CITY OF SAN SABA, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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, 2023, 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, 2023, 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 26, 2023, 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.

KAhl

San Saba, Texas
December 26, 2023

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, 2023. 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 (which begin 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. The primary purpose of the Statements is to show whether the City's financial condition has improved as a result of 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 also 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:

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, 2023, net position of the City's governmental activities increased $149,957, from $1,020,012 to $1,169,969, or 14.7%.

For the year ended September 30, 2023, net position of the City's business-type activities increased $312,342 from $8,566,745 to $8,879,087, or 3.6%.

The largest portion of the City's total net position, $5,944,386 (59.1%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, and machinery and equipment), less any debt used to acquire those assets remaining 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 position

GOVERNMENT-WIDE FINANCIAL ANALYSIS – ***Continued***

of $787,567 (7.8%) represents resources that are restricted for debt service. The remaining balance of unrestricted net position of $3,317,103 (33.0%) may be used to meet ongoing obligations to citizens and creditors. As of September 30, 2023, 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, 2023			Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 552,065	$ 4,349,042	$ 4,901,107	$ 406,525	$4,465,904	$ 4,872,429
Capital assets, net	1,795,017	7,604,314	9,399,331	1,829,270	7,178,911	9,008,181
Total assets	2,347,082	11,953,356	14,300,438	2,235,795	11,644,815	13,880,610
Deferred outflows	784,791	441,395	1,226,186	67,782	40,242	108,024
Current liabilities	287,205	229,711	516,916	429,796	218,675	648,471
Noncurrent liabilities	1,603,227	3,285,953	4,889,180	801,420	2,899,637	3,701,057
Total liabilities	1,890,432	3,515,664	5,406,096	1,231,216	3,118,312	4,349,528
Deferred inflows	71,472	-	71,472	52,349	-	52,349
Net position						
Inv in Capital assets, net	911,506	5,032,880	5,944,386	928,462	4,572,919	5,501,381
Restricted for:						
Debt service	409,340	378,227	787,567	415,815	337,945	753,760
Unrestricted	(150,877)	3,467,980	3,317,103	(324,265)	3,655,881	3,331,616
Total net position	$ 1,169,969	$ 8,879,087	$ 10,049,056	$ 1,020,012	$8,566,745	$ 9,586,757

Analysis of the City's Operations

Governmental activities reported an increase in net position of $149,957, or 14.7%. Business-type activities reported an increase in net position in the amount of $312,342, or 3.6%. The governmental increase in net position is the result of an increase in property tax revenues and interest income, in addition to changes in the net pension liability and deferred inflows and outflows related to pensions. Changes in revenues from the prior year included an increase in combined property taxes, sales tax, and other tax revenues of $236,335, or 18.4%. Interest income increase to $126,556 for governmental activities, compared to $10,524 in the prior year. Golf course revenues increased $55,807, or 12.5%. Total governmental activities revenues of $2,538,713 (not including transfers) increased by 28.5% compared to the prior year, while governmental expenditures of $4,490,068 increased by $373,601, or 9.1% compared to the prior year. The increase in expenditures compared to the prior year is mainly the result of increased expenditures related to payroll, retirement, and health insurance costs, in addition to park, police, and golf related expenditures. As noted in Exhibit B-1, parks and recreation expenditures increased by $190,004, for increases in golf course and parks expenditures. Public safety expenditures increased by $236,266 primarily due to increased payroll and related expenditures, as well as police equipment and maintenance expenditures. The government-wide financial statements also include annual adjustments for the City's pension liability (as disclosed in Note VI), which have an impact on the total expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Business-type activities reported an overall decrease in revenues from fiscal year 2022 to 2023 of $251,469, or 4.1%. Combined water and sewer revenues decreased $541,528, or 22.2%, while electric operating revenues increased $145,697, or 2.8%. Garbage revenues increased $13,533, or 1.8%. Operating transfers from Enterprise Funds to Governmental Funds decreased $127,566, or 5.7% compared to the prior year. Total operating expenses increased $411,574, or 8.1%, primarily related to increased power purchase expenditures for the Electric department of $163,016, or 6.3%.

The following table provides a summary of the City's operations for the years ended September 30, 2023, and 2022.

