

CITY OF SAN SABA, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022



*KEVIN SHAHAN, CPA, PLLC
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**CITY OF SAN SABA, TEXAS
ANNUAL FINANCIAL REPORT**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying 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 (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Saba, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

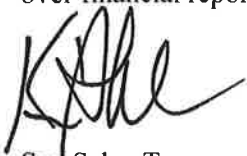
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Saba, Texas
December 5, 2022

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- Exercise professional judgment and maintain professional skepticism throughout the audit.
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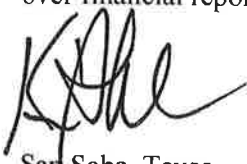
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Sara Saba, Texas
December 5, 2022

CITY OF SAN SABA, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of the City of San Saba, Texas, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2022. Please read it in conjunction with the Independent Auditors' Report on page 1 and the City's Basic Financial Statements, which begin on page 11.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position (Exhibits A-1 and B-1). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C-1 through C-4) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the electric, water, sewer, and garbage services it provides to citizens and other departments within the City.

The notes to the financial statements (starting on page 24) provide narrative explanations and additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position

The analysis of the City's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the City's financial condition has improved due to the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Revenues, Expenditures, and Changes in Net Position includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All the current year's revenues and expenses are considered regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs and revenues provided by the taxpayers (general revenues). All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position, we divided the City into the following three kinds of activities:

CITY OF SAN SABA, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City as a Whole – *Continued*

Governmental activities — Most of the City's basic services are reported here. Property and sales taxes and state and federal grants finance most of these activities.

Business-type activities — The City charges a fee to "customers" to help it cover all or most of the cost of services it provides for water, wastewater, sanitation, and electric services.

Component units — The City includes one separate legal entity in its report — the San Saba Economic Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for it.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the City as a whole. Laws and contracts require the City to establish specific funds, such as grants. The City's administration establishes many other funds to help it control and manage money for specified purposes. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds. These types of funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds – The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position. The City's enterprise fund (one category of proprietary funds) is included in the business-type activities reported in the government-wide statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the City's governmental and business-type activities.

For the year ended September 30, 2022, net position of the City's governmental activities increased \$87,372, from \$932,640 to \$1,020,012, or 9.4%.

For the year ended September 30, 2022, net position of business-type activities increased \$975,385 from \$7,591,360 to \$8,566,745, or 12.8%.

The largest portion of the City's total net position, \$5,501,381 (57.3%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, and machinery and equipment), less any debt used to acquire those assets which remain outstanding. The City uses capital assets to provide services to citizens; consequently, such assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from other sources, since capital assets themselves often cannot be used to liquidate the related liabilities. An additional portion of the City's net

**CITY OF SAN SABA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

position of \$753,760 (7.8%) represents resources that are restricted for debt service. The remaining balance of unrestricted net position of \$3,331,616 (34.9%) may be used to meet ongoing obligations to citizens and creditors. As of September 30, 2022, the City reported positive balances in all three categories of net position for the government.

**Table I
City of San Saba, Texas
Net Position**

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 406,525	\$ 4,465,904	\$ 4,872,429	\$ 375,012	\$ 3,486,553	\$ 3,861,565
Capital assets, net	1,829,270	7,178,911	9,008,181	1,885,865	7,030,085	8,915,950
Total assets	2,235,795	11,644,815	13,880,610	2,260,877	10,516,638	12,777,515
Deferred outflows	67,782	40,242	108,024	118,021	75,847	193,868
Current liabilities	429,796	218,675	648,471	347,599	202,051	549,650
Noncurrent liabilities	801,420	2,899,637	3,701,057	1,025,864	2,799,074	3,824,938
Total liabilities	1,231,216	3,118,312	4,349,528	1,373,463	3,001,125	4,374,588
Deferred inflows	52,349	-	52,349	72,795	-	72,795
Net position						
Inv in Capital assets, net	928,462	4,572,919	5,501,381	878,758	4,604,284	5,483,042
Restricted for:						
Debt service	415,815	337,945	753,760	319,363	263,520	582,883
Unrestricted	(324,265)	3,655,881	3,331,616	(265,481)	2,723,556	2,458,075
Total net position	\$ 1,020,012	\$ 8,566,745	\$ 9,586,757	\$ 932,640	\$ 7,591,360	\$ 8,524,000

Analysis of the City's Operations

Governmental activities reported an increase in net position of \$87,372, or 9.4%. Business-type activities reported an increase in net position in the amount of \$975,385, or 12.8%. The governmental increase in net position is the result of an increase in property tax and sales tax revenues, in addition to changes in the net pension liability and deferred inflows and outflows related to pensions. Operating transfers from Enterprise Funds to Governmental Funds were almost the same in amount at \$2,228,878 compared to the prior year. Total governmental activities revenues of \$1,974,961 (not including transfers) increased by 12.1% compared to the prior year, while governmental expenditures of \$4,116,467 increased by \$606,163, or 17.2% compared to the prior year. The increase in expenditures compared to the prior year is mainly the result of increased expenditures related to pension and post-retirement benefit adjustments, public safety, and parks and recreation expenditures. The government-wide financial statements include annual adjustments for the City's pension liability (as disclosed in Note VI). These pension adjustments in 2021 resulted in a decrease to total governmental expenditures that had a greater impact on total governmental expenditures than in the current fiscal year. In addition, park and recreation expenditures increased by \$131,409, for increases in golf course, park and recreation expenditures. Public safety expenditures increased by \$68,600 for increased payroll and related

**CITY OF SAN SABA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

expenditures. Meanwhile, changes in revenues from the prior year included an increase in combined property taxes, sales tax, other taxes and license and fee revenues of \$170,060, or 13.1%.

Business-type activities reported an overall increase in revenues from fiscal year 2021 to 2022 of \$532,522, or 7.5%. Combined water and sewer revenues increased \$131,753, or 7.7%, while electric operating revenues increased \$352,035, or 7.4%. Garbage revenues increased \$48,734, or 7.2%. In addition, the City received \$394,044 in ARPA grant funds in 2022 after receiving \$392,493 in 2021. Total operating expenses increased \$311,556, or 6.7%, primarily related to increased power purchase expenditures for the Electric department of \$243,837, or 10.4%. The following table provides a summary of the City's operations for the years ended September 30, 2022, and 2021.

