Compensated absences	30,832	4,699	35,531
Landfill post-closure payable	58,836	-	58,836
Long-term debt due after one year	229,676	3,240,484	3,470,160
Net pension/OPEB liability	1,019,851	393,116	1,412,967
Total non-current liabilities	1,339,195	3,638,299	4,977,494
Total liabilities	2,021,203	4,189,029	6,210,232
Deferred inflows of resources - pensions/OPEB	291,184	112,241	403,425
Total liabilities and deferred inflows of resources	2,312,387	4,301,270	6,613,657
NET POSITION:			
Net investment in capital assets	10,671,345	4,660,233	15,331,577
Restricted for:			
Debt service	-	283,829	283,829
Highways and streets	1,059,457	-	1,059,457
Unrestricted	2,147,532	(1,317,301)	830,231
Total net position	13,878,334	3,626,760	17,505,094
Total liabilities, deferred inflows of resources and net position	\$ 16,190,721	7,928,030	24,118,751

The notes to the financial statements are an integral part of this statement.

Town of Taylor
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues			Net (Expense) Revenue (To Next Page)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,608,764	162,922	136,560	397,248	(912,034)
Public safety	2,947,552	1,247,133	414,026	-	(1,286,393)
Public works/Streets	479,424	-	723,955	1,147,380	1,391,911
Culture and recreation	519,795	98,686	88,668	-	(332,441)
Interest on long-term debt	10,675	-	-	-	(10,675)
Total governmental activities	5,566,211	1,508,741	1,363,210	1,544,628	(1,149,633)
Business-type activities:					
Water	880,231	831,854	-	119,690	71,313
Sewer	630,919	673,950	-	60,711	103,742
Total business-type activities	1,511,148	1,505,803	-	180,401	175,055
Total primary government	\$ 7,077,359	3,014,544	1,363,210	1,725,028	(974,578)

(continued on next page)

The notes to the financial statements are an integral part of this statement.

Town of Taylor
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2021

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,149,633)	175,055	(974,578)
General revenues:			
Taxes:			
City sales tax	2,495,426	-	2,495,426
Franchise tax	75,733	-	75,733
State sales tax (unrestricted)	512,613	-	512,613
Auto lieu tax (unrestricted)	366,778	-	366,778
State taxes - revenue sharing (unrestricted)	617,531	-	617,531
Unrestricted investment earnings	3,057	270	3,327
Miscellaneous	304,352	-	304,352
Total general revenues	<u>4,375,490</u>	<u>270</u>	<u>4,375,760</u>
Change in net position	3,225,858	175,325	3,401,183
Net position - beginning	<u>10,652,476</u>	<u>3,451,436</u>	<u>14,103,911</u>
Net position - ending	<u>\$ 13,878,334</u>	<u>3,626,760</u>	<u>17,505,094</u>

The notes to the financial statements are an integral part of this statement.

Town of Taylor
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Highway User Revenue Fund	Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,007,410	997,177	-	3,004,587
Receivables:				
Accounts receivable	132,079	-	-	132,079
Intergovernmental	398,487	64,919	231,078	694,484
Due from other funds	1,363,792	-	-	1,363,792
Inventories	4,676	-	-	4,676
TOTAL ASSETS	\$ 3,906,444	1,062,096	231,078	5,199,618
LIABILITIES				
Accounts payable	\$ 421,391	5,555	71,999	498,945
Accrued liabilities	109,597	1,166	-	110,763
Due to other funds	-	-	154,996	154,996
TOTAL LIABILITIES	530,988	6,721	226,995	764,704
FUND BALANCES:				
Nonspendable:				
Inventory	4,676	-	-	4,676
Restricted for:				
Highways and streets	-	1,055,375	4,083	1,059,457
Unassigned	3,370,780	-	-	3,370,780
TOTAL FUND BALANCES	3,375,456	1,055,375	4,083	4,434,913
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,906,444	1,062,096	231,078	5,199,618

The notes to the financial statements are an integral part of this statement.

Town of Taylor
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balances - Total Governmental Funds **\$ 4,434,913**

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources, and therefore, are not reported in the funds:

Capital assets, at cost	\$ 23,985,209	
Less accumulated depreciation	<u>(13,042,720)</u>	
Net capital assets		10,942,489

Net OPEB asset is not an available resource and therefore is not reported in the fund statements.		4,037
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Some liabilities are not due in the current period and therefore are not reported in the funds.

Leases payable	\$ (271,144)	
Landfill post-closure payable	(58,836)	
Compensated absences	(61,663)	
Net pension/OPEB liability	<u>(1,019,851)</u>	
		(1,411,494)

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows	\$ 199,573	
Deferred inflows	<u>(291,184)</u>	
		(91,611)

Total Net Position of Governmental Activities **\$ 13,878,334**

Town of Taylor
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2021

	General Fund	Highway User Revenue Fund	Grants Fund	Total Governmental Funds
REVENUES				
Taxes:				
Sales taxes	\$ 2,495,426	-	-	2,495,426
Franchise taxes	75,733	-	-	75,733
License and permits	91,471	-	-	91,471
Intergovernmental revenues	2,533,425	1,418,305	453,030	4,404,760
Charges for services	1,417,270	-	-	1,417,270
Interest	3,057	-	-	3,057
Miscellaneous revenue	290,483	13,868	-	304,352
Total revenues	6,906,865	1,432,173	453,030	8,792,069
EXPENDITURES				
Current:				
General government	1,370,723	-	-	1,370,723
Public safety	2,854,976	-	-	2,854,976
Public works/Streets	-	281,267	-	281,267
Culture and recreation	493,906	-	-	493,906
Capital outlay	1,269,059	1,109,396	557,221	2,935,675
Debt service:				
Principal	40,093	-	-	40,093
Interest and fiscal charges	10,675	-	-	10,675
Total expenditures	6,039,432	1,390,662	557,221	7,987,316
Excess (deficiency) of revenues over (under) expenditures	867,433	41,511	(104,191)	804,753
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	108,274	108,274
Transfers out	(108,274)	-	-	(108,274)
Total other financing sources and (uses)	(108,274)	-	108,274	-
Net change in fund balances	759,159	41,512	4,083	804,753
Fund balances - beginning of year	2,616,297	1,013,863	-	3,630,160
Fund balance - end of year	\$ 3,375,456	1,055,375	4,083	4,434,913

The notes to the financial statements are an integral part of this statement.

Town of Taylor
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 804,753</u>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 2,935,675	
Depreciation expense	<u>(685,738)</u>	
Net		2,249,937

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	40,093
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The statement of activities shows pension/OPEB contributions and pension/OPEB expenses that are not shown in the fund statements.	137,074
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(5,999)
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Change in Net Position of Governmental Activities	<u><u>\$ 3,225,858</u></u>
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Town of Taylor
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	Water Fund	Sewer Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 173,092	-	173,092
Accounts receivable, net of allowance	127,490	77,034	204,524
Inventory	41,874	-	41,874
Total current assets	<u>342,456</u>	<u>77,034</u>	<u>419,490</u>
Non-current assets:			
Restricted cash and cash equivalents	20,910	285,829	306,739
Net pension/OPEB asset	754	802	1,556
Capital assets:			
Not being depreciated	5,420	51,711	57,130
Net of accumulated depreciation	2,572,158	5,702,825	8,274,984
Total non-current assets	<u>2,599,242</u>	<u>6,041,167</u>	<u>8,640,409</u>
Total assets	<u>2,941,697</u>	<u>6,118,202</u>	<u>9,059,899</u>
Deferred outflows of resources - pensions/OPEB	37,272	39,656	76,928
Total assets and deferred outflows of resources	<u>\$ 2,978,969</u>	<u>6,157,858</u>	<u>9,136,827</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 25,730	20,813	46,543
Due to other funds	-	1,208,796	1,208,796
Accrued interest payable	6,637	34,517	41,154
Customer deposits	20,910	2,000	22,910
Compensated absences, current portion	6,658	2,068	8,726
Long-term debt, current portion	76,800	354,597	431,397
Total current liabilities	<u>136,735</u>	<u>1,622,791</u>	<u>1,759,526</u>
Non-current liabilities:			
Compensated absences, long-term portion	3,585	1,114	4,699
Long-term debt, long-term portion	505,600	2,734,884	3,240,484
Net pension liability/OPEB	190,468	202,648	393,116
Total non-current liabilities	<u>699,653</u>	<u>2,938,646</u>	<u>3,638,299</u>
Total liabilities	<u>836,388</u>	<u>4,561,437</u>	<u>5,397,825</u>
Deferred inflows of resources - pensions/OPEB	54,382	57,859	112,241
Total liabilities and deferred inflows of resources	<u>890,770</u>	<u>4,619,296</u>	<u>5,510,066</u>
NET POSITION:			
Net investment in capital assets	1,995,178	2,665,055	4,660,233
Restricted for debt service	-	283,829	283,829
Unrestricted	93,021	(1,410,323)	(1,317,301)
Total net position	<u>2,088,199</u>	<u>1,538,561</u>	<u>3,626,760</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,978,969</u>	<u>6,157,858</u>	<u>9,136,827</u>