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

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 509,674	$ 7,733,476	$ 8,243,150	$ 449,711	$ 7,633,939	$ 8,083,650
Grant revenues	10,584	43,176	53,760	60,346	536,169	596,515
General revenues:						
Property taxes	731,295		731,295	514,204		514,204
Sales taxes	681,798		681,798	660,571		660,571
Other taxes	103,195		103,195	105,178		105,178
Licenses, fees, fines	91,303		91,303	43,064		43,064
Rents and royalties	54,786		54,786	44,955		44,955
Investment earnings	126,556	4,081	130,637	10,524	818	11,342
Other revenue	229,522	76,950	306,472	86,408	65,792	152,200
Transfer in (out)	2,101,312	(2,101,312)	-	2,228,878	(2,228,878)	-
Total revenues	4,640,025	5,756,371	10,396,396	4,203,839	6,007,840	10,211,679
Expenses:						
General government	1,197,244		1,197,244	1,248,396		1,248,396
Public safety	1,118,748		1,118,748	882,482		882,482
Streets	502,943		502,943	500,601		500,601
Parks and recreation	1,591,806		1,591,806	1,401,802		1,401,802
Public health	45,776		45,776	45,919		45,919
Interest expense	33,551	80,279	113,830	37,267	74,190	111,457
Utility fund expenses		5,363,750	5,363,750		4,958,265	4,958,265
Total expenses	4,490,068	5,444,029	9,934,097	4,116,467	5,032,455	9,148,922
Change in net position	149,957	312,342	462,299	87,732	975,385	1,062,757
Net position prior year	1,020,012	8,566,745	9,586,757	932,640	7,591,360	8,524,000
Net position current year	$ 1,169,969	$ 8,879,087	$ 10,049,056	$1,020,012	$ 8,566,745	$ 9,586,757

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 $534,391, an increase of $314,250, or 142.7% from the prior year end balance of $220,141. The unassigned fund balance of $110,344 increased $82,777, or 300% compared to the prior year's balance of $27,567. 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, 2023, the City had $9,399,331 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, 2023		
	Governmental Activities	Business-Type Activities	Total
Land	$ 427,814	$ 16,656	$ 444,470
Buildings and improvements	4,034,035	11,608,483	15,642,518
Machinery and equipment	2,947,006	4,484,812	7,431,818
	7,408,855	16,109,951	23,518,806
Less accumulated depreciation	(5,613,838)	(8,505,637)	(14,119,475)
Capital assets, net of depreciation	$ 1,795,017	$ 7,604,314	$ 9,399,331

	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	$ 1,829,270	$ 7,178,911	$ 9,008,181

CAPITAL ASSET AND DEBT ADMINISTRATION – *Continued*

Outstanding Debt

As of September 30, 2023, the City had $4,028,664 in bonds, certificates of obligation, and capital leases outstanding versus $4,065,062 last year; a decrease of 0.9% as follows:

Table IV
City of San Saba, Texas
Outstanding Debt

	Year ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total
Capital leases	$ 703,516	$ 1,003,305	$ 1,706,821
Bonds payable		27,000	27,000
Certificates of obligation	185,000	1,537,026	1,722,026
Customer deposits		349,985	349,985
Transfer site liability		42,335	42,335
Compensated absences	114,050	66,447	180,497
Total	$ 1,002,566	$ 3,026,098	$ 4,028,664

	Year ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total
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	$ 1,022,874	$ 3,042,188	$ 4,065,062