**Table II
City of San Saba, Texas
Change in Net Position**

	<u>Year Ended September 30, 2022</u>			<u>Year Ended September 30, 2021</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:						
Program revenues:						
Charges for services	\$ 449,711	\$ 7,633,939	\$ 8,083,650	\$ 434,494	\$ 7,101,417	\$ 7,535,911
Grant revenues	60,346	536,169	596,515	31,602	460,548	492,150
General revenues:						
Property taxes	514,204		514,204	419,273		419,273
Sales taxes	660,571		660,571	604,597		604,597
Other taxes	105,178		105,178	90,116		90,116
Licenses, fees, fines	43,064		43,064	55,394		55,394
Rents and royalties	44,955		44,955	52,684		52,684
Investment earnings	10,524	818	11,342	940	778	1,718
Other revenue	86,408	65,792	152,200	71,840	67,227	139,067
Transfer in (out)	<u>2,228,878</u>	<u>(2,228,878)</u>	<u>-</u>	<u>2,220,731</u>	<u>(2,220,731)</u>	<u>-</u>
Total revenues	4,203,839	6,007,840	10,211,679	3,981,671	5,409,239	9,390,910
Expenses:						
General government	1,248,396		1,248,396	845,358		845,358
Public safety	882,482		882,482	813,882		813,882
Streets	500,601		500,601	495,300		495,300
Parks and recreation	1,401,802		1,401,802	1,270,393		1,270,393
Public health	45,919		45,919	39,427		39,427
Interest expense	37,267	74,190	111,457	45,944	68,022	113,966
Utility fund expenses		4,958,265	4,958,265		4,646,709	4,646,709
Total expenses	<u>4,116,467</u>	<u>5,032,455</u>	<u>9,148,922</u>	<u>3,510,304</u>	<u>4,714,731</u>	<u>8,225,035</u>
Change in net position	87,372	975,385	1,062,757	471,367	694,508	1,165,875
Net position prior year	<u>932,640</u>	<u>7,591,360</u>	<u>8,524,000</u>	<u>461,273</u>	<u>6,896,852</u>	<u>7,358,125</u>
Net position current year	<u>\$ 1,020,012</u>	<u>\$ 8,566,745</u>	<u>\$ 9,586,757</u>	<u>\$ 932,640</u>	<u>\$ 7,591,360</u>	<u>\$ 8,524,000</u>

**CITY OF SAN SABA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$220,141, an increase of \$68,554, or 45.2% from the prior year end balance of \$151,587. The unassigned fund balance of \$27,567 decreased \$42,859, or 60.8% compared to the prior year's balance of \$70,426. There were also restricted fund balances at the end of the fiscal year for water and wastewater funds due to water and wastewater system improvement reserve funds maintained as required by debt agreements. Future water and wastewater improvements will be capitalized in the respective enterprise funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the City had \$9,008,181 invested in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment, net of accumulated depreciation.

**Table III
City of San Saba, Texas
Capital Assets**

	Year ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 427,814	\$ 16,656	\$ 444,470
Buildings and improvements	3,971,471	11,608,483	15,579,954
Machinery and equipment	2,784,694	3,642,683	6,427,377
	7,183,979	15,267,822	22,451,801
Less accumulated depreciation	(5,354,709)	(8,088,911)	(13,443,620)
Capital assets, net of depreciation	<u>\$ 1,829,270</u>	<u>\$ 7,178,911</u>	<u>\$ 9,008,181</u>

	Year ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 427,814	\$ 16,656	\$ 444,470
Buildings and improvements	3,938,157	11,447,330	15,385,487
Machinery and equipment	2,662,629	3,228,195	5,890,824
	7,028,600	14,692,181	21,720,781
Less accumulated depreciation	(5,142,735)	(7,662,096)	(12,804,831)
Capital assets, net of depreciation	<u>\$ 1,885,865</u>	<u>\$ 7,030,085</u>	<u>\$ 8,915,950</u>

**CITY OF SAN SABA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSET AND DEBT ADMINISTRATION – *Continued*

Outstanding Debt

As of September 30, 2022, the City had \$4,065,062 in bonds, certificates of obligation, and capital leases outstanding versus \$3,960,529 last year; an increase of 2.6% as follows:

**Table IV
City of San Saba, Texas
Outstanding Debt**

	Year ended September 30, 2022		
	Governmental	Business-Type	Total
	Activities	Activities	
Capital leases	\$ 492,519	\$ 983,244	\$ 1,475,763
Bonds payable		53,000	53,000
Certificates of obligation	415,000	1,566,026	1,981,026
Customer deposits		340,750	340,750
Transfer site liability		37,992	37,992
Compensated absences	115,355	61,176	176,531
Total	<u>\$ 1,022,874</u>	<u>\$ 3,042,188</u>	<u>\$ 4,065,062</u>

	Year ended September 30, 2021		
	Governmental	Business-Type	Total
	Activities	Activities	
Capital leases	\$ 378,703	\$ 749,677	\$ 1,128,380
Bonds payable		78,000	78,000
Certificates of obligation	640,000	1,594,026	2,234,026
Customer deposits		334,528	334,528
Transfer site liability		34,175	34,175
Compensated absences	95,516	55,904	151,420
Total	<u>\$ 1,114,219</u>	<u>\$ 2,846,310</u>	<u>\$ 3,960,529</u>

