VI. DEFINED BENEFIT PENSION PLANS - CONTINUED

D. Net Pension Liability- Continued

Sensitivity of the net pension liability to changes in the discount rate

Exhibit E-2 presents the net pension liability of the City. The following presents the net pension liability calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Net Pension liability / (asset)	$ 1,374,956	$ 385,242	$(423,683)

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions.

For the years ended September 30, 2021, and 2020, the City recognized pension expense of $33,511 and $134,573, calculated as follows:

2020 SCHEDULE OF PENSION EXPENSE

$ 239,973	Total service cost
449,230	Interest on the total pension liability
(118,213)	Employee contributions (reduction of expense)
(420,817)	Projected earnings on plan investments (reduction of expense)
3,062	Administrative expenses
119	Other changes in fiduciary net position
(606)	Recognition of current year outflows (inflows) of resources – Liabilities
(10,467)	Recognition of current year outflows (inflows) of resources – Assets
(52,381)	Amortization of prior year outflows (inflows) of resources – Liabilities
(56,389)	Amortization of prior year outflows (inflows) of resources – Assets
$ 33,511	Total pension expense (income)

2019 SCHEDULE OF PENSION EXPENSE

$ 223,211	Total service cost
430,999	Interest on the total pension liability
(111,235)	Employee contributions (reduction of expense)
(366,681)	Projected earnings on plan investments (reduction of expense)
4,745	Administrative expenses
143	Other changes in fiduciary net position
(18,335)	Recognition of current year outflows (inflows) of resources – Liabilities
(94,608)	Recognition of current year outflows (inflows) of resources – Assets
(37,353)	Amortization of prior year outflows (inflows) of resources – Liabilities
103,687	Amortization of prior year outflows (inflows) of resources – Assets
$ 134,573	Total pension expense (income)

VI. DEFINED BENEFIT PENSION PLANS - CONTINUED

D. Net Pension Liability- Continued

On September 30, 2021, the City schedule of (inflows)/outflows of resources related to pension expense in current and future years is as follows:

Deferred Inflows/Outflows of Resources	*Recognition Period (or Amort. Yrs)*	*Total (Inflow) or Outflow of Resources*	*Recognized 2020 Current Pension Expense*	*Deferred (Inflow)/Outflow in future expense*
Due to Liabilities:				
Difference in expected and actual economic experience [actuarial (gains) or losses]	4.51	$ (2,734)	$ (606)	$ (2,128)
Changes in actuarial assumptions [actuarial (gains) or losses]	4.51	$ -	$ -	$ -
			$ (606)	$ (2,128)
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.00	$(52,335)	$ (10,467)	$ (41,868)
Contributions paid to TMRS subsequent to measurement date	-	$ 237,864	-	$ 237,864
			$ (10,467)	$ 195,996
TOTAL				$ 193,868

On September 30, 2020, the City schedule of (inflows)/outflows of resources related to pension expense in current and future years is as follows:

Deferred Inflows/Outflows of Resources	*Recognition Period (or Amort. Yrs)*	*Total (Inflow) or Outflow of Resources*	*Recognized 2019 Current Pension Expense*	*Deferred (Inflow)/Outflow in future expense*
Due to Liabilities:				
Difference in expected and actual economic experience [actuarial (gains) or losses]	4.95	$(106,527)	$ (21,521)	$ (85,006)
Changes in actuarial assumptions [actuarial (gains) or losses]	4.95	$ 15,769	$ 3,186	$ 12,583
			$ (18,335)	$ (72,423)
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.00	$(473,042)	$ (94,608)	$(378,434)
Contributions paid to TMRS subsequent to measurement date	-	$ 214,199	-	$ 214,199
			$ (94,608)	$(164,235)
TOTAL				$(236,658)

The $193,868 for 2021 and $(236,658) for 2020 reported as deferred (inflows)/outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase/(decrease) in the net pension liability for the years ending September 30, 2021, and 2020.