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

EXHIBIT A-1

CITY OF SAN SABA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	San Saba Economic Dev Corp Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 477,782	$ 2,560,707	$ 3,038,489	$ 424,864
Investments – current	-	249,831	249,831	-
Receivables (net of allowance)	64,948	939,858	1,004,806	-
Inventories	-	598,646	598,646	-
Debt issuance costs, net	2,333	-	2,333	-
Due from other funds	7,002	-	7,002	-
Total current assets	552,065	4,349,042	4,901,107	424,864
Capital assets:				
Land	427,814	16,656	444,470	200,000
Building and improvements	4,034,035	11,608,483	15,642,518	465,958
Machinery and equipment	2,947,006	4,484,812	7,431,818	233,170
Accumulated depreciation	(5,613,838)	(8,505,637)	(14,119,475)	(400,036)
Net capital assets	1,795,017	7,604,314	9,399,331	499,092
Total assets	2,347,082	11,953,356	14,300,438	923,956
Deferred outflows of resources				
Deferred outflows for pensions	784,791	441,395	1,226,186	-
Total deferred outflow of resources	784,791	441,395	1,226,186	-
LIABILITIES				
Accounts payable and other current liabilities	21,620	-	21,620	13,175
Accrued interest payable	3,100	4,103	7,203	3,882
Capital lease and debt obligations current portion	262,485	225,608	488,093	31,747
Total current liabilities	287,205	229,711	516,916	48,804
Noncurrent liabilities:				
Capital lease and debt obligations	626,031	2,341,723	2,967,754	164,202
Net pension liability	863,146	485,464	1,348,610	-
Other noncurrent liabilities	114,050	458,766	572,816	-
Total noncurrent liabilities	1,603,227	3,285,953	4,889,180	164,202
Total liabilities	1,890,432	3,515,664	5,406,096	213,006
Deferred inflows of resources				
Deferred ad valorem tax revenues	71,472	-	71,472	-
Total deferred inflow of resources	71,472	-	71,472	-
NET POSITION				
Net investment in capital assets	911,506	5,032,880	5,944,386	303,143
Restricted for:				
Debt service	409,340	378,227	787,567	-
Unrestricted	(150,877)	3,467,980	3,317,103	407,807
Total net position	$ 1,169,969	$ 8,879,087	$10,049,056	$ 710,950

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, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
GOVERNMENTAL ACTIVITIES:				
General government	$ 1,197,244	$	$ 10,584	
Public safety	1,118,748			
Streets	502,943			
Public health and welfare	45,776			
Parks and recreation	1,591,806	509,674		
Interest on debt	33,551			
	4,490,068	509,674	10,584	-
BUSINESS-TYPE ACTIVITIES				
Utility fund	5,363,750	7,733,476		43,176
	5,363,750	7,733,476	-	43,176
TOTAL PRIMARY GOVERNMENT	$ 9,853,818	$ 8,243,150	$ 10,584	$ 43,176
COMPONENT UNIT				
Component unit	157,132			32,829
TOTAL COMPONENT UNIT	$ 157,132	$	$	$ 32,829

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.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	San Saba Economic Dev Corp Fund
$ (1,186,660)	$	$ (1,186,660)	$
(1,118,748)		(1,118,748)	
(502,943)		(502,943)	
(45,776)		(45,776)	
(1,082,132)		(1,082,132)	
(33,551)	(80,279)	(113,830)	
(3,969,810)	(80,279)	(4,050,089)	-
	2,412,902	2,412,902	
-	2,412,902	2,412,902	-
$ (3,969,810)	$ 2,332,623	$ (1,637,187)	$
			(124,303)
$	$	$	$ (124,303)
731,295		731,295	
681,798		681,798	227,266
86,894		86,894	
16,301		16,301	
6,845		6,845	
84,458		84,458	
54,786		54,786	
229,522	76,950	306,472	20
126,556	4,081	130,637	398
2,101,312	(2,101,312)	-	
$ 4,119,767	$ (2,020,281)	$ 2,099,486	$ 227,684
149,957	312,342	462,299	103,381
1,020,012	8,566,745	9,586,757	607,569
$ 1,169,969	$ 8,879,087	$ 10,049,056	$ 710,950

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, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Current Assets			
Cash and cash equivalents	$ 149,293	$ 409,340	$ 558,633
Taxes receivable	64,948	85,000	149,948
Other current assets	3,902	3,100	7,002
Total Assets	$ 218,143	$ 497,440	$ 715,583
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 21,620	$ 3,100	$ 24,720
Total Liabilities	21,620	3,100	24,720
Deferred inflow of resources			
Deferred ad valorem taxes	71,472	85,000	156,472
Total deferred inflow of resources	71,472	85,000	156,472
Fund Balances:			
Restricted for debt service		409,340	409,340
Assigned to:			
Fire department	1,911		1,911
Keep San Saba Beautiful	10,805		
Park lights	1,991		1,991
Unassigned	110,344		110,344
Total Fund Balances	125,051	409,340	534,391
Total Liabilities and Fund Balances	$ 218,143	$ 497,440	$ 715,583