The notes to the financial statements are an integral part of this statement.

Town of Taylor
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total Enterprise Funds
Operating income:			
Charges for sales and service	\$ 819,371	673,690	1,493,060
Other revenues	12,483	260	12,743
Total operating income	831,854	673,950	1,505,803
Operating expenses:			
Salaries	162,154	127,307	289,461
Employee benefits	83,828	67,595	151,423
Repair and maintenance	395,246	37,568	432,814
Utilities	71,971	91,461	163,432
Insurance	16,804	16,121	32,925
Other supplies and expenses	29,772	51,688	81,460
Depreciation expense	103,261	166,720	269,981
Total operating expense	863,036	558,461	1,421,497
Net operating income (loss)	(31,182)	115,489	84,307
Non-operating income (expense):			
Interest income	7	263	270
Interest expense and fiscal charges	(17,195)	(72,458)	(89,653)
Total non-operating income (expense)	(17,188)	(72,195)	(89,383)
Income (loss) before capital contributions and transfers	(48,370)	43,294	(5,076)
Capital contributions	75,000	11,711	86,711
Connection fees	44,690	49,000	93,690
Transfers in (out)	(75,645)	75,645	-
Change in net position	(4,325)	179,650	175,325
Net position - beginning, restated	2,092,524	1,358,912	3,451,436
Net position - ending	\$ 2,088,199	1,538,561	3,626,760

The notes to the financial statements are an integral part of this statement.

Town of Taylor
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers - services and other	\$ 806,834	659,485	1,466,319
Cash paid to suppliers	(507,919)	(181,695)	(689,614)
Cash paid to employees	(245,371)	(208,562)	(453,933)
Net cash provided (used) in operating activities	53,544	269,228	322,772
Cash flows from noncapital financing activities:			
Change in due to/due from	-	84,604	84,604
Interfund transfers	(75,645)	75,645	-
Net cash provided (used) in noncapital financing activities	(75,645)	160,249	84,604
Cash flows from capital and related financing activities:			
Connection fees	44,690	49,000	93,690
Cash from capital grants	63,417	11,711	75,128
Cash payments for capital assets	(85,592)	(73,662)	(159,254)
Cash payments for long-term debt principal	(74,400)	(346,415)	(420,815)
Cash payments for long-term debt interest	(21,847)	(69,974)	(91,821)
Net cash provided (used) in capital and related financing activities	(73,732)	(429,340)	(503,072)
Cashflows from investing activities:			
Cash received from interest earned	7	263	270
Net cash provided (used) in investing activities	7	263	270
Net increase (decrease) in cash	(95,826)	400	(95,426)
Cash balance - beginning	289,828	285,429	575,257
Cash balance - ending	\$ 194,002	285,829	479,831
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 173,092	-	173,092
Non-current restricted cash	20,910	285,829	306,739
Total cash and cash equivalents	\$ 194,002	285,829	479,831

The notes to the financial statements are an integral part of this statement.

Town of Taylor
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2021

**Reconciliation of Operating Income to Net Cash
Provided (Used) in Operating Activities:**

	Water Fund	Sewer Fund	Total Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
Net operating income (expense)	\$ (31,182)	115,489	84,307
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	103,261	166,720	269,981
Pension/OPEB expense and pension/OPEB contributions	1,128	(5,621)	(4,493)
Changes in assets and liabilities:			
(Increase) decrease in receivables	(29,480)	(14,865)	(44,344)
(Increase) decrease in inventory	698	698	1,396
Increase (decrease) in payables	5,176	14,445	19,621
Increase (decrease) in accrued wages and benefits	(5,479)	(5,939)	(11,419)
Increase (decrease) in compensated absences	4,962	(2,099)	2,863
Increase (decrease) in deposits	4,460	400	4,860
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) in operating activities	<u>\$ 53,544</u>	<u>269,228</u>	<u>322,772</u>

The notes to the financial statements are an integral part of this statement.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

The Town of Taylor (Town) is a municipal corporation governed by an elected mayor, vice-mayor and three-member governing council (council). The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the Town's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. When applicable, each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The following is a brief review of the component units included in defining the Town's reporting entity. There are no discretely presented component units and one blended component unit.

Blended component units included within the reporting entity:

The **Town of Taylor, Arizona Municipal Property Corporation's (MPC)** board of directors consists of members which are appointed by the Town of Taylor's Town Council. The MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in purchasing land through a note payable due to a private trust separate from the Town. The Town has a "moral obligation" for the repayment of the MPC's note payable. All related receivables and payables between the Town and the MPC have been eliminated. The MPC has a June 30 year end. For financial reporting purposes, transactions of the MPC are combined together and included as if they were part of the Town's operations.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of changes in net position report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position reports the financial position of the governmental and business-type activities of the Town and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1-B. Government-wide and fund financial statements

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are 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. The Town 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.

Property taxes, sales taxes, intergovernmental revenues, 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. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1-D. Fund types and major funds

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Highway User Revenue Fund* is used to account for the Town's share of motor fuel tax revenues which are restricted for the maintaining, repairing, and upgrading of streets.

The *Grants Fund* accounts for federal and state grants and other contributions that are restricted for specific use.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the activities related to the Town's water distribution operations.

The *Sewer Fund* accounts for the activities related to the Town's sewer collection and treatment operations.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advance 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 the 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 or resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the 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 internal balances in the business-type activities column.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1-E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition. The Town's policy allows for the investment of funds in time certificates of deposits with federally insured depositories, investment in the state treasurer's pool, obligations of the U.S. Government, and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

1-E-2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the General Fund and proprietary funds are shown net of an allowance for doubtful accounts.

1-E-3. Inventories and Prepaid items

Inventories consist of various parts and supplies and fuel on hand and are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

1-E-4. 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 Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

**1-E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance
(continued)**

Property, plant, and equipment of the primary government, as well as the component units (if any), are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 to 50 years
Treatment facilities and improvements	20 to 50 years
Machinery, vehicles and equipment	5 to 10 years
Storm drains and inlets	20 years
Infrastructure – Streets and sidewalks	20 years

1-E-5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions as required by GASB 68 and deferred outflows related to other post-employment benefits as required by GASB 75. See note 4-D for more information.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Town reports deferred inflows related to pensions as required by GASB 68 and deferred inflows related to other post-employment benefits as required by GASB 75. See note 4-D for more information.

1-E-6. Pensions and other post-employment benefits

For purposes of measuring the net pension and other post-employment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of Arizona State Retirement System (ASRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-7. Net position flow assumption

Sometimes the Town 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 Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

**1-E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance
(continued)**

1-E-8. Fund balance flow assumptions

Sometimes the Town 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 reports 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 Town'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.