Other obligations include compensated absences and customer deposits. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customer, and investors and creditors with a general overview of the City's finances and to show the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at the City of San Saba, Texas, 303 S Clear Street, San Saba, Texas 78677.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAN SABA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			San Saba Economic Dev Corp Fund
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 338,869	\$ 2,915,837	\$ 3,254,706	\$ 284,352
Investments – current	-	249,201	249,201	-
Receivables (net of allowance)	53,798	773,317	827,115	-
Inventories	-	527,549	527,549	-
Debt issuance costs, net	7,667	-	7,667	-
Due from other funds	6,191	-	6,191	-
Total current assets	406,525	4,465,904	4,872,429	284,352
Capital assets:				
Land	427,814	16,656	444,470	200,000
Building and improvements	3,971,471	11,608,483	15,579,954	461,668
Machinery and equipment	2,784,694	3,642,683	6,427,377	71,410
Accumulated depreciation	(5,354,709)	(8,088,911)	(13,443,620)	(363,240)
Net capital assets	1,829,270	7,178,911	9,008,181	369,838
Total assets	2,235,795	11,644,815	13,880,610	654,190
Deferred outflows of resources				
Deferred outflows for pensions	67,782	40,242	108,024	-
Total deferred outflow of resources	67,782	40,242	108,024	-
LIABILITIES				
Accounts payable and other current liabilities	80,473	-	80,473	-
Accrued interest payable	5,917	3,722	9,639	-
Capital lease and debt obligations current portion	343,406	214,953	558,359	28,270
Total current liabilities	429,796	218,675	648,471	28,270
Noncurrent liabilities:				
Capital lease and debt obligations	564,113	2,387,317	2,951,430	18,351
Net pension liability	121,952	72,402	194,354	-
Other noncurrent liabilities	115,355	439,918	555,273	-
Total noncurrent liabilities	801,420	2,899,637	3,701,057	18,351
Total liabilities	1,231,216	3,118,312	4,349,528	46,621
Deferred inflows of resources				
Deferred ad valorem tax revenues	52,349	-	52,349	-
Total deferred inflow of resources	52,349	-	52,349	-
NET POSITION				
Net investment in capital assets	928,462	4,572,919	5,501,381	323,217
Restricted for:				
Debt service	415,815	337,945	753,760	-
Unrestricted	(324,265)	3,655,881	3,331,616	284,352
Total net position	\$ 1,020,012	\$ 8,566,745	\$ 9,586,757	\$ 607,569

The accompanying notes are an integral part of the financial statements.

CITY OF SAN SABA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 1,248,396	\$	\$ 60,346	\$
Public safety	882,482			
Streets	500,601			
Public health and welfare	45,919			
Parks and recreation	1,401,802	449,711		
Interest on debt	37,267			
	<u>4,116,467</u>	<u>449,711</u>	<u>60,346</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Utility fund	4,958,265	7,633,939	394,044	142,125
	<u>4,958,265</u>	<u>7,633,939</u>	<u>394,044</u>	<u>142,125</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 9,074,732</u>	<u>\$ 8,083,650</u>	<u>\$ 454,390</u>	<u>\$ 142,125</u>
COMPONENT UNIT				
Component unit	151,200			
TOTAL COMPONENT UNIT	<u>\$ 151,200</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

General Revenues:

Taxes:

Property taxes levied for general purposes

Sales tax

Other taxes and franchise fees

Penalty and interest

Licenses and permits

Fines

Rents and royalties

Miscellaneous revenues

Investment income

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	San Saba Economic Dev Corp Fund
\$ (1,188,050)	\$	\$ (1,188,050)	\$
(882,482)		(882,482)	
(500,601)		(500,601)	
(45,919)		(45,919)	
(952,091)		(952,091)	
(37,267)	(74,190)	(111,457)	
(3,606,410)	(74,190)	(3,680,600)	
	3,211,843	3,211,843	
	3,211,843	3,211,843	
\$ (3,606,410)	\$ 3,137,653	\$ (468,757)	\$
			\$ (151,200)
\$	\$	\$	\$ (151,200)
514,204		514,204	
660,571		660,571	220,198
88,806		88,806	
16,372		16,372	
5,437		5,437	
37,627		37,627	
44,955		44,955	
86,408	65,792	152,200	2,928
10,524	818	11,342	162
2,228,878	(2,228,878)	-	
\$ 3,693,782	\$ (2,162,268)	\$ 1,531,514	\$ 223,288
87,372	975,385	1,062,757	72,088
932,640	7,591,360	8,524,000	535,481
\$ 1,020,012	\$ 8,566,745	\$ 9,586,757	\$ 607,569

The accompanying notes are an integral part of the financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**CITY OF SAN SABA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 112,546	\$ 188,771	\$ 301,317
Taxes receivable	53,798	210,000	263,798
Other current assets	1,230	4,961	6,191
Total Assets	<u>\$ 167,574</u>	<u>\$ 403,732</u>	<u>\$ 571,306</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 83,855	\$ 4,961	\$ 88,816
Total Liabilities	<u>83,855</u>	<u>4,961</u>	<u>88,816</u>
Deferred inflow of resources			
Deferred ad valorem taxes	52,349	210,000	262,349
Total deferred inflow of resources	52,349	210,000	262,349
Fund Balances:			
Restricted for debt service		188,771	188,771
Assigned to:			
Fire department	1,870		1,870
Park lights	1,933		1,933
Unassigned	27,567		27,567
Total Fund Balances	<u>31,370</u>	<u>188,771</u>	<u>220,141</u>
Total Liabilities and Fund Balances	<u>\$ 167,574</u>	<u>\$ 403,732</u>	<u>\$ 571,306</u>

The accompanying notes are integral part of the financial statements.

CITY OF SAN SABA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$ 220,141
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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 \$7,028,600 and the accumulated depreciation was \$5,142,735. 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.

878,758

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 2022 capital outlays and debt payments less disposals of assets is to increase net position.

548,688

The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.

(234,131)

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 \$121,952. Also included in the statement of net position, are deferred outflows in the amount of \$67,782, which decreased 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.

(180,164)

Various other reclassifications and eliminations are necessary to convert from the modified accrual 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 eliminations is to increase net position.

(213,280)

Net Position of Governmental Activities

\$1,020,012

The accompanying notes are integral part of the financial statements.

CITY OF SAN SABA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property taxes	\$ 187,839	\$ 342,738	\$ 530,577
General sales and use taxes	660,571		660,571
Other taxes and franchise fees	88,806		88,806
Licenses and permits	5,437		5,437
Charges for services	436,826		436,826
Fines	37,632		37,632
Investment income	10,391	128	10,519
Rents and royalties	47,529		47,529
Grant income	56,433		56,433
Other revenues	100,466	166	100,632
Total Revenues	<u>1,631,930</u>	<u>343,032</u>	<u>1,974,962</u>
EXPENDITURES:			
Current:			
General government	1,129,081	550	1,129,631
Public safety	847,152		847,152
Streets	407,335		407,335
Parks and recreation	1,198,403		1,198,403
Public health	35,748		35,748
Debt service:			
Principal	97,879	225,000	322,879
Interest and fiscal charges	13,600	23,667	37,267
Capital Outlay:			
Capital outlay	247,967		247,967
Total Expenditures	<u>3,977,165</u>	<u>249,217</u>	<u>4,226,382</u>
Excess (Deficiency) of Revenues	<u>(2,345,235)</u>	<u>93,815</u>	<u>(2,251,420)</u>
Over (Under) Expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	2,302,336	17,638	2,319,974
Total Other Financing Sources and (Uses)	<u>2,302,336</u>	<u>17,638</u>	<u>2,319,974</u>
NET CHANGES IN FUND BALANCES			
Fund Balance - October 1 (Beginning)	(42,899)	111,453	68,554
Fund Balance - September 30 (Ending)	<u>74,269</u>	<u>77,318</u>	<u>151,587</u>
	<u>\$ 31,370</u>	<u>\$ 188,771</u>	<u>\$ 220,141</u>

The accompanying notes are integral part of the financial statements.