VI. DEFINED BENEFIT PENSION PLANS - CONTINUED

D. Net Pension Liability- Continued

Net deferred outflows(inflows) of resources, by year, to be recognized in future pension expense as follows:

Year ended December 31:	
2021	(103,168)
2022	(16,923)
2023	(122,942)
2024	(10,777)
2025	-
Thereafter	-
Total	$ (253,810)

VII. SUPPLEMENTAL DEATH BENEFITS FUND

A. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "*other postemployment benefit," or OPEB.*

City of San Saba offers supplemental death benefits to:	*Plan year 2020*	*Plan year 2019*
Active employees (yes or no)	*Yes*	*Yes*
Retirees (yes or no)	*Yes*	*Yes*

B. Contributions

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

Schedule of Contribution Rates:
(RETIREE-only portion of the rate)

Plan/ Calendar Year	***Retiree Portion of SDBF Contribution (Rate)***	***TOTAL SDBF Employer Contribution Rate***
2021	*0.18%*	*0.35%*
2020	*0.07%*	*0.29%*
2019	*0.06%*	*0.28%*
2018	*0.05%*	*0.25%*
2017	*0.00%*	*0.19%*

VII. SUPPLEMENTAL DEATH BENEFITS FUND - CONTINUED

C. OPEB Liability and Sensitivity of the OPEB liability to changes in the discount rate

Exhibit E-5 presents the activity for the OPEB liability of the City related to SDBF. The following presents the OPEB liability calculated using the discount rate of 2.00%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate:

	1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
Total OPEB liability	$ 213,716	$ 175,839	$ 146,587

The City's contributions to the TMRS SDBF for the year ended 2020 and 2019, were $5,982 and $5,376 respectively, which equaled the required contributions each year.

OPEB Expense and Deferred (Inflows)/Outflows of Resources Related to OPEB.

2020 OPEB EXPENSE

Service cost	$ 9,260
Interest on total OPEB liability	4,295
Changes in benefit terms including TMRS plan participation	-
Employer administrative costs	-
Recognition of deferred outflows/(inflows) of resources:	
Differences between expected and actual experience	(3,563)
Changes in assumptions and inputs	7,953
Total OPEB Expense	$ 17,945

Deferred (Inflows)/Outflows of Resources:

	Deferred (Inflows) of Resources	*Deferred Outflows of Resources*
Differences between expected and actual experience	$ (15,611)	$ 0
Changes in assumptions and inputs	-	33,349
Contributions made subsequent to measurement date	N/A	4,630
Total	$ (15,611)	$ 33,349

On September 30, 2020, the City schedule of (inflows)/outflows of resources related to OPEB expense in current and future years is as follows:

Due to Liabilities:	*Recognition Period (or Amort. Yrs)*	*Total (Inflow) or Outflow of Resources*	*Recognized 2020 Current OPEB Expense*	*Deferred (Inflow)/Outflow in future expense*
Difference in expected and actual economic experience [actuarial (gains) or losses]	5.70	$ (11,191)	$ (1,963)	$ (9,228)
Changes in assumptions [actuarial (gains) or losses]	5.70	$ 22,598	$ 3,965	$ 18,633
Contributions made subsequent to measurement date	-	$ 4,630	-	$ 4,630
TOTAL			$ 2,002	$ 14,035

VII. SUPPLEMENTAL DEATH BENEFITS FUND - CONTINUED

The $14,035 reported for 2020 as deferred (inflows)/outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the OPEB liability for the years ending September 30, 2020, and 2019.

Net deferred outflows(inflows) of resources, by year, to be recognized in future OPEB expense as follows:

Year ended December 31:	
2021	4,390
2022	4,390
2023	3,474
2024	3,865
2025	1,619
Thereafter	-
Total	$ 17,738

VIII. CAFETERIA PLAN

The City of San Saba established for their employees a Premium Only Cafeteria Plan. This is in accordance with Section 125 of the Internal Revenue Code of 1986. The plan offers certain non-taxable insurance and medical benefits.

All full-time employees who work a minimum of 30 hours per week and have reached the minimum age of 18 are eligible to participate in the plan beginning with the first day of the month following employment. Participation in the plan ends with termination of employment with the City. Plan provisions require the City to contribute an amount equal to the amount of the salary reduction elected by the participant toward the cost of benefits that are provided under the plan.