1-E-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 Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town 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 Town for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the Town Manager 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.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Revenues and expenditures/expenses

1-F-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.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1-F. Revenues and expenditures/expenses (continued)

1-F-2. *Property taxes*

The Town does not currently have any primary or secondary real property tax levies.

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter.

A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

1-F-3. *Compensated absences*

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as an expense in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employees' resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

1-G. Tax abatements

The Town has not entered into any tax abatement agreements and the Town is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the Town's tax revenues.

1-H. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2-A. Budgets and budgetary accounting

Annual budgets are prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The Town follows a voter-approved alternative expenditure limitation that was adopted on April 2, 2020.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the Town adopts a budget by department of the General Fund and in total by fund for the other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. The law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

No supplementary budgetary appropriations were made during the year

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is not employed by the Town.

2-B. Expenditures over appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2021, if any.

2-C. Highway User Revenue Funds

Highway user revenue fund monies received by the Town pursuant to title 28, chapter 18, article 2 of Arizona Revised Statutes and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized transportation purposes.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 3,177,679
Restricted cash and cash equivalents	306,739
	<u><u>\$ 3,484,418</u></u>

Deposits

Custodial Credit Risk

For deposits, this is the risk that in the event of a bank failure, the Town's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk. At June 30, 2021, cash on hand was \$450 and the carrying amount of the Town's deposits was \$657,429. As of June 30, 2021, the bank balance of the Town's deposits was \$826,009 in non-interest bearing accounts. None of the Town's bank balance was exposed to custodial credit risk because it was insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

Investments

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP) with no regulatory oversight. The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. The State Board of Investments provides oversight for the State Treasurer Investment pools. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments. Financial Statements for the LGIP funds are available on the Arizona State Treasurer website at aztreasury.gov.

The provisions of State law (A.R.S 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rate "P1" by Moody's investors or "A1" by Standard and Poor's rate service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000 procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2021, the Town had the following deposits and investments:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Cash on deposit	\$ 657,429	N/A	N/A
Cash on hand	450	N/A	N/A
Local Governments Investment Pool	2,826,539	AAA	44 days
	<u><u>\$ 3,484,418</u></u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3-A. Deposits and investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35-323). A.R.S. 35-323 requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

Fair value measurements

As noted above, the Town holds investments that are measured at fair value on a recurring basis. The Town 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.

The Town has the following recurring fair value measurements as of June 30, 2021:

- Local Governments Investment Pool is valued using inputs other than quoted prices, that are observable (Level 2 inputs)

3-B. Restricted assets

Restricted assets consisted of the following cash reserves at June 30, 2021:

Business-type activities:

Water Fund:

Customer deposits	\$ 20,910
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Sewer Fund:

Debt reserves	283,829
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Customer deposits	2,000
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Total business-type activities	<u>\$ 306,739</u>
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Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3-C. Capital assets

Capital assets activity for the governmental activities during the year was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land rights	\$ 1,032,224	833,661	-	1,865,885
Construction in progress	1,600,925	2,720,643	(1,233,003)	3,088,564
Total capital assets, not being depreciated	2,633,149	3,554,304	(1,233,003)	4,954,449
Capital assets, being depreciated:				
Buildings	1,397,076	31,807	-	1,428,883
Improvements	11,410,648	87,219	-	11,497,868
Furniture, equipment & vehicles	2,622,766	452,285	(203,961)	2,871,090
Infrastructure	3,189,856	43,063	-	3,232,919
Total capital assets, being depreciated	18,620,345	614,375	(203,961)	19,030,760
Less accumulated depreciation for:				
Buildings	(512,262)	(43,924)	-	(556,187)
Improvements	(8,720,978)	(301,937)	-	(9,022,914)
Furniture, equipment & vehicles	(1,605,449)	(189,466)	203,961	(1,590,953)
Infrastructure	(1,722,254)	(150,412)	-	(1,872,666)
Total accumulated depreciation	(12,560,943)	(685,738)	203,961	(13,042,720)
Total capital assets being depreciated, net	6,059,402	(71,363)	-	5,988,039
Governmental activities capital assets, net	\$ 8,692,551	3,482,941	(1,233,003)	10,942,489

Depreciation expense was charged to functions/programs of the Town's governmental activities as follows:

Governmental activities:	
General government	\$ 270,023
Public safety	147,795
Public works/Streets	198,158
Culture and recreation	69,763
Total	\$ 685,738

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3-C. Capital assets (continued)

Capital assets activity for the business-type activities during the year was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 40,000	-	-	40,000
Construction in progress	1,380,930	77,729	(1,441,529)	17,130
Total capital assets, not being depreciated	1,420,930	77,729	(1,441,529)	57,130
Capital assets, being depreciated:				
Water system	3,858,756	44,000	-	3,902,756
Sewer system	6,474,592	1,441,529	-	7,916,121
Furniture, equipment & vehicles	290,011	37,525	(2,311)	325,225
Total capital assets, being depreciated	10,623,358	1,523,053	(2,311)	12,144,101
Less accumulated depreciation for:				
Water system	(1,323,613)	(87,675)	-	(1,411,288)
Sewer system	(2,092,753)	(157,115)	-	(2,249,868)
Furniture, equipment & vehicles	(185,081)	(25,191)	2,311	(207,961)
Total accumulated depreciation	(3,601,447)	(269,981)	2,311	(3,869,118)
Total capital assets being depreciated, net	7,021,911	1,253,072	-	8,274,984
Business-type activities capital assets, net	\$ 8,442,841	1,330,801	(1,441,529)	8,332,114

Depreciation expense was charged to functions/programs of the Town's business-type activities as follows:

Business-type activities:	
Water	\$ 103,261
Sewer	166,720
Total	\$ 269,981

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3-D. Long-term liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 55,664	45,072	(39,073)	61,663	30,832
Capital leases	311,237	-	(40,093)	271,144	41,468
Landfill post-closure payable	58,836	-	-	58,836	-
Net pension/OPEB liability	1,257,115	-	(237,264)	1,019,851	-
Total governmental activity					
long-term liabilities	\$ 1,682,852	45,072	(316,430)	1,411,494	72,300
Business-type activities:					
Loans payable from direct borrowings and direct placements:					
WIFA Sewer Excise Revenue	\$ 2,450,696	-	(234,815)	2,215,881	239,397
2018 Excise Revenue	1,642,000	-	(186,000)	1,456,000	192,000
Total loans payable	4,092,696	-	(420,815)	3,671,881	431,397
Compensated absences	10,562	14,444	(11,581)	13,425	8,726
Net pension/OPEB liability	435,741	-	(42,625)	393,116	-
Total business-type activity					
long-term liabilities	\$ 4,538,999	14,444	(475,021)	4,078,422	440,123
Total long-term liabilities	\$ 6,221,851	59,516	(791,450)	5,489,916	512,422

A description of long-term liabilities follows:

Generally, resources from the General Fund are used to liquidate pension/OPEB liabilities and compensated absences for governmental activities. The respective business-type activities generally liquidate their respective liabilities in each fund as it relates to pension/OPEB liabilities and compensated absences.

Due to requirements placed on Navajo County Lone Pine Landfill by Federal and State regulatory agencies (e.g. EPA and ADEQ) in 1995, the landfill was closed and must be monitored for thirty years. Landfill monitoring costs are the Town's share of total estimated costs of closing and monitoring the Loan Pine Landfill. The remaining post-closure costs have been estimated based on engineering studies and will be revised each year based on inflation/deflation and/or technology changes. No invoices were received from the County to pay down the liability during the fiscal year ending June 30, 2021.

The Town's outstanding loans from direct borrowings related to business-type activities of \$2,215,881 are secured with the collateral of the wastewater treatment plant. These bonds contain a provision that in an event of default, the balance of the loan is due in full, including late fees, and the Town must pay for attorney fees and collection efforts.