CITY OF SAN SABA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 68,554
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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 2022 capital outlays, asset dispositions and debt payments is to increase net position.

	548,688
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.

	(234,131)
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The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflow. The annual change in contributions made after the TMRS measurement date of 12/31/2021 caused the ending net position to increase by \$13,089. Also, the change in contributions made before the measurement date, but during 2021-2022 FY, were de-expended and recorded as a reduction in the net pension liability of the City, which decreased net position by \$7,309. The City recorded its share of pension expense of \$124,786 during the measurement period as part of the net pension liability. The annual changes related to the impact of the implementation of GASB 68 is to decrease net position by \$180,164

	(180,164)
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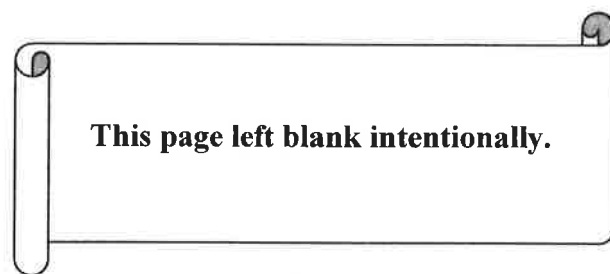
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the the accrual basis of accounting. These include eliminating interfund transactions, reclassifying the proceeds of general obligation debt as an increase in long-term debt, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.

	(115,575)
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Change in Net Position of Governmental Funds	\$ 87,372
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The accompanying notes are integral part of the financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS



CITY OF SAN SABA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Garbage Fund	TOTAL
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,283,304	\$ 660,928	\$ 846,354	\$ 125,251	\$ 2,915,837
Investments - current	58,244	86,861	104,096	-	249,201
Accounts receivable - net of uncollectible accounts	70,807	68,068	566,546	67,896	773,317
Inventories	226,330	7,181	294,038	-	527,549
Total current assets	<u>1,638,685</u>	<u>823,038</u>	<u>1,811,034</u>	<u>193,147</u>	<u>4,465,904</u>
Non-current Assets					
Capital assets:					
Land	-	14,206	2,450	-	16,656
Buildings and improvements	4,473,174	4,589,615	2,501,950	43,744	11,608,483
Machinery and equipment	481,399	891,274	1,032,275	1,237,735	3,642,683
Accumulated depreciation	(1,907,158)	(2,975,635)	(2,371,949)	(834,169)	(8,088,911)
Total non-current assets	<u>3,047,415</u>	<u>2,519,460</u>	<u>1,164,726</u>	<u>447,310</u>	<u>7,178,911</u>
Total Assets	<u>4,686,100</u>	<u>3,342,498</u>	<u>2,975,760</u>	<u>640,457</u>	<u>11,644,815</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	6,253	6,286	16,254	11,449	40,242
Total deferred outflows of resources	<u>6,253</u>	<u>6,286</u>	<u>16,254</u>	<u>11,449</u>	<u>40,242</u>
LIABILITIES					
Accrued interest payable	3,722	-	-	-	3,722
Revenue bonds & notes payable - current	55,000	-	-	-	55,000
Capital leases payable - current	28,732	36,878	26,296	68,047	159,953
Other current liabilities	-	-	-	-	-
Total current liabilities	<u>87,454</u>	<u>36,878</u>	<u>26,296</u>	<u>68,047</u>	<u>218,675</u>
Non-current liabilities					
Revenue bonds and notes payable	1,564,026	-	-	-	1,564,026
Capital leases payable	49,613	339,712	84,161	349,805	823,291
Customer deposits	150,549	-	190,201	-	340,750
Net pension liability	11,249	11,309	29,244	20,600	72,402
Other non-current liabilities	12,897	8,382	24,686	53,203	99,168
Total non-current liabilities	<u>1,788,334</u>	<u>359,403</u>	<u>328,292</u>	<u>423,608</u>	<u>2,899,637</u>
Total Liabilities	<u>1,875,788</u>	<u>396,281</u>	<u>354,588</u>	<u>491,655</u>	<u>3,118,312</u>
NET POSITION					
Net investment in capital assets	1,346,322	2,142,870	1,054,269	29,458	4,572,919
Restricted for debt service	254,939	58,172	24,834	-	337,945
Unrestricted	1,215,304	751,461	1,558,323	130,793	3,655,881
Total Net Position	<u>\$ 2,816,565</u>	<u>\$ 2,952,503</u>	<u>\$ 2,637,426</u>	<u>\$ 160,251</u>	<u>\$ 8,566,745</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SAN SABA, TEXAS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Garbage Fund	TOTAL
OPERATING REVENUES					
Charges for services	\$ 1,204,830	\$ 625,047	\$ 5,076,363	\$ 727,699	\$ 7,633,939
Grant revenues	536,169	-	-	-	536,169
Other revenues	913	64,879	-	-	65,792
Total operating revenues	<u>1,741,912</u>	<u>689,926</u>	<u>5,076,363</u>	<u>727,699</u>	<u>8,235,900</u>
OPERATING EXPENSES					
Salaries and wages	138,845	139,584	360,940	254,252	893,621
Employee benefits	49,426	47,613	124,328	121,443	342,810
Purchased power	-	-	2,573,853	-	2,573,853
Other operating expenses	137,878	100,341	134,514	237,404	610,137
Supplies	11,023	21,581	45,175	33,250	111,029
Depreciation	106,385	153,951	106,685	59,794	426,815
Total operating expenses	<u>443,557</u>	<u>463,070</u>	<u>3,345,495</u>	<u>706,143</u>	<u>4,958,265</u>
Operating income	<u>1,298,355</u>	<u>226,856</u>	<u>1,730,868</u>	<u>21,556</u>	<u>3,277,635</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	130	349	335	4	818
Interest expense - non-operating	(51,117)	(12,894)	(4,911)	(5,268)	(74,190)
Total non-operating revenues (expenses)	<u>(50,987)</u>	<u>(12,545)</u>	<u>(4,576)</u>	<u>(5,264)</u>	<u>(73,372)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,247,368</u>	<u>214,311</u>	<u>1,726,292</u>	<u>16,292</u>	<u>3,204,263</u>
Transfers in	73,458	-	-	-	73,458
Transfers out	(520,000)	(220,545)	(1,561,791)	-	(2,302,336)
Change in net position	<u>800,826</u>	<u>(6,234)</u>	<u>164,501</u>	<u>16,292</u>	<u>975,385</u>
Net Position - beginning	<u>2,015,739</u>	<u>2,958,737</u>	<u>2,472,925</u>	<u>143,959</u>	<u>7,591,360</u>
Net Position - ending	<u>\$ 2,816,565</u>	<u>\$ 2,952,503</u>	<u>\$ 2,637,426</u>	<u>\$ 160,251</u>	<u>\$ 8,566,745</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SAN SABA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Garbage Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>					
Cash received from user charges	\$ 1,238,664	\$ 625,593	\$ 5,051,870	\$ 725,844	\$ 7,641,971
Cash payments to employees for services	(145,253)	(145,191)	(376,753)	(263,863)	(931,060)
Cash payments to suppliers	(342,544)	(169,912)	(2,957,632)	(388,279)	(3,858,367)
Other operating income	537,082	64,879	-	-	601,961
Net Cash Provided by Operating Activities	1,287,949	375,369	1,717,485	73,702	3,454,505
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Transfers in	73,458	-	-	-	73,458
Transfers out	(520,000)	(220,545)	(1,561,791)	-	(2,302,336)
Net Cash Used for Non-Capital Financing Activities	(446,542)	(220,545)	(1,561,791)	-	(2,228,878)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of capital assets	(232,801)	-	(5,612)	(337,228)	(575,641)
Principal paid on debt and capital leases	(77,908)	(35,760)	(39,056)	(45,230)	(197,954)
Interest paid on debt and capital leases	(51,117)	(12,894)	(4,911)	(5,268)	(74,190)
Proceeds from financing activities	53,343	-	-	325,176	378,519
Net Cash Provided by (used for) Capital and Related Financing Activities	(308,483)	(48,654)	(49,579)	(62,550)	(469,266)
<u>Cash Flows from Investing Activities:</u>					
Interest and dividends on investments	130	349	335	4	818
Net Cash Provided by (used for) Investing Activities	130	349	335	4	818
Net increase (decrease) in cash and cash equivalents	533,054	106,519	106,450	11,156	757,179
Cash and Cash Equivalents at Beginning of the Year	808,494	641,270	844,000	114,095	2,407,859
Cash and Cash Equivalents at End of the Year	\$ 1,341,548	\$ 747,789	\$ 950,450	\$ 125,251	\$ 3,165,038
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>					
Operating income	\$ 1,298,355	\$ 226,856	\$ 1,730,868	\$ 21,556	\$ 3,277,635
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	106,385	153,951	106,685	59,794	426,815
Effect of increases and decreases in assets and liabilities:					
Decrease (increase) in receivables	35,065	546	(24,493)	(1,855)	9,263
Decrease (increase) in inventories	(144,800)	(377)	(85,027)	-	(230,204)
Decrease (increase) in deferred outflows	5,680	5,611	15,179	9,135	35,605
Increase (decrease) in compensated absences	375	1,113	2,227	1,557	5,272
Increase (decrease) in net pension liabilities	(12,463)	(12,331)	(33,218)	(20,303)	(78,315)
Increase (decrease) in other noncurrent	(648)	-	5,264	3,818	8,434
Net Cash Provided by Operating Activities	\$ 1,287,949	\$ 375,369	\$ 1,717,485	\$ 73,702	\$ 3,454,505