IX. DEFINED BENEFIT PENSION PLAN - EMERGENCY SERVICES PERSONNEL

A. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.texas.gov.

Of the nine-member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. On August 31, 2020, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2019, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,837
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,787
Active Participants (Vested and Non-vested)	3,634

IX. DEFINED BENEFIT PENSION PLAN - EMERGENCY SERVICES PERSONNEL - CONTINUED

B. Benefits Provided – Continued

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service more than 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions for the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2020, actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

C. Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2020, total contributions of $3,755,240 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated $1,329,224 for the fiscal year ending August 31, 2020.

D. Contributions - Continued

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1). The most recently completed biennial actuarial valuation as of August 31, 2020, stated that the TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state.

The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately $725,000 each year to pay for part of the System's administrative expenses.

E. Net Pension Liability

The City's share of the net pension liability as it relates to the TSERS was measured as of August 31, 2020, and the total pension liability used to calculate the City's share of the Net Pension Liability was determined by an actuarial valuation as of August 31, 2020.

Actuarial Assumptions:

The total pension liability in the August 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.00%
Investment rate of return	7.75% per year, net of investment expenses, including inflation
Salary increases	N/A

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	*Target Allocation*	*Long-term Expected Net Real Rate of Return*
Equities		
Large cap domestic	20%	5.83%
Small cap domestic	10	5.94
Developed international	15	6.15
Emerging markets	5	7.25
Global infrastructure	5	6.41
Real estate	10	4.48
Multi asset income	5	3.84
Fixed income	30	1.99
Total	100%	
Weighted Average		4.60%

IX. DEFINED BENEFIT PENSION PLAN - EMERGENCY SERVICES PERSONNEL – CONTINUED

Pension Plan Fiduciary Net Position

For the year ended August 31, 2020, and 2019, the TSERS pension expense related to the San Saba Emergency Services personnel was $9,873 and $9,605 (of which the City shares 50/50 with San Saba County), and the net pension liability was $37,312 and $40,534. [See Exhibit E-4 for additional information.]

X. SAN SABA ECONOMIC DEVELOPMENT CORPORATION

The San Saba Economic Development Corporation (EDC) is reported as a component unit of the City due to the control which the City has over it. The EDC has been involved in the following matters which should be disclosed in this report:

A. Upon approval by the City Council on January 19, 2009, the EDC obtained financing from the Texas Leverage Fund in the amount of $350,000 at the Wall Street Journal floating prime rate to expand the local airport runway, fund an economic feasibility study, and to provide for downtown infrastructure, parking, lighting and signage, and restroom facilities. Monthly installments were paid on the note in fiscal year 2021 in the total amount of $30,159, of which $27,401 was applied to the principal balance, with the remaining $2,758 applied to interest. The remaining note balance as of September 30, 2021, is $74,405.

B. On June 30, 2015, the EDC signed a security note agreement with Government Capital Corp. for $58,030 for the purchase of Mill Pond Park Playground Equipment. The note requires monthly payments of $792.72, includes a stated interest rate of 3.982%, and has scheduled payments through 6/30/22. Principal paid on the note in fiscal year 2021 was $9,007, and interest paid was $505. The remaining note balance as of September 30, 2021, is $7,785.

XI. GARBAGE TRANSFER SITE

The City's garbage collection process involves daily collection of garbage, then transfer to a larger trailer for transportation to a dump site operated by the City of Brownwood. State and federal environmental laws and accounting rules require that a determination be made of the life expectancy of that transfer site and an estimated cost to clean the site up in an environmentally sensitive manner. The City's engineer determined an estimated life of 30 years and a cost of $24,975. That cost, as adjusted for additional estimated costs and inflation, and amortized over a 30-year life expectancy, is $34,175.

XII. LITIGATION

There are no lawsuits currently pending against the City.

XIII. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2021, the City purchased merchandise from Harry's Department Store, of which Mayor Ken Jordan is part owner. Payments made to Harry's for the year ended September 30, 2021, totaled $12,978.24. No outstanding payables existed as of September 30, 2021.