The Town's outstanding loans for direct placements related to business-type activities of \$1,456,000 are secured with the collateral of excise taxes. These bonds contain a provision that in an event of default, the balance of the loan is due in full and the Town must pay for attorney fees and collection efforts.

Resources from the General Fund are typically used to liquidate other long-term liabilities of the governmental funds.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3-D. Long-term liabilities (continued)

The following is a listing of loans payable outstanding as of June 30, 2021:

Loans payable:	<u>Business-Type Activities</u>
Sewer excise revenue loan payable to the Water Infrastructure Finance Authority of Arizona (WIFA), secured by all future sewer revenue, bearing interest at 2%, due in semi-annual principal and interest installments of approximately \$283,800, maturing July 1, 2028.	\$ 2,215,881
Water and sewer excise revenue loan payable to Zions Bank, secured by all future water and sewer revenue, bearing interest at 2.75%, due in semi-annual principal and interest installments of approximately \$229,000, maturing February 1, 2028.	1,456,000
Total loans payable	<u>\$ 3,671,881</u>

Loans from direct borrowings and direct placements payable debt service maturities are as follows:

Year Ended June 30,	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 431,511	81,963
2023	441,301	71,844
2024	451,188	61,492
2025	462,171	50,903
2026	472,255	40,049
2027 - 2029	1,413,455	50,898
Total	<u>\$ 3,671,881</u>	<u>357,149</u>

Capital leases:

The Town has entered into lease agreements which are considered capital leases in accordance with Generally Accepted Accounting Principles. The following is an annual schedule of future minimum lease payments with the present value of the net minimum lease payments:

Fiscal Year Ending June 30,	<u>Governmental Activities</u>
2022	\$ 50,768
2023	50,768
2024	50,768
2025	50,768
2026	50,768
2027	50,768
Total remaining lease payments	304,608
Less amount representing interest	(33,464)
Present value of net remaining minimum lease payments	<u>\$ 271,144</u>

The assets acquired through capital leases that meet the Town's capitalization threshold are as follows:

	<u>Governmental Activities</u>
Vehicles and equipment	\$ 353,786
Total capital assets	353,786
Less: Accumulated depreciation	(49,137)
Net book value	<u>\$ 304,649</u>

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3-E. Interfund receivables, payables, and transfers

As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due To:	Due from:		
	Sewer Fund	General Grant Fund	Total
General Fund	\$ 1,208,796	154,996	1,363,792
Total	\$ 1,208,796	154,996	1,363,792

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Residual balances outstanding between the governmental activities and the business-type activities are netted and reported in the government-wide financial statements as internal balances. The majority of the Sewer Fund amount due to other funds is not expected to be repaid within one year.

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

	Transfers in:	
	Grants Fund	Sewer Fund
Transfers out:		
General Fund	\$ 108,274	\$ -
Water Fund	-	75,645
Total	\$ 108,274	\$ 75,645

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expand them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 – OTHER INFORMATION

4-A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims-made basis.

The Arizona Municipal Risk Retention Pool is structured such that members premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town is insured by Municipal Workers Compensation for potential worker related accidents.

4-B. Commitments and contingencies

The Town is involved with various matters of litigation from year to year. It is the opinion of Town officials that these cases will either be handled by the Town's insurance coverage or that they will not have a material effect on the Town's financial condition. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town does not anticipate any such amounts.

4-C. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-D. Pensions and other postemployment benefits

At June 30, 2021, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	Governmental Activities	Business-type Activities	Total
Net pension and OPEB asset	\$ 4,037	\$ 1,556	\$ 5,593
Net pension and OPEB liability	1,019,851	393,116	1,412,967
Deferred outflows of resources	199,573	76,928	276,501
Deferred inflows of resources	291,184	112,241	403,425
Pension and OPEB expense	(10,895)	(4,199)	(15,094)

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4-D. Pensions and other postemployment benefits (continued)

Arizona State Retirement System (ASRS)

Plan description – Town employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date Before July 1, 2011	Initial Membership Date On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4-D. Pensions and other postemployment benefits (continued)

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill.

The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021, were \$111,250, \$3,724, and \$1,719, respectively.

During the fiscal year 2021, the Town paid for ASRS pension and OPEB contributions as follows: 72% from governmental funds, 16% from the water fund, and 12% from the sewer fund.

Liability – At June 30, 2021, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net pension/OPEB (asset) liability
Pension	\$ 1,406,913
Health insurance premium benefit	(5,593)
Long-term disability	6,054

The net asset and net liabilities were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4-D. Pensions and other postemployment benefits (continued)

The Town's proportion of the net asset or net liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Town's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

	Proportion June 30, 2019	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.01158%	0.00812%	-0.00346%
Health insurance premium benefit	0.01144%	0.00790%	-0.00354%
Long-term disability	0.01202%	0.00798%	-0.00404%

Expense – For the year ended June 30, 2021, the Town recognized the following pension and OPEB expense:

	<u>Pension/OPEB Expense</u>
Pension	\$ (18,657)
Health insurance premium benefit	1,864
Long-term disability	1,699

Deferred outflows/inflows of resources—At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,728	\$ -	\$ -	\$ 11,021	\$ 527	\$ 156
Changes of assumptions or other inputs	-	-	3,101	-	652	-
Net difference between projected and actual earnings on pension plan investments	135,698	-	5,723	-	666	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	390,299	400	-	312	1,949
Contributions subsequent to the measurement date	111,250	-	3,724	-	1,719	-
Total	<u>\$ 259,676</u>	<u>\$ 390,299</u>	<u>\$ 12,948</u>	<u>\$ 11,021</u>	<u>\$ 3,876</u>	<u>\$ 2,105</u>

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4-D. Pensions and other postemployment benefits (continued)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
2022	\$ (211,941)	\$ (1,093)	\$ 61
2023	(120,987)	117	169
2024	49,084	373	189
2025	41,971	(223)	148
2026	-	(971)	(25)
Thereafter	-	-	(490)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Town of Taylor
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4-D. Pensions and other postemployment benefits (continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Fixed income – credit	20%	5.44%
Fixed income – interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Totals	100%	

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the Town's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$ 1,923,935	\$ 1,406,913	\$ 974,710
Net insurance premium benefit liability (asset)	7,339	(5,593)	(16,599)
Net long-term disability liability	6,610	6,054	5,514

Plan fiduciary net position – Detailed information about the pension plans' fiduciary net position is available in the separately issued ASRS financial report.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Taylor
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2021

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.008120%	0.011580%	0.012600%	0.011380%	0.009500%	0.008330%	0.008080%
Proportionate share of the net pension liability (asset)	\$ 1,406,913	\$ 1,685,025	\$ 1,757,257	\$ 1,772,782	\$ 1,533,395	\$ 1,297,759	\$ 1,195,602
Covered payroll	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874	\$ 912,606	\$ 778,621	\$ 728,376
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	162.94%	138.09%	142.53%	157.18%	168.02%	166.67%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

Town of Taylor
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2021

ASRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability (asset)	0.007900%	0.011440%	0.012680%	0.011540%	0.011540%
Proportionate share of the net OPEB liability (asset)	\$ (5,593)	\$ (3,161)	\$ (4,566)	\$ (6,282)	\$ 3,337
Covered payroll	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874	\$ 912,606
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.65%	-0.26%	-0.37%	-0.56%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%	98.02%

ASRS - Long-term disability

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability (asset)	0.007980%	0.012020%	0.012620%	0.011430%	0.011430%
Proportionate share of the net OPEB liability (asset)	\$ 6,054	\$ 7,830	\$ 6,594	\$ 4,143	\$ 4,108
Covered payroll	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874	\$ 912,606
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.70%	0.64%	0.53%	0.37%	0.45%
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%	85.17%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedules above. Additional information will be displayed as it becomes available.