The accompanying notes are an integral part of the financial statements.

**CITY OF SAN SABA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The City of San Saba (the primary government) is a general law city incorporated under the laws of the State of Texas in 1910. In February 1992, the City began operating under a Type A General Law Municipality, with a Mayor-Council form of government. The City provides the following services: public safety, street maintenance, refuse collection, recreation programs, municipal court, public health, community development, public improvements, water, sewer, electric and general administrative services.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City an option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In accordance with Codification 2200, the City's financial statements include all funds, account groups, agencies, boards, commissions, and other organizations over which the Council exercises oversight responsibility. Oversight responsibility includes appointment of governing bodies, budget authority, approval of tax levies, securing outstanding debt by the City's full faith and credit or revenues, and responsibility for funding deficits.

The City has included the San Saba Economic Development Corporation as a component unit in the financial statements. As a result of applying the entity definition criteria of the Government Accounting Standards Board, the City included this entity as a component unit. This unit was organized for the following purpose:

San Saba Economic Development Corporation (San Saba EDC)

This corporation was created in 1999 under the Development Corporation Act of 1979, to promote and develop various enterprises and the general welfare of the city. It is supported by a ½ (.005) cent sales tax approved by voters in October 1999. Its governing board is appointed and serves at the pleasure of the city council.

A joint venture is an organization created through a contractual arrangement. The organization is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City participates in two joint ventures with the County of San Saba, Texas. The purpose of these joint ventures is to pool resources and to share the costs, risks, and rewards of providing goods or services to the public.

The City participates in the following joint ventures:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. FINANCIAL REPORTING ENTITY - CONTINUED

San Saba County Emergency Medical Services

The County is responsible for overseeing countywide emergency management and medical services whereby professional emergency personnel respond to calls for emergency management and/or medical assistance. The County and the City share in funding the operations each fiscal year through an inter-local agreement. The City pays San Saba County \$9,167 per month to San Saba County for such services. The City also shares in funding Emergency Management Coordinator services with San Saba County, whereby the City pays \$342 per month. The City records these expenditures in the general fund.

San Saba Volunteer Fire Department

This volunteer organization is county-wide. Its net deficit is funded half by the County and half by the City. The City incurred expenditures of \$28,775 for fire department services in the current fiscal year. These expenditures are recorded in the general fund.

San Saba Jail Dispatcher and Municipal Court

Services for jail dispatching and municipal court services are also shared between the City and San Saba County. Interlocal agreements exist between the two municipalities for \$92,196 and \$38,520 for such services. These expenditures are recorded in the general fund.