The City also purchased products at Oliver & Company, of which Shawn Oliver, Alderman, is an owner. Payments made to Oliver & Company for the twelve months ended September 30, 2021, totaled $169.76. No outstanding payables existed as of September 30, 2021.

The City also purchased products at Oliver Pecan Co. Inc, of which Shawn Oliver, Alderman, is an owner. Payments made to Oliver Pecan Co. Inc. for the twelve months ended September 30, 2021, totaled $127.39. No outstanding payables existed as of September 30, 2021.

XIII. RELATED PARTY TRANSACTIONS – CONTINUED

The City also purchased products at Alamo Pecan & Coffee Co., of which Robert Whitten, Alderman, is an owner. Payments made to Alamo Pecan & Coffee Co. for the twelve months ended September 30, 2021, totaled $1,235.96. No outstanding payables existed as of September 30, 2021.

The City also purchased products and services at Nelson Autoworks, of which Michael Nelson, Alderman, is an owner. Payments made to Nelson Autoworks for the year ended September 30, 2021, totaled $3,010.21. No outstanding payables existed as of September 30, 2021.

XIV. RECENT PRONOUNCEMENTS

In June 2017, the GASB approved a new pronouncement Statement No. 87, *Leases*, which improved accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In March 2018, the GASB approved Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information disclosed in the notes and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

XV. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

On October 26, 2021, the City approved resolutions regarding the purchase and funding of vehicles for the Police and Water Departments, both of which were approved in the 2021-2022 City budget. These vehicles will be financed with Government Capital Corporation for a total of $63,550 and $53,343.

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INDEPENDENT AUDITOR'S 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*

Honorable Mayor and Members of the City Council
City of San Saba, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Saba, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of San Saba, Texas's (the "City") basic financial statements, and have issued our report thereon dated December 5, 2021.

Internal Control over Financial Reporting

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

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

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

We noted certain matters that we reported to management of the City, in a separate letter dated December 5, 2021.

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.

San Saba, Texas
December 5, 2021

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN SABA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	(Budgetary Basis) Actual Amounts	Variance With Final Budget Under or (Over)
REVENUES:				
Taxes:				
Property taxes	$ 422,895	$ 432,323	$ 432,323	$ -
General sales and use taxes	512,600	596,563	604,597	(8,034)
Other taxes and franchise fees	78,300	77,067	77,066	1
Licenses and permits	5,050	11,179	11,179	-
Charges for services	308,100	434,496	434,494	2
Fines	49,300	44,214	44,215	(1)
Investment income	12,730	940	940	-
Rents and royalties	94,100	52,684	52,684	-
Grant income	1,500	31,602	31,602	-
Other revenues	71,500	(122,567)	71,840	(194,407)
Total Revenues	1,556,075	1,558,501	1,760,940	(202,439)
EXPENDITURES:				
Current:				
General government	1,342,543	1,332,363	1,213,077	119,286
Public safety	828,572	784,863	770,205	14,658
Streets	449,798	400,722	392,123	8,599
Parks and recreation	1,183,129	1,140,721	1,110,738	29,983
Public health	36,792	31,100	29,256	1,844
Debt service:				
Principal	294,173	300,193	284,516	15,677
Interest	44,178	45,529	45,394	135
Capital Outlay:				
Purchases of capital assets	46,148	80,406	80,406	-
Total Expenditures	4,225,333	4,115,897	3,925,715	190,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,669,258)	(2,557,396)	(2,164,775)	(392,621)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(74,229)	(74,229)	-
Transfers in	2,669,258	2,631,625	2,220,730	410,895
Total Other Financing Sources and (Uses)	2,669,258	2,557,396	2,146,501	410,895
NET CHANGES IN FUND BALANCES	-	-	(18,274)	18,274
Fund Balance - October 1 (Beginning)	-	-	169,861	(169,861)
Fund Balance - September 30 (Ending)	$ -	$ -	$ 151,587	$ (151,587)