Town of Taylor
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2021

ASRS - Pension

	Reporting Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 111,250	\$ 101,659	\$ 136,577	\$136,500	\$127,682	\$96,518	\$83,568	\$77,937
Contributions in relation to the contractually required contribution	\$ (111,250)	\$ (101,659)	\$ (136,577)	\$ (136,500)	\$ (127,682)	\$ (96,518)	\$ (83,568)	\$ (77,937)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 966,820	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874	\$ 912,606	\$ 778,621	\$ 728,376
Contributions as a percentage of covered payroll	11.51%	11.77%	11.19%	11.07%	11.32%	10.58%	10.73%	10.70%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

Town of Taylor
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2021

ASRS - Health insurance premium benefit	Reporting Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 3,724	\$ 4,128	\$ 5,416	\$ 5,442	\$ 6,215
Contributions in relation to the contractually required contribution	\$ (3,724)	\$ (4,128)	\$ (5,416)	\$ (5,442)	\$ (6,215)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 966,820	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874
Contributions as a percentage of covered payroll	0.39%	0.48%	0.44%	0.44%	0.55%

ASRS - Long-term disability	Reporting Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,719	\$ 1,462	\$ 1,998	\$ 2,003	\$ 1,554
Contributions in relation to the contractually required contribution	\$ (1,719)	\$ (1,462)	\$ (1,998)	\$ (2,003)	\$ (1,554)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 966,820	\$ 863,434	\$ 1,220,263	\$ 1,232,866	\$ 1,127,874
Contributions as a percentage of covered payroll	0.18%	0.17%	0.16%	0.16%	0.14%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

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REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information

The budgetary comparison schedules presented in this section are prepared and adopted on the modified accrual basis of accounting.

BUDGETARY COMPARISON SCHEDULES FOR THE FOLLOWING MAJOR GOVERNMENTAL FUNDS:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Highway User Revenue Fund** is used to account for the Town's share of motor fuel tax revenues which are restricted for the maintaining, repairing, and upgrading of streets.

The **Grants Fund** accounts for federal and state grants and other contributions that are restricted for specific use.

Town of Taylor
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 GENERAL FUND**
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Sales taxes	\$ 1,800,000	1,800,000	2,495,426	695,426
Franchise taxes	75,000	75,000	75,733	733
Total taxes	<u>1,875,000</u>	<u>1,875,000</u>	<u>2,571,159</u>	<u>696,159</u>
Licenses, permits and fees:				
License and permits	2,200	2,200	21,642	19,442
Building permits	35,000	35,000	69,829	34,829
Total licenses, permits and fees	<u>37,200</u>	<u>37,200</u>	<u>91,471</u>	<u>54,271</u>
Intergovernmental revenues	2,198,474	2,198,474	2,533,425	334,951
Charges for services	1,031,500	1,031,500	1,417,270	385,770
Interest income	12,000	12,000	3,057	(8,943)
Miscellaneous revenue	<u>1,110,000</u>	<u>1,110,000</u>	<u>290,483</u>	<u>(819,517)</u>
Total revenues	<u>6,264,174</u>	<u>6,264,174</u>	<u>6,906,865</u>	<u>642,691</u>

(continued on next page)

Town of Taylor
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
GENERAL FUND (Continued)
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
General government:				
Mayor and council	29,000	29,000	23,788	5,212
Administration	385,000	385,000	354,480	30,520
Airport	108,600	135,000	118,853	16,147
Non-departmental	932,002	1,086,741	873,602	213,139
Total general government	1,454,602	1,635,741	1,370,723	265,018
Public safety:				
Code enforcement	95,000	95,000	87,002	7,998
Judicial	52,000	52,000	33,313	18,687
Fire	1,724,000	1,774,000	1,768,421	5,579
Police	968,000	968,000	966,241	1,759
Total public safety	2,839,000	2,889,000	2,854,976	34,024
Culture and recreation:				
Parks and recreation	420,200	420,200	415,942	4,258
Library	78,000	86,000	77,964	8,036
Total culture and recreation	498,200	506,200	493,906	12,294
Capital outlay	1,508,198	1,269,059	1,269,059	-
Debt service	51,000	51,000	50,768	232
Total expenditures	6,351,000	6,351,000	6,039,432	311,567
Excess (deficiency) of revenues over (under) expenditures	(86,826)	(86,826)	867,433	954,259
OTHER FINANCING SOURCES (USES)				
Sale of capital assets/other financing sources	1,000,000	1,000,000	-	(1,000,000)
Other financing uses	(1,000,000)	(1,000,000)	-	1,000,000
Transfers out	(180,000)	(180,000)	(108,274)	71,726
Total other financing sources and (uses)	(180,000)	(180,000)	(108,274)	71,726
Net change in fund balances	(266,826)	(266,826)	759,159	1,025,985
Fund balances - beginning of year	2,616,297	2,616,297	2,616,297	-
Fund balance - end of year	\$ 2,349,471	2,349,472	3,375,456	1,025,985

Town of Taylor
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 HIGHWAY USER REVENUE SPECIAL REVENUE FUND**
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	\$ 1,440,000	1,440,000	1,418,305	(21,695)
Miscellaneous revenue	10,000	10,000	13,868	3,868
Total revenues	1,450,000	1,450,000	1,432,173	(17,827)
EXPENDITURES				
Current:				
Public works/Streets	771,500	771,500	281,267	490,233
Capital outlay	1,028,500	1,028,500	1,109,396	(80,896)
Total expenditures	1,800,000	1,800,000	1,390,662	409,338
Excess (deficiency) of revenues over (under) expenditures	(350,000)	(350,000)	41,512	391,512
Fund balances - beginning of year	1,013,863	1,013,863	1,013,863	-
Fund balance - end of year	\$ 663,863	663,863	1,055,375	391,512

Town of Taylor
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 GRANTS SPECIAL REVENUE FUND**
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	2,400,000	2,400,000	453,030	(1,946,970)
Total revenues	2,400,000	2,400,000	453,030	(1,946,970)
EXPENDITURES				
Capital outlay	2,500,000	2,500,000	557,221	1,942,779
Total expenditures	2,500,000	2,500,000	557,221	1,942,779
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	(104,191)	(4,191)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	108,274	(91,726)
Total other financing sources and (uses)	200,000	200,000	108,274	(91,726)
Net change in fund balances	100,000	100,000	4,083	(95,917)
Fund balances - beginning of year	-	-	-	-
Fund balance - end of year	\$ 100,000	100,000	4,083	(95,917)

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STATISTICAL SECTION

This part of the Town of Taylor's financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	62
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	68
<i>These schedules contain information to help the reader assess the government's most significant local revenues source, the sales tax.</i>	
Debt Capacity	70
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	72
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	74
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Town of Taylor, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities											
Net investment in capital assets	\$	10,671,345	\$ 8,381,314	\$ 7,552,577	\$ 7,575,552	\$ 7,303,533	\$ 7,410,806	\$ 7,305,141	\$ 7,928,141	\$ 7,999,457	\$ 8,224,966
Restricted		1,059,457	1,012,468	637,212	976,172	870,166	837,991	869,542	879,133	767,047	1,683,268
Unrestricted		2,147,532	1,258,693	464,437	379,088	403,704	171,385	(58,958)	772,588	716,478	487,526
Total governmental activities net position	\$	13,878,334	\$ 10,652,475	\$ 8,654,226	\$ 8,930,812	\$ 8,577,403	\$ 8,420,182	\$ 8,115,725	\$ 9,579,862	\$ 9,482,982	\$ 10,395,760
Business-Type activities											
Net investment in capital assets	\$	4,660,233	\$ 4,350,145	\$ 4,156,395	\$ 2,262,174	\$ 3,854,662	\$ 3,691,044	\$ 3,599,653	\$ 3,527,577	\$ 3,480,662	\$ 3,427,260
Restricted		283,829	283,829	283,829	283,829	283,829	283,829	288,324	288,325	230,660	116,229
Unrestricted		(1,317,301)	(1,182,538)	(1,240,393)	566,354	(857,009)	(478,611)	(404,971)	(104,666)	(184,183)	(150,161)
Total business-type activities net position	\$	3,626,761	\$ 3,451,436	\$ 3,199,831	\$ 3,112,357	\$ 3,281,482	\$ 3,496,262	\$ 3,483,006	\$ 3,711,236	\$ 3,527,139	\$ 3,393,328
Primary government											
Net investment in capital assets	\$	15,331,578	\$ 12,731,459	\$ 11,708,972	\$ 9,837,726	\$ 11,158,195	\$ 11,101,850	\$ 10,904,794	\$ 11,455,718	\$ 11,480,119	\$ 11,652,226
Restricted		1,343,286	1,296,297	921,041	1,260,001	1,153,995	1,121,820	1,157,866	1,167,458	997,707	1,799,497
Unrestricted		830,231	76,155	(775,956)	945,442	(453,305)	(307,226)	(463,929)	667,922	532,295	337,365
Total primary government net position	\$	17,505,095	\$ 14,103,911	\$ 11,854,057	\$ 12,043,169	\$ 11,858,885	\$ 11,916,444	\$ 11,598,731	\$ 13,291,098	\$ 13,010,121	\$ 13,789,088