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, 2023

Total Fund Balances - Governmental Funds	$ 534,391
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 $7,183,979 and the accumulated depreciation was $5,354,709. 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.	928,462
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 2023 capital outlays and debt payments less disposals of assets is to increase net position.	334,301
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(331,097)
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 $863,146. Also included in the statement of net position, are deferred outflows in the amount of $784,791, 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.	(8,037)
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 eliminations is to increase net position.	(288,051)
Net Position of Governmental Activities	$1,169,969

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, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property taxes	$ 406,788	$ 340,808	$ 747,596
General sales and use taxes	681,798		681,798
Other taxes and franchise fees	86,894		86,894
Licenses and permits	6,845		6,845
Charges for services	503,598		503,598
Fines	84,644		84,644
Investment income	124,556	1,813	126,369
Rents and royalties	56,505		56,505
Grant income	10,584		10,584
Other revenues	233,879		233,879
Total Revenues	2,196,091	342,621	2,538,712
EXPENDITURES:			
Current:			
General government	1,424,794	550	1,425,344
Public safety	919,024		919,024
Streets	374,334		374,334
Parks and recreation	1,209,756		1,209,756
Public health	32,688		32,688
Debt service:			
Principal	126,220	230,000	356,220
Interest and fiscal charges	19,829	13,722	33,551
Capital Outlay:			
Capital outlay	50,049		50,049
Total Expenditures	4,156,694	244,272	4,400,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,960,603)	98,349	(1,862,254)
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	2,054,284	122,220	2,176,504
Total Other Financing Sources and (Uses)	2,054,284	122,220	2,176,504
NET CHANGES IN FUND BALANCES	93,681	220,569	314,250
Fund Balance - October 1 (Beginning)	31,370	188,771	220,141
Fund Balance - September 30 (Ending)	$ 125,051	$ 409,340	$ 534,391

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, 2023

Total Net Change in Fund Balances - Governmental Funds	$ 314,250
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 2023 capital outlays, asset dispositions and debt payments is to increase net position.	334,301
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.	(331,097)
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 12/31/2022 caused the ending net position to increase by $18,422. Also, the change in contributions made before the measurement date, but during 2022-2023 FY, were de-expended and recorded as a reduction in the net pension liability of the City, which decreased net position by $1,659. The City recorded its share of pension expense of $140,246 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 $8,037.	(8,037)
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 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 decrease net position.	(159,460)
Change in Net Position of Governmental Funds	$ 149,957

The accompanying notes are integral part of the financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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CITY OF SAN SABA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Electric Fund**	**Garbage Fund**	**TOTAL**
ASSETS					
Current Assets					
Cash and cash equivalents	$ 465,084	$ 743,759	$ 1,267,330	$ 84,534	$ 2,560,707
Investments - current	58,332	86,992	104,507	-	249,831
Accounts receivable - net of uncollectible accounts	135,293	74,875	655,554	74,136	939,858
Inventories	244,731	10,096	343,819	-	598,646
Total current assets	903,440	915,722	2,371,210	158,670	4,349,042
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	1,295,151	879,929	1,031,583	1,278,149	4,484,812
Accumulated depreciation	(1,990,494)	(3,128,023)	(2,459,013)	(928,107)	(8,505,637)
Total non-current assets	3,777,831	2,355,727	1,076,970	393,786	7,604,314
Total Assets	4,681,271	3,271,449	3,448,180	552,456	11,953,356
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	72,771	73,922	166,540	128,162	441,395
Total deferred outflows of resources	72,771	73,922	166,540	128,162	441,395
LIABILITIES					
Accrued interest payable	4,103	-	-	-	4,103
Revenue bonds & notes payable - current	57,000	-	-	-	57,000
Capital leases payable - current	27,210	38,031	27,156	76,211	168,608
Other current liabilities	-	-	-	-	-
Total current liabilities	88,313	38,031	27,156	76,211	229,711
Non-current liabilities					
Revenue bonds and notes payable	1,507,026	-	-	-	1,507,026
Capital leases payable	163,417	301,681	57,005	312,594	834,697
Customer deposits	152,523	-	197,462	-	349,985
Net pension liability	80,037	81,302	183,167	140,958	485,464
Other non-current liabilities	13,281	11,108	27,331	57,061	108,781
Total non-current liabilities	1,916,284	394,091	464,965	510,613	3,285,953
Total Liabilities	2,004,597	432,122	492,121	586,824	3,515,664
NET POSITION					
Net investment in capital assets	2,019,075	2,016,015	992,809	4,981	5,032,880
Restricted for debt service	292,716	60,640	24,871	-	378,227
Unrestricted	437,654	836,594	2,104,919	88,813	3,467,980
Total Net Position	$ 2,749,445	$ 2,913,249	$ 3,122,599	$ 93,794	$ 8,879,087