Financial support from the City for these joint ventures has remained stable for the last several years and the City remains a vested partner in the provision of such services to its citizens.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Net Position display information about the reporting government. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION - CONTINUED

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal and interest and water and sewer fund principal and interest. It is used for the accumulation of funds to make required payments on principal and interest for such liabilities as certificate of obligation debt, bonds, and capital leases.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of capital facilities. Expenditures are accumulated in the fund until projects are completed.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The City maintains the following proprietary fund types:

Enterprise Funds

These funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Discretely Presented Component Units

These funds are used to account for quasi-municipal activities of the San Saba Economic Development Corporation (SSEDC).

Major and Nonmajor Funds

The funds are all classified as major funds and are shown below:

<u>Fund Type</u>	<u>Brief Description</u>
Major	
General	Accounts for operating activities of the City.
Proprietary Funds	
City of San Saba Electric Utility	Accounts for activities of the public trust in providing electric services to the public.
City of San Saba Water Utility	Accounts for activities of the public trust in providing water services to the public.
City of San Saba Sewer Utility	Accounts for activities of the public trust in providing sewer services to the public.
City of San Saba Garbage Collection	Accounts for activities of the public trust in providing refuse collection services to the public.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All government funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Net Position both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Cash and Investments

For the purposes of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND EQUITY

fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents. The signing of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010 made the FDIC insurance coverage of \$250,000 permanent.

In accordance with GASB Statement 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”, investments are stated at fair value. GASB Statement No. 31 also allows governments to value short-term, highly liquid debt instruments (i.e., money market investments, certificates of deposit) at amortized cost if those investments have a remaining maturity of one year or less at the time they are acquired. Short-term investments are reported at cost, which reasonably estimates fair value. Additional cash and investment disclosures are presented in Notes II.B. and III.A.

Texas Government Code Section 2256 (PFIA) outlines requirements for state agencies investing public funds. PFIA defines state agency as a department or commission that is part of any branch of state government and any non-profit corporation acting on behalf of either of those entities. In addition, the PFIA authorizes the governing body of a state agency to invest public funds and, in doing so, must comply with the requirements of PFIA. Procedures followed while conducting the annual government-wide audit of the financial statements of the City disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Public Funds Investment Act.

Interfund Receivables and Payables

During the course of operations, transactions may occur between individual funds that result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “Interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note IV for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND EQUITY - CONTINUED

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenditures, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the asset's estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Utility System	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in government-wide statements.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. The long-term debt consists primarily of certificates of obligation, bonds, lease payables, customer deposits, and accrued compensated absences.

Fund Financial Statements

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND EQUITY - CONTINUED

Pensions

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

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net positions with constraints placed on the use either by: (1) external groups such as grantors, creditors, contributors, or other laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

The City's policy is to first apply restricted resources to an expense and then unrestricted resources for the same expenses in the case where both restricted and unrestricted net position resources are available to pay for the expense. The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Fund Financial Statements

To clarify the relationship between reserved fund balance and restricted net position, the GASB issued Statement No. 54. The objective of the statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Fund balance reporting requirements were changed to depict the relative strength of the spending constraints placed on the purposes for which the resources can be used as follows:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance – amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND EQUITY - CONTINUED

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

Unassigned fund balance – amounts available for any purpose not contained in other classifications

E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

The City presently levies a one-cent (0.010) sales tax on taxable sales within the City. The sales tax is collected by the Texas State Comptroller of Public Accounts and remitted to the City in the month following receipt by the Comptroller. The Comptroller receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund and then allocated two-thirds for General Fund operations and one-third for the San Saba EDC.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. Property taxes attach as an enforceable lien on taxable property as of January 1. Taxes are levied annually on October 1 and are due by January 31. The San Saba County Central Appraisal District bills and collects the property taxes and remits to the City its portion. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year end. Due to the immaterial amount of any additional property taxes receivable after the 60-day period and between the date of the issuance of the financial statements, no additional accrual is made in the government-wide financial statements.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds — By Character

Current (further classified by function)

Debt Service

Capital Projects

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. REVENUES, EXPENDITURES, AND EXPENSES - CONTINUED

Proprietary Fund — By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as Interfund transfers. For the purposes of the Statement of Revenues, Expenditures, and Changes in Net Position, all interfund transfers between individual governmental funds have been eliminated.

F. BUDGETS

Budgets are legally adopted for the General and Enterprise Funds. Budget-to-actual comparisons are presented due to the legal requirement to adopt a budget.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Amendments are made during the year on approval by the City Council. The final amended budget is used in this report. Unused budget appropriations lapse at year-end unless carried forward to the next year by City Council action. The operating budget includes proposed expenditures for the General and Enterprise Funds. The City Council annually adopts the final budget prior to September 30.

The City Manager has the authority to transfer appropriation balances from one expenditure category to another within a department. Although costs are monitored on expenditure categories, the legal level of control (level at which expenditures may not exceed budget) is the fund level. The reported budgetary data has been revised for amendments authorized during the year.

G. ESTIMATES

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

A. FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds.

B. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, as required by 12 U.S.C.A., Section 1823(3). All financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note III.A., all deposits were fully insured or collateralized.

C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources. For the year ended September 30, 2022, the City complied, in all material respects, with all revenue restrictions.

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the various assets, liabilities, equity, revenue, and expenditure/expense amounts reported in the basic financial statements.

A. CASH AND INVESTMENTS

Deposits were with a contracted depository bank in interest bearing accounts which were secured throughout the year by FDIC coverage and by securities conforming to the provisions of House Bill 1488 pledged to, and in the name of the City. Under the provisions of the Governmental Accounting Standards Boards "Codification of Governmental Accounting Standards," the City was adequately secured for the entire year.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Deposits that are collateralized with securities held by the pledging financial institutions trust department or agent in the entity's name.
- Category 3 Deposits which are not collateralized.

The City's cash and investments are categorized as follows:

	Carrying Amount	Bank Balance
Category 1	\$ 274,834	\$ 274,834
Category 2	3,410,215	3,860,616
Total	<u>\$ 3,685,049</u>	<u>\$ 4,135,450</u>

For the fiscal year 2022, the City only invested in certificates of deposits and money market accounts at insured institutions. Deposits for the component unit are held in a financial institution and are fully secured under the Federal Deposit Insurance Corporation.

B. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance September 30, 2021	Additions	Dispositions	Balance September 30, 2022
Governmental activities:				
Land	\$ 427,814	\$	\$	\$ 427,814
Buildings	946,099			946,099
Improvements	2,992,058	33,314		3,025,372
Machinery and equipment	2,662,629	214,653	(92,588)	2,784,694
Totals at historical cost	7,028,600	247,967	(92,588)	7,183,979
Less accumulated depreciation				
Buildings	(726,419)	(31,387)		(757,806)
Improvements	(2,243,783)	(66,672)		(2,310,455)
Machinery and equipment	(2,172,533)	(136,072)	22,157	(2,286,448)
Total accumulated depreciation	(5,142,735)	(234,131)	22,157	(5,354,709)
Governmental activities capital assets, net	<u>\$ 1,885,865</u>	<u>\$ 13,836</u>	<u>\$ (70,431)</u>	<u>\$ 1,829,270</u>

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

B. CAPITAL ASSETS CONTINUED

	Balance September 30, 2021	Additions	Dispositions	Balance September 30, 2022
Business-type activities:				
Land	\$ 16,656			\$ 16,656
Buildings and improvements	11,447,330	161,153		11,608,483
Machinery and equipment	3,228,195	414,488	-	3,642,683
Totals at historical cost	14,692,181	575,641	-	15,267,822
Less accumulated depreciation				
Total accumulated depreciation	(7,662,096)	(426,815)	-	(8,088,911)
Business-type capital assets, net	\$ 7,030,085	\$ 148,826	\$ -	\$ 7,178,911

Depreciation expense was charged to governmental activities as follows:

	Amount
General government	\$ 8,094
Public safety and judiciary	35,330
Streets	63,163
Parks and recreation	117,373
Public health	10,171
Total depreciation expense	\$ 234,131

C. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

Governmental activities debt consists of the following:

	Balance September 30, 2022
<u>General Fund</u>	
Lease purchase with Yamaha Financial Services in the original amount of \$54,079 on April 2, 2019, for golf carts with monthly payments of \$1,239 including interest at 4.96%.	8,539
Lease purchase with First Financial Bank in the original amount of \$79,654 on October 11, 2018, for a 1998 dump trailer with annual payments of \$15,003 including interest at 4.87%.	27,949
Lease purchase with First Financial Bank in the original amount of \$36,417 on July 10, 2020, for a Toro Greensmaster mower with annual payments of \$5,920 including interest at 3.34%.	26,852
Lease purchase with Spirit of Texas Bank in the original amount of \$161,240 on June 25, 2020, for a TYMCO street sweeper with annual payments of \$25,468 including interest at 3.27%.	94,059

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

	Balance <u>September 30, 2022</u>
<u>General Fund</u>	
Lease purchase with First Financial Bank in the original amount of \$42,095 on December 10, 2019, for a 2020 Ford Fusion with annual payments of \$9,253 including interest at 4.50%.	17,328
Lease purchase with Mason Bank in the original amount of \$70,495 on October 15, 2020, for a Kubota tractor, Snake S2 mower, and turf aerator with annual payments of \$11,430 including interest at 3.27%.	61,370
Lease purchase with Mason Bank in the original amount of \$28,272 on November 10, 2020, for a 2020 Ford F-150 with annual payments of \$7,825 including interest at 4.197%.	21,633
Lease purchase with Government Capital in the original amount of \$30,328 on March 1, 2021, for a 2020 Ford F-150 with annual payments of \$8,302 including interest at 3.88%.	23,094
Lease purchase with First Security State Bank in the original amount of \$58,060 on February 4, 2022, for a Rainbird Water System with annual payments of \$9,478 including interest at 3.45%.	58,060
Lease purchase with First Security State Bank in the original amount of \$65,920 on April 29, 2022, for a Farmall Tractor with annual payments of \$12,248 including interest at 3.196%.	65,920
Lease purchase with First Security State Bank in the original amount of \$24,165 on March 25, 2022, for mowers with annual payments of \$6,548 including interest at 3.30%.	24,165
Lease purchase with First Security State Bank in the original amount of \$63,550 on November 12, 2021, for a 2022 Police Ford F-150 with annual payments of \$10,309 including interest at 3.283%.	63,550
Certificates of Obligation in the original amount of \$1,500,000 issued March 2008, with principal payments annually and interest at 4.5% payable semi-annually, final maturity March 2023. Proceeds from these obligations were restricted for the purchase of capital improvements to the electric lines and City parks. The certificates are collateralized with future ad valorem taxes.	135,000

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

Balance
September 30, 2022

Certificates of Obligation in the original amount of \$915,000 issued October 2009, with principal payments annually and interest at 4.95% payable semi-annually, final maturity November 2025. Proceeds from these obligations were restricted for waterworks and sewer system improvements. The certificates are collateralized with future ad valorem taxes.

240,000

Certificates of Obligation in the original amount of \$165,000 issued May 2014, with principal payments annually and interest ranging from 0.00% to 2.26% payable annually, final maturity May 2024. Proceeds from these obligations were restricted for waterworks and sewer system improvements. The certificates are collateralized with future ad valorem taxes.

40,000

Accrued compensated absences

115,355

Total general long-term debt

\$ 1,022,874

Less amounts due within one year

343,406

Amounts due in more than one year

\$ 679,468

BUSINESS-TYPE ACTIVITIES

As of September 30, 2022, the long-term debt payable from proprietary fund resources (business-type activities) consisted of the following:

Balance
September 30, 2022

Water fund

Waterworks and Sewer System Revenue Bonds in the original amount of \$475,000 issued 1985, with principal payments annually and interest at 5% semi-annual, final maturity June 1, 2024.

53,000

Lease purchase with First Security State Bank in the original amount of \$53,343 on February 4, 2022, for a 2022 Ford F250 with annual payments of \$11,748 including interest at 3.30%.

53,343

Lease purchase with First Financial Bank in the original amount of \$47,469 on November 16, 2018, for New Holland Skid Loader Equipment with annual payments of \$13,384 including interest at 4.91%.

12,758

Lease purchase with First Financial Bank in the original amount of \$29,768 on December 16, 2019, for a 2020 Chevrolet 1500 with annual payments of \$6,538 including interest at 4.50%.