Town of Taylor, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting) - (unaudited)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 1,608,764	\$ 1,533,429	\$ 2,228,792	\$ 1,368,315	\$ 1,296,235	\$ 867,639	\$ 993,812	\$ 822,898	\$ 821,915	\$ 837,086
Public safety	2,947,552	2,736,405	2,216,420	2,630,746	2,339,849	2,119,446	1,740,142	1,712,991	1,869,293	1,784,738
Public works/streets	479,424	514,095	1,030,002	600,622	552,671	711,117	708,994	452,506	1,466,382	616,691
Culture and recreation	519,795	563,140	326,487	557,457	405,822	311,487	290,618	245,256	195,749	259,898
Economic development					-	-	-	55,668	43,666	29,666
Interest on long-term debt	10,675	12,640	1,298	1,757	2,493	1,357	14,985	16,534	20,196	17,751
Total governmental activities expenses	5,566,210	5,359,709	5,802,999	5,158,897	4,597,070	4,011,046	3,748,551	3,305,853	4,417,201	3,545,830
Business-type activities:										
Water	880,231	550,258	604,322	689,194	604,408	426,587	403,241	307,113	317,537	297,542
Sewer	630,919	579,203	660,903	602,997	645,952	557,016	566,569	492,689	496,170	487,715
Total business-type activities expenses	1,511,150	1,129,461	1,265,225	1,292,191	1,250,360	983,603	969,810	799,802	813,707	785,257
Total Expenses	\$ 7,077,360	\$ 6,489,170	\$ 7,068,224	\$ 6,451,088	\$ 5,847,430	\$ 4,994,649	\$ 4,718,361	\$ 4,105,655	\$ 5,230,908	\$ 4,331,087
Program Revenues										
Governmental activities:										
Charges for services	\$ 1,508,741	\$ 1,041,899	\$ 982,703	\$ 980,109	\$ 802,053	\$ 872,511	\$ 791,914	\$ 683,320	\$ 658,779	\$ 685,509
Operating grants and contributions	1,363,210	1,417,330	1,090,589	812,979	853,200	746,106	558,240	558,169	541,355	616,620
Capital grants and contributions	1,544,628	1,127,008	342,291	682,080	297,735	521,069	79,925	402,936	225,314	67,585
Total governmental activities program revenues	4,416,579	3,586,237	2,415,583	2,475,168	1,952,988	2,139,686	1,430,079	1,644,425	1,425,448	1,369,714
Business -type activities:										
Charges for services:	1,505,803	1,334,391	1,244,910	1,090,049	1,033,782	960,151	980,029	971,416	944,759	843,221
Operating grants and contributions	-	-	-	-	-	-	-	5,440	2,450	2,850
Capital grants and contributions	180,401	43,080	74,730	25,840	1,800	36,708	15,560	7,000	-	600
Other revenue (expense)	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,686,204	1,377,471	1,319,640	1,115,889	1,035,582	996,859	995,589	983,856	947,209	846,671
Total primary government program revenues	\$ 6,102,783	\$ 4,963,708	\$ 3,735,223	\$ 3,591,057	\$ 2,988,570	\$ 3,136,545	\$ 2,425,668	\$ 2,628,281	\$ 2,372,657	\$ 2,216,385
Net/(expense) revenue										
Governmental activities	\$ (1,149,631)	\$ (1,773,472)	\$ (3,387,416)	\$ (2,683,729)	\$ (2,644,082)	\$ (1,871,360)	\$ (2,318,472)	\$ (1,661,428)	\$ (2,991,753)	\$ (2,176,116)
Business-type activities	175,054	248,010	54,415	(176,302)	(214,778)	13,256	25,779	184,054	133,502	61,414
Total primary government net expense	\$ (974,577)	\$ (1,525,462)	\$ (3,333,001)	\$ (2,860,031)	\$ (2,858,860)	\$ (1,858,104)	\$ (2,292,693)	\$ (1,477,374)	\$ (2,858,251)	\$ (2,114,702)

Town of Taylor, Arizona
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting) - (unaudited)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues										
Governmental activities:										
Taxes										
Sales taxes	\$ 2,495,426	\$ 2,169,871	\$ 1,627,986	\$ 1,649,803	\$ 1,417,051	\$ 985,558	\$ 705,975	\$ 639,646	\$ 647,477	\$ 587,223
Franchise taxes	75,733	72,606	76,000	73,263	67,603	68,407	63,033	64,905	63,372	66,991
State shared sales taxes	512,613	440,735	421,603	404,809	378,355	388,096	375,790	357,920	336,575	321,313
Auto lieu taxes	366,677	291,784	283,142	267,139	248,618	235,191	216,607	210,079	202,387	204,684
State taxes - revenue sharing	617,531	551,138	506,803	522,316	507,845	495,084	497,783	458,335	420,032	347,056
Investment earnings	3,057	13,446	18,829	-	-	-	574	564	1,804	2,100
Gain (Loss) on Retired Assets	-	95,114	(36,432)	(27,078)	-	-	-	-	-	-
Miscellaneous	304,652	137,028	212,900	146,644	181,827	3,481	10,787	6,200	37,328	4,721
Total governmental activities	\$ 4,375,689	\$ 3,771,722	\$ 3,110,831	\$ 3,036,896	\$ 2,801,299	\$ 2,175,817	\$ 1,870,549	\$ 1,737,649	\$ 1,708,975	\$ 1,534,088
Business-type activities:										
Investment earnings	\$ 270	\$ 3,595	\$ 33,059	\$ 545	\$ -	\$ -	\$ 44	\$ 43	\$ 309	\$ 660
Impact Fees	-	-	-	24,000	-	-	-	-	-	-
Gain (Loss) on Retired Assets	-	-	-	(17,448)	-	-	-	-	-	-
Total business-type activities	270	3,595	33,059	7,097	-	-	44	43	309	660
Total primary government	4,375,959	3,775,317	3,143,890	3,043,993	2,801,299	2,175,817	1,870,593	1,737,692	1,709,284	1,534,748
Change in Net Position										
Governmental activities	\$ 3,226,058	\$ 1,998,250	\$ (276,585)	\$ 353,167	\$ 157,217	\$ 304,457	\$ (447,923)	\$ 76,221	\$ (1,282,778)	\$ (642,028)
Business-type activities	175,324	251,605	87,474	(169,205)	(214,778)	13,256	25,823	184,097	133,811	62,074
Total change in Net Position	\$ 3,401,382	\$ 2,249,855	\$ (189,111)	\$ 183,962	\$ (57,561)	\$ 317,713	\$ (422,100)	\$ 260,318	\$ (1,148,967)	\$ (579,954)