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Garbage Fund	TOTAL
OPERATING REVENUES					
Charges for services	$ 1,143,310	$ 628,401	$ 5,220,533	$ 741,232	$ 7,733,476
Grant revenues	43,176	-	-	-	43,176
Other revenues	10,181	65,242	1,527	-	76,950
Total operating revenues	1,196,667	693,643	5,222,060	741,232	7,853,602
OPERATING EXPENSES					
Salaries and wages	148,248	150,591	339,269	261,087	899,195
Employee benefits	50,695	50,671	111,427	135,604	348,397
Purchased power	-	-	2,736,869	-	2,736,869
Other operating expenses	167,688	115,618	180,886	272,383	736,575
Supplies	12,864	18,107	71,308	30,464	132,743
Depreciation	158,337	163,733	93,964	93,937	509,971
Total operating expenses	537,832	498,720	3,533,723	793,475	5,363,750
Operating income	658,835	194,923	1,688,337	(52,243)	2,489,852
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	998	2,598	448	37	4,081
Interest expense - non-operating	(50,641)	(11,775)	(3,612)	(14,251)	(80,279)
Total non-operating revenues (expenses)	(49,643)	(9,177)	(3,164)	(14,214)	(76,198)
INCOME (LOSS) BEFORE TRANSFERS	609,192	185,746	1,685,173	(66,457)	2,413,654
Transfers in	73,688	-	-	-	73,688
Transfers out	(750,000)	(225,000)	(1,200,000)	-	(2,175,000)
Change in net position	(67,120)	(39,254)	485,173	(66,457)	312,342
Net Position - beginning	2,816,565	2,952,503	2,637,426	160,251	8,566,745
Net Position - ending	$ 2,749,445	$ 2,913,249	$ 3,122,599	$ 93,794	$ 8,879,087

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Electric Fund**	**Garbage Fund**	**Total Enterprise Funds**
Cash Flows from Operating Activities:					
Cash received from user charges	$ 1,078,824	$ 621,594	$ 5,131,525	$ 735,035	$ 7,566,978
Cash payments to employees for services	(145,594)	(145,508)	(332,987)	(257,969)	(882,058)
Cash payments to suppliers	(247,294)	(187,311)	(3,143,010)	(434,108)	(4,011,723)
Other operating income	53,357	65,242	1,527	-	120,126
Net Cash Provided by Operating Activities	739,293	354,017	1,657,055	42,958	2,793,323
Cash Flows from Non-Capital Financing Activities:					
Transfers in	73,688	-	-	-	73,688
Transfers out	(750,000)	(225,000)	(1,200,000)	-	(2,175,000)
Net Cash Used for Non-Capital Financing Activities	(676,312)	(225,000)	(1,200,000)	-	(2,101,312)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(888,752)	-	(6,208)	(40,414)	(935,374)
Principal paid on debt and capital leases	(83,733)	(36,878)	(26,296)	(68,047)	(214,954)
Interest paid on debt and capital leases	(50,641)	(11,775)	(3,612)	(14,251)	(80,279)
Proceeds from financing activities	141,015	-	-	39,000	180,015
Net Cash Provided by (used for) Capital and Related Financing Activities	(882,111)	(48,653)	(36,116)	(83,712)	(1,050,592)
Cash Flows from Investing Activities:					
Interest and dividends on investments	998	2,598	448	37	4,081
Net Cash Provided by (used for) Investing Activities	998	2,598	448	37	4,081
Net increase (decrease) in cash and cash equivalents	(818,132)	82,962	421,387	(40,717)	(354,500)
Cash and Cash Equivalents at Beginning of the Year	1,341,548	747,789	950,450	125,251	3,165,038
Cash and Cash Equivalents at End of the Year	$ 523,416	$ 830,751	$ 1,371,837	$ 84,534	$ 2,810,538
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	$ 658,835	$ 194,923	$ 1,688,337	$ (52,243)	$ 2,489,852
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	158,337	163,733	93,964	93,937	509,971
Effect of increases and decreases in assets and liabilities:					
Decrease (increase) in receivables	(64,486)	(6,807)	(89,008)	(6,240)	(166,541)
Decrease (increase) in inventories	(18,401)	(2,916)	(49,782)	-	(71,099)
Decrease (increase) in deferred outflows	(66,520)	(67,637)	(150,286)	(116,713)	(401,156)
Increase (decrease) in compensated absences	383	2,727	2,645	(485)	5,270
Increase (decrease) in net pension liabilities	68,787	69,994	153,924	120,358	413,063
Increase (decrease) in other noncurrent	2,358	-	7,261	4,344	13,963
Net Cash Provided by Operating Activities	$ 739,293	$ 354,017	$ 1,657,055	$ 42,958	$ 2,793,323