CITY OF SAN SABA, TEXAS
RECONCILIATION OF FUND BALANCE ON BUDGETARY BASIS
TO FUND BALANCE ON A GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Fund Balances - Budgetary Basis	$ 151,587
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $6,948,194 and the accumulated depreciation was $4,984,293. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	291,412
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt payments is to increase net position.	364,922
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	228,873
Included in noncurrent liabilities is the recognition of the City's share of the net pension liability required by GASB 68 in the amount of $234,524. Also included in the statement of net position are deferred outflows in the amount of $118,021, which increased compared to the prior year balance of deferred outflows. Additionally, changes in pension expense have been included, which results in a current year decrease in net position.	(190,322)
Various other reclassifications and eliminations are necessary to convert from the modified accural basis of accounting to the the accrual basis of accounting. These include eliminating interfund transactions, reclassifying the capitalization of construction in progress, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	86,168
Total Fund Balances - GAAP Basis	$ 932,640

EXHIBIT E-2

CITY OF SAN SABA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 20XX

	January 1 through December 31						
Total Pension Liability	2020	2019	2018	2017	2016	2015	2014
Service Cost	$ 239,973	$ 223,211	$ 211,388	$ 213,172	$ 206,648	$ 197,466	$ 188,124
Interest (on the Total Pension Liability)	449,230	430,999	409,046	394,571	382,901	379,784	354,127
Diff between expected and actual experience	(2,734)	(106,527)	2,639	(56,608)	(93,312)	(85,495)	52,904
Changes of assumptions	-	15,769	-	-	-	9,364	-
Benefit pymts, incl refunds of EE contr	(305,381)	(298,128)	(309,375)	(362,219)	(291,002)	(226,167)	(240,434)
Net Change in Total Pension Liability	381,088	265,324	313,698	188,916	205,235	274,952	354,721
Total Pension Liability - Beginning	6,687,959	6,422,635	6,108,937	5,920,021	5,714,786	5,439,834	5,085,113
Total Pension Liability - Ending (a)	$ 7,069,047	$ 6,687,959	$ 6,422,635	$ 6,108,937	$ 5,920,021	$ 5,714,786	$5,439,834
Plan Fiduciary Net Position							
Contributions - Employer	$ 166,681	$ 154,060	$ 146,145	$ 151,707	$ 138,395	$ 140,760	$ 161,297
Contributions - Employee	118,213	111,235	104,389	106,586	103,152	104,204	102,303
Net investment income	473,152	839,724	(169,658)	702,668	324,312	7,049	257,369
Benefit pymts, incl refunds of EE contr	(305,381)	(298,128)	(309,375)	(362,219)	(291,002)	(226,167)	(240,434)
Administrative expense	(3,062)	(4,745)	(3,279)	(3,641)	(3,662)	(4,293)	(2,687)
Other	(118)	(143)	(172)	(185)	(197)	(212)	(221)
Net Change in Plan Fiduciary Net Position	449,485	802,003	(231,950)	594,916	270,998	21,341	277,627
Plan Fiduciary Net Position - Beginning	6,234,320	5,432,317	5,664,267	5,069,351	4,798,353	4,777,013	4,499,386
Plan Fiduciary Net Position - Ending (b)	$ 6,683,805	$ 6,234,320	$ 5,432,317	$ 5,664,267	$ 5,069,351	$ 4,798,354	$4,777,013
Net Pension Liability - Ending (a) - (b)	$ 385,242	$ 453,639	$ 990,318	$ 444,670	$ 850,670	$ 916,432	$ 662,821
Plan Fidiciary Net Position as a Percentage of Total Pension Liability	94.55%	93.22%	84.58%	92.72%	85.63%	83.96%	87.82%
Covered employee payroll	$ 1,970,220	$ 1,853,912	$ 1,739,818	$ 1,776,431	$ 1,719,202	$ 1,736,725	$1,705,051
Net Pension Liability as a Percentage of Covered Employee Payroll	19.55%	24.47%	56.92%	25.03%	49.48%	52.77%	38.87%

Notes to Schedule:

1. Only seven years of data is presented in accordance with GASB 68 paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these case, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

2. GASB 68 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date, for example: for the above period ending December 31, 2020 - the period from January 1, 2020 to December 31, 2020. This is how the data is presented for each year presented above.