Town of Taylor, Arizona
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General fund											
Non-Spendable	\$	4,676	\$ 11,597	\$ 15,735	\$ 9,798	\$ 14,748	\$ 7,284	\$ 7,284	\$ 16,307	\$ 10,669	\$ 21,182
Restricted		-	-	-	-	-	-	-	-	-	1,735
Assigned		-	-	473,702	240,326	240,326	224,688	26,088	26,923	14,181	41,163
Unassigned		3,370,780	2,604,700	1,139,646	1,248,289	990,689	900,839	902,494	402,425	413,991	467,101
Total general fund	\$	3,375,456	\$ 2,616,297	\$ 1,629,083	\$ 1,498,413	\$ 1,245,763	\$ 1,132,811	\$ 935,866	\$ 445,655	\$ 438,841	\$ 531,181
All other governmental funds											
Nonspendable	\$	-	\$ 1,395	\$ 1,956	\$ 1,956	\$ 2,153	\$ 2,153	\$ 2,153	\$ 1,323	\$ 1,034	\$ 3,415
Restricted		1,059,457	1,012,468	614,416	976,172	870,166	837,991	869,542	879,133	704,809	1,511,643
Assigned		-	-	-	1,309	203,992	156,484	103,755	77,898	62,238	171,625
Unassigned		-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$	1,059,457	\$ 1,013,863	\$ 616,372	\$ 979,437	\$ 1,076,311	\$ 996,628	\$ 975,450	\$ 958,354	\$ 768,081	\$ 1,686,683

Town of Taylor, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Sales Taxes	\$ 2,495,426	\$ 2,169,871	\$ 1,627,986	\$ 1,649,803	\$ 1,417,051	\$ 985,558	\$ 705,975	\$ 639,646	\$ 647,477	\$ 587,223
Franchise taxes	75,733	72,606	76,000	73,263	67,603	68,407	63,033	64,905	63,372	66,991
Licenses and permits	91,471	29,945	45,014	34,020	21,752	54,467	22,213	13,210	10,224	13,711
Intergovernmental	4,404,760	3,827,995	2,644,428	2,689,322	2,285,753	2,385,366	1,704,195	1,939,859	1,642,812	1,480,474
Charges for services	1,417,270	1,011,954	937,688	946,089	780,302	796,794	746,100	660,160	630,865	660,592
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Interest revenue	3,057	13,446	18,829	-	-	-	573	564	1,804	2,100
Contributions and donations	-	-	-	-	-	-	-	23,000	20,500	35,500
Other revenues	304,352	137,028	212,900	146,644	104,668	24,911	403,536	65,731	117,368	57,210
Total revenues	8,792,069	7,262,845	5,562,845	5,539,141	4,677,129	4,315,503	3,645,625	3,407,075	3,134,422	2,903,801
Expenditures										
Current:										
General government	1,370,723	1,188,403	1,885,087	1,108,957	1,049,718	631,408	530,666	637,611	578,265	534,015
Public safety	2,854,976	2,568,003	2,116,287	2,493,545	2,324,430	2,068,123	1,713,599	1,672,214	1,885,528	1,690,933
Public works/streets	281,267	305,599	903,768	411,061	385,548	535,063	532,149	596,994	1,288,987	426,182
Culture and recreation	493,906	454,742	244,445	482,726	350,228	418,727	293,605	179,501	230,260	198,534
Economic development	-	-	-	-	-	-	-	55,668	43,666	29,666
Capital outlay	2,935,675	1,408,612	945,224	860,825	516,550	116,384	38,597	444,287	352,184	49,113
Debt service:										
Principal retirement	40,093	64,318	24,952	24,493	7,687	320,000	25,000	25,000	25,523	40,615
Interest on long-term debt	10,675	12,640	1,298	1,757	2,493	7,675	16,116	17,650	19,628	21,536
Total expenditures	7,987,315	6,002,317	6,121,061	5,383,364	4,636,654	4,097,380	3,149,732	3,628,925	4,424,041	2,990,594
Excess (Deficiency) of Revenues over expenditures	\$804,754	\$1,260,528	(\$558,216)	\$155,777	\$40,475	\$218,123	\$495,893	(\$221,850)	\$ (1,289,619)	\$ (86,793)

Town of Taylor, Arizona
Changes in Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other financing sources (uses)										
Sale of capital assets	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	108,274	115,095	62,481	171,316	757	17,240	8,674	-	-	-
Transfers (out)	(108,274)	(115,095)	(62,481)	(171,316)	(757)	(17,240)	(8,674)	-	-	-
Insurance claims	-	-	-	-	77,159	-	-	-	-	-
Lease proceeds	-	-	350,000	-	75,000	-	11,414	-	-	-
Total other financing sources (uses)	-	100,000	350,000	-	152,159	-	11,414	-	-	-
Net change in fund balances	\$804,754	\$1,360,528	(\$208,216)	\$155,777	\$192,634	\$218,123	\$507,307	(\$221,850)	(\$1,289,619)	\$ (86,793)
Debt service as a percentage of noncapital expenditures	1.00%	1.68%	0.51%	0.58%	0.25%	8.23%	1.32%	1.34%	1.11%	2.11%

Town of Taylor, Arizona
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year	State Shared Sales Tax	City Sales Tax	Franchise Tax	Auto Lieu Tax	State Shared Income Tax
2021	\$ 512,613	\$ 2,495,426	\$ 75,733	\$ 366,678	\$ 617,531
2020	440,735	2,169,871	72,606	291,784	551,138
2019	421,603	1,627,986	76,000	283,142	506,803
2018	404,809	1,649,803	73,263	267,139	522,316
2017	378,355	1,417,051	67,604	248,618	507,845
2016	388,096	985,558	68,406	235,191	495,084
2015	375,790	705,975	63,033	216,607	497,754
2014	357,920	639,646	64,905	210,079	458,335
2013	336,575	647,477	63,372	202,387	420,032
2012	321,313	587,223	66,991	204,684	347,056

Town of Taylor, Arizona
Local Sales Tax Revenue by Industry
Last Five Fiscal Years
(Unaudited)

	2021		2020		Fiscal Year 2019		2018		2017	
	Collections	% of Total	Collections	% of Total	Collections	% of Total	Collections	% of Total	Collections	% of Total
Mining	\$ 27,843	1.7%	\$ 23,432	1.4%	\$ 18,111	1.1%	\$ 16,354	1.0%	\$ 14,328	1.0%
Communication and Utilities	25,532	1.5%	23,572	1.4%	21,561	1.3%	24,758	1.5%	22,783	1.6%
Construction	372,691	22.6%	261,830	15.9%	65,465	4.0%	67,104	4.1%	50,345	3.6%
Manufacturing	16,637	1.0%	15,397	0.9%	16,050	1.0%	12,357	0.7%	9,854	0.7%
Retail	1,802,067	109.2%	1,610,497	97.6%	1,323,547	80.2%	1,348,984	81.8%	1,141,058	80.5%
Real Estate Leasing	27,369	1.7%	25,394	1.5%	20,193	1.2%	19,104	1.2%	23,734	1.7%
Restaurant and Bar	176,350	10.7%	167,530	10.2%	123,783	7.5%	119,107	7.2%	111,305	7.9%
Accommodation	25,573	1.6%	23,430	1.4%	21,536	1.3%	22,798	1.4%	25,324	1.8%
Other	21,364	1.3%	18,789	1.1%	17,679	1.1%	19,237	1.2%	18,320	1.3%
Total	\$ 2,495,426	151.3%	\$ 2,169,871	131.5%	\$ 1,627,925	98.7%	\$ 1,649,803	100.0%	\$ 1,417,051	100.0%

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the Town's local sales tax revenues.