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

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 $9,333 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 $24,462 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 in recent 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:

Fund Type	Brief Description
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 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, 2023, 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	$ 274,871	$ 274,871
Category 2	2,934,704	3,605,375
Total	$ 3,209,575	$ 3,880,246

For the fiscal year 2023, 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, 2023, was as follows:

	Balance September 30, 2022	Additions	Dispositions	Balance September 30, 2023
Governmental activities:				
Land	$ 427,814	$	$	$ 427,814
Buildings	946,099			946,099
Improvements	3,025,372	95,877		3,121,249
Machinery and equipment	2,784,694	200,967	(71,968)	2,913,693
Totals at historical cost	7,183,979	296,844	(71,968)	7,408,855
Less accumulated depreciation				
Buildings	(757,806)	(31,390)		(789,196)
Improvements	(2,310,455)	(69,041)		(2,379,496)
Machinery and equipment	(2,286,448)	(230,666)	71,968	(2,445,146)
Total accumulated depreciation	(5,354,709)	(331,097)	71,968	(5,613,838)
Governmental activities capital assets, net	$ 1,829,270	$ (34,253)	$ -	$ 1,795,017

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

B. CAPITAL ASSETS CONTINUED

	Balance September 30, 2022	Additions	Dispositions	Balance September 30, 2023
Business-type activities:				
Land	$ 16,656			$ 16,656
Buildings and improvements	11,608,483			11,608,483
Machinery and equipment	3,642,683	935,374	-	4,578,057
Totals at historical cost	15,267,822	935,374	-	16,203,196
Less accumulated depreciation				
Total accumulated depreciation	(8,088,911)	(509,971)	-	(8,598,882)
Business-type capital assets, net	$ 7,178,911	$ 425,403	$ -	$ 7,604,314

Depreciation expense was charged to governmental activities as follows:

	Amount
General government	$ 8,096
Public safety and judiciary	89,869
Streets	75,890
Parks and recreation	147,073
Public health	10,169
Total depreciation expense	$ 331,097

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, 2023
General Fund	
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%.	14,306
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%.	21,829
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%.	71,667
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%.	8,854

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

	Balance September 30, 2023
General Fund	
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%.	51,947
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%.	14,717
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%.	15,687
Lease purchase with First Security State Bank in the amount of $58,060 on February 4, 2022, for a Rainbird Water System with annual payments of $9,478 including interest at 3.45%.	50,585
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%.	55,779
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%.	18,415
Lease purchase with First Security State Bank in the 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%.	55,327
Lease purchase with First Security State Bank in the original amount of $47,065 on February 24, 2023, for Golf Cart Sheds with annual payments of $8,398.06 including interest at 5.890%.	47,065
Lease purchase with First Security State Bank in the amount of $96,957 on July 21, 2023, for a 2023 Chevrolet Police with annual payments of $17,077.61 including interest at 5.527%.	96,957
Lease purchase with First Security State Bank in the original amount of $47,937 on July 21, 2023, for Police Body Cameras with annual payments of $10,432.54 including interest at 8.20%.	47,937
Lease purchase with First Security State Bank in the amount of $53,086 on November 30, 2022, for Golf Greens Sprayer with annual payments of $12,558.60 including interest at 5.872%.	53,086
Lease purchase with Yamaha Financial Services in the amount of $