CITY OF SAN SABA, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 20XX

	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 118,213	$ 111,235	$ 104,389	$ 106,586	$ 103,152	$ 104,204	$ 102,303
Contributions in relation to the actuarially determined contribution	118,213	111,235	104,389	106,586	103,152	104,204	102,303
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	$1,970,220	$1,853,912	$1,739,818	$1,776,431	$1,719,202	$1,736,725	$1,705,051
Contributions as a percentage of covered employee payroll	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014- 2018.
Mortality	Post-retirement; 2019 Municipal Retirees of Texas Mortality Table. The rates are projected on a fully generational basis with scale UMP. Pre-retirement; PUB(10) mortality tables, with the Public Safety tables used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes	There were no benefit changes during the year.

CITY OF SAN SABA, TEXAS
SCHEDULE OF PENSION AMOUNTS AND DEFERRED OUTFLOWS OF RESOURCES
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
AS OF AND FOR THE YEAR ENDED AUGUST 31, 20XX

TESRS' allocation of pension expense as of TESRS' fiscal year end is shown in the following table:

	2020	2019	2018	2017	2016
Service Cost	$ 2,761	$ 2,668	$ 3,330	$ 2,852	$ 2,948
Interest (on the Total Pension Liability)	16,279	15,090	20,700	16,948	15,489
Projected earnings on pension plan investments	(13,020)	(12,683)	(16,867)	(13,137)	(12,000)
Amortization of differences between projected and actual earnings on plan investments	176	4,121	400	1,504	2,310
Amortization of changes of assumptions	(39)	116	564	483	469
Amortization of differences between expected and actual experience	(1,182)	(32)	(18)	35	34
Pension plan administrative expense	474	324	331	330	290
Changes in benefit provisions	4,424	-	5,905	-	1,256
Pension expense related to San Saba Emergency Services Personnel	9,873	9,605	14,344	9,015	10,796

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

Fiscal year ended August 31,	Net Deferred Outflows Minus Deferred Inflows
2021	(1,588)
2022	(326)
2023	1,283
2024	(1,005)
Total	$ (1,636)

Actuarial Methods and Assumptions Used to Determine Pension amounts:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.5%, net of investment expenses, including inflation
Cost of living adjustments	None
Mortality rates	Based on PubS-2010 (public safety) below-median income mortality table for retirees projected for mortality improvement generationally using projection scale MP-2019

CITY OF SAN SABA, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - GASB 75 REPORTING
SUPPLEMENTAL DEATH BENEFITS FUND

	Year Ended December 31,			
Actuarial Valuation and Measurement Date	**2020**	**2019**	**2018**	**2017**
Membership [(1)]				
Number of				
- Inactive employees currently receiving benefits	20	20	21	20
- Inactive employees entitle to but no yet receiving benefits	5	5	4	3
- Active employees	46	43	45	46
TOTAL	71	68	70	69
Covered Payroll	$1,970,220	$1,853,912	$ 1,739,818	$ 1,776,431
Changes in the Total OPEB Liability				
Total OPEB Liability - beginning of year	$ 152,256	$ 127,279	$ 127,627	$ 107,988
Changes for the year:				
Service Cost	9,260	6,118	6,437	5,862
Interest on Total OPEB Liability	4,295	4,815	4,317	4,193
Changes in benefit terms including TMRS plan participation	-	-	-	-
Differences between expected and actual experience	(11,191)	(8,327)	(1,489)	-
Changes in assumptions or other inputs	22,598	23,483	(8,743)	9,584
Benefit payments[(2)]	(1,379)	(1,112)	(870)	-
Net changes	23,583	24,977	(348)	19,639
Total OPEB Liability - end of year	$ 175,839	$ 152,256	$ 127,279	$ 127,627
Total OPEB Liability as a Percentage of Covered Payroll	8.92%	8.21%	7.32%	7.18%

Notes to Schedule:

1. Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (ie - excludes beneficiaries, non-vested terminations due a refund, etc.)

2. Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefits payments are treated as being equal to employer's yearly contributions for retirees.

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75% - based on Fidelity Index "20 year Municipal GO AA Index as of 12/31/20
Retiree's share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates -disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied reflect the impairment for younger members who became disabled for males and females, respectively.