Town of Taylor, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Debt Primary Government	Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽²⁾
	Loans Payable	Capital Leases	Loans Payable	Capital Leases			
2021	\$ -	\$ 271,144	\$ 3,671,881	\$ -	\$ 3,943,025	5.63%	913
2020	-	311,237	4,092,696	-	4,403,933	6.63%	1,028
2019	-	350,000	4,503,907	-	4,853,907	7.35%	1,139
2018	-	50,507	4,680,907	-	4,731,414	7.10%	1,131
2017	-	75,000	3,127,875	-	3,202,875	4.50%	772
2016	-	7,686	3,344,808	-	3,352,494	4.79%	809
2015	320,000	9,614	3,587,302	18,415	3,935,331	5.91%	951
2014	345,000	25,382	3,797,350	54,039	4,221,771	6.78%	1,024
2013	370,000	50,070	4,007,269	88,112	4,515,451	6.53%	1,097
2012	390,000	-	4,205,119	120,702	4,715,821	7.70%	1,149

(1) See the schedule of Demographic and Economic Statistics on page 77 for personal income and population data.

(2) Population numbers are based on Arizona Department of Economic Security estimated amounts.

Town of Taylor, Arizona
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Secondary assessed valuation	\$ 27,940,699	\$ 26,492,164	\$ 22,967,858	\$ 21,173,857	\$ 19,973,435	\$ 17,693,219	\$ 15,902,970	\$ 15,423,954	\$ 17,565,157	\$ 20,117,862
Debt limit @ 20%	5,588,140	5,298,433	4,593,572	4,234,771	3,994,687	3,538,644	3,180,594	3,084,791	3,513,031	4,023,572
Debt limit @ 6%	1,676,442	1,589,530	1,378,071	1,270,431	1,198,406	1,061,593	954,178	925,437	1,053,909	1,207,072
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin @ 20%	5,588,140	5,298,433	4,593,572	4,234,771	3,994,687	3,538,644	3,180,594	3,084,791	3,513,031	4,023,572
Legal debt margin @ 6%	1,676,442	1,589,530	1,378,071	1,270,431	1,198,406	1,061,593	954,178	925,437	1,053,909	1,207,072

For statutory purposes, the Town's outstanding revenue bonds are not considered general obligation bonds subject to the statutory limits listed above because the Town's bonds outstanding at June 30, 2017, were secured by sales taxes, and pledged excise tax revenues, rather than property taxes.

Town of Taylor, Arizona
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population	Median Household Income	Per Capita Personal Income	Total Personal Income	Unemployment Rate	Public School Enrollment
2021	4,321	\$ 45,632	16,199	69,997,435	7.6%	2,637
2020	4,283	43,659	15,499	66,381,981	8.7%	2,438
2019	4,262	43,659	15,499	66,056,504	3.6%	2,549
2018	4,185	44,868	15,928	66,659,266	4.2%	2,549
2017	4,151	48,320	17,154	71,204,594	3.9%	2,498
2016	4,145	47,580	16,891	70,012,781	4.6%	2,435
2015	4,136	45,350	16,099	66,586,498	9.7%	2,433
2014	4,124	42,500	15,100	62,272,400	14.6%	2,183
2013	4,115	53,384	16,796	69,115,540	15.2%	2,241
2012	4,106	45,894	14,923	61,273,838	15.3%	2,436

Source: US Census Bureau, Arizona Department of Economic Security, and US Department of Commerce, Arizona Office of Employment and Population Statistics.

Town of Taylor, Arizona
Principle Employers
Current Year and Nine Years Prior
(Unaudited)

	<u>2021</u>		<u>2012</u>	
		Percentage of Total Employment		Percentage of Total Employment
<u>Employers</u>	<u>Employees</u>		<u>Employees</u>	
Summit Regional Medical Center	1,137	4.36%	692	2.52%
Northland Pioneer College	312	1.20%	257	0.94%
Navajo County	672	2.57%	573	2.09%
Wal-Mart	457	1.75%	423	1.54%
Hon-Dah Casino	275	1.05%	457	1.66%
Abitibi Paper Mill	-	0.00%	342	1.25%
Show Low Unified School District	295	1.13%	287	1.05%
Arizona Public Service	275	1.05%	367	1.34%
Copperstate Farms	372	1.43%	-	0.00%
Blue Ridge Unified School District	257	0.98%	241	0.88%
Snowflake/Taylor School District	208	0.80%	192	0.70%
Smithfield Farms	215	0.82%	237	0.86%
	<u>4,475</u>	<u>15.70%</u>	<u>4,068</u>	<u>14.82%</u>
Total	<u>4,475</u>	<u>15.70%</u>	<u>4,068</u>	<u>14.82%</u>
Total Employment	<u>28,500</u>		<u>27,450</u>	

Source: Estimates of various employers and sources.

The principle employers represent a county-wide employment base, because the Town operates in a rural area and most employers are based outside the Town limits.

Town of Taylor, Arizona
Full Time Equivalent Town Employees by Function
Last Ten Fiscal Years

		Full Time Equivalent Employees									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government		6.5	6.5	6	6	6	4	5	5	5	6
Public safety											
Ambulance											
	Full-time	-	-	-	-	-	-	-	4.5	4.5	4.5
	Part-time	-	-	-	-	-	-	-	12	13	13
Fire											
	Full-time	13	11	11	11	11.5	9	6	0.5	0.5	0.5
	Part-time	15	19	17	22	25	28	28	15	15	16
Highways and streets		2	2.5	2	2	2	2	2	1	1	1
Parks Maintenance		3	3	2.5	2.5	2.5	2.5	2	2	2	2
Water		5	4	4	4	3	3	2.5	2	1.5	1
Sewer		2	2.5	2.5	2.5	2.5	2.5	2.5	2	1.5	1
Total		46.5	48.5	45	50	52.5	51	48	44	44	45

Source: Various departments

**Town of Taylor, Arizona
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public safety											
	Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets											
	Streetlights	378	378	378	378	378	376	376	375	375	375
	Lift stations	1	1	1	1	1	1	1	1	1	1
	Signalized intersections	2	2	2	2	2	1	1	1	1	1
Recreation and parks											
	Park areas	4	4	4	4	4	4	4	4	4	4
	Cemeteries	1	1	1	1	1	1	1	1	1	1
Water and wastewater											
	Well sites	5	5	5	5	5	5	5	5	5	5
	Treatment facilities	2	2	2	2	2	2	2	2	2	2
Airport											
	Runways	1	1	1	1	1	1	1	1	1	1

Source: Various departments

Town of Taylor, Arizona
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public safety										
Ambulance calls for service	1,561	1,445	1,458	1,030	985	1,070	977	900	985	927
Fire calls for service	254	239	255	272	263	243	159	125	159	157
Building & Safety										
New Construction Permits	39	32	38	47	38	46	3	2	1	3
Recreation and parks										
Participants	5,097	4,238	5,023	4,974	4,860	4,720	4,670	4,400	4,700	4,720
Water and wastewater										
Water connects	39	18	24	15	2	5	5	5	3	4
Sewer connects	21	12	13	8	-	2	2	1	-	2
Airport										
Runway Activities	2,768	2,532	856	837	794	767	742	720	760	776

Source: Various departments

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Town Council
Taylor, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylor, Arizona as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Taylor, Arizona's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



HintonBurdick, PLLC
Gilbert, Arizona
December 21, 2021



Independent Auditors' Report on State Legal Compliance

The Honorable Mayor and
Town Council
Taylor, Arizona

We have audited the basic financial statements of the Town of Taylor, Arizona for the year ended June 30, 2021, and have issued our report thereon dated December 21, 2021. Our audit also included test work on the Town of Taylor's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the Town of Taylor is responsible for the Town's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The Town of Taylor has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the Town of Taylor pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the Town's compliance with annual expenditure limitations has been issued separately with the Town's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The Town of Taylor complied, in all material respects, with the requirements identified above for the year ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC
Gilbert, Arizona
December 21, 2021

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