12,244

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

BUSINESS-TYPE ACTIVITIES

Balance
September 30, 2022

Certificates of Obligation in the original amount of \$1,870,000 issued September 2018, with principal payments annually and interest of 2.75% payable annually, final maturity September 2058. Proceeds from these obligations were restricted for waterworks and sewer system improvements. The certificates are collateralized with future ad valorem taxes.

1,566,026

Accrued compensated absences

12,897

Customer deposits

150,549

Total water fund long-term debt

\$ 1,860,817

Sewer fund

Lease purchase with Government Capital in the original amount of \$412,350 on December 22, 2020, for a Sewer Cleaner with annual payments of \$48,653 including interest at 3.127%.

376,590

Accrued compensated absences

8,382

Total sewer fund long-term debt

\$ 384,972

Electric fund

Lease purchase with Spirit of Texas Bank in the original amount of \$189,351 on June 25, 2020, for a Ford Lift Truck with annual payments of \$29,908 including interest at 3.27%.

110,457

Accrued compensated absences

24,686

Customer deposits

190,201

Total electric fund long-term debt

\$ 325,344

Garbage fund

Lease purchase with Texas Bank in the original amount of \$150,250 on November 18, 2014, for a 2015 Freightliner Sanitation Truck with semiannual payments of \$8,957 including interest at 3.57%.

34,341

Lease purchase with First Security State Bank in the original amount of \$122,940 on August 4, 2022, for a 2024 International 620 Truck with annual payments of \$20,460 including interest at 3.97%.

122,940

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

BUSINESS-TYPE ACTIVITIES

Balance
September 30, 2022

Lease purchase with Spirit of Texas Bank in the original amount of \$202,236 on February 24, 2022, for a M2106 Freightliner with annual payments of \$23,557 including interest at 2.88%.	202,236
Lease purchase with First Financial Bank in the original amount of \$37,578 on March 11, 2019, for a 2011 CASE 580N Backhoe with annual payments of \$8,911 including interest at 5.96%.	16,347
Lease purchase with Government Capital in the original amount of \$51,592 on February 11, 2021, for Garbage Scales with annual payments of \$11,456 including interest at 3.59%.	41,988
Accrued compensated absences	15,211
Transfer site liability	37,992
Total garbage fund long-term debt	\$ 471,055
Total enterprise fund long-term debt	\$ 3,042,188
Amounts due within one year	214,953
Amounts due in more than one year	\$ 2,827,235

C. LONG-TERM DEBT – SUMMARY OF CHANGES FOR THE YEAR

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2022.

	<u>Governmental Activities</u>		
	Payable at 9/30/2021	Additions	Deletions
Capital leases	\$ 378,703	\$ 211,695	\$ 97,879
Certificates of obligation	640,000	-	225,000
Compensated absences	95,516	19,839	-
Totals	\$ 1,114,219	\$ 231,534	\$ 322,879

	<u>Enterprise Funds</u>		
	Payable at 9/30/2021	Additions	Deletions
Bonds Payable	\$ 78,000	\$ -	\$ 25,000
Capital Leases	749,677	378,519	144,952
Certificates of obligation	1,594,026	-	28,000
Transfer site liability	34,175	3,817	-
Compensated absences	55,904	5,272	-
Customer deposits	334,528	6,222	-
Totals	\$ 2,846,310	\$ 393,830	\$ 197,952

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM BONDED DEBT

Annual amortization requirements for the General Fund long-term certificates of obligation outstanding as of September 30, 2022, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
2023	230,000	13,723	243,723
2024	100,000	6,414	106,414
2025	85,000	2,104	87,104
Total	<u>\$ 415,000</u>	<u>\$ 22,241</u>	<u>\$ 437,241</u>

BUSINESS-TYPE ACTIVITIES

Annual amortization requirements for the Water Fund long-term 1985 bonded debt outstanding as of September 30, 2022, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
2023	26,000	2,650	28,650
2024	27,000	1,350	28,350
Total	<u>\$ 53,000</u>	<u>\$ 4,000</u>	<u>\$ 57,000</u>

Annual amortization requirements for the Water Fund long-term 2018 certificates of obligation outstanding as of September 30, 2022, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
2023	29,000	44,660	73,660
2024	30,000	43,833	73,833
2025	31,000	42,977	73,977
2026	32,000	42,093	74,093
2027	33,000	41,181	74,181
2028 - 2032	175,000	191,503	366,503
2033 - 2037	202,000	165,094	367,094
2038 - 2042	232,000	134,580	366,580
2043 - 2047	266,000	99,617	365,617
2048 - 2052	304,000	59,520	363,520
2053 - 2056	232,026	14,947	246,973
Total	<u>\$ 1,566,026</u>	<u>\$ 880,005</u>	<u>\$ 2,446,031</u>

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

CAPITAL LEASE PAYMENTS FOR GOVERNMENTAL ACTIVITIES

Minimum future lease payments for all capital lease payments including interest are as follows:

Year ending <u>September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	113,406	17,053	130,459
2024	108,740	13,044	121,784
2025	88,504	9,024	97,528
2026	75,402	5,999	81,401
2027	45,866	3,520	49,386
2028 - 2029	60,601	2,651	63,252
Total	<u>\$ 492,519</u>	<u>\$ 51,291</u>	<u>\$ 543,810</u>

CAPITAL LEASE PAYMENTS FOR ENTERPRISE ACTIVITIES

Minimum future lease payments for all capital lease payments including interest are as follows:

Year ending <u>September 30,</u>	<u>Enterprise Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	159,953	32,577	192,530
2024	152,429	26,717	179,146
2025	124,216	21,566	145,782
2026	128,303	17,480	145,783
2027	91,162	13,257	104,419
2028 - 2032	327,181	26,140	353,321
Total	<u>\$ 983,244</u>	<u>\$ 137,737</u>	<u>\$ 1,120,981</u>

IV. INTERFUND RECEIVABLES AND PAYABLES

The following is a list of interfund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
Garbage Fund	\$ 1,230	\$
Water Fund	4,961	
Debt Service Fund		4,961
General Fund		1,230
Totals	<u>\$ 6,191</u>	<u>\$ 6,191</u>

V. RISK MANAGEMENT

The City incurs risk in the areas of property and liability, errors and omissions, and law enforcement liability. Risk of loss for each of these areas is transferred to commercial carriers. A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The City participates in the Texas Municipal League Risk Pool, a risk-sharing pool, for workers compensation, wherein member cities pool risks and share in the costs of any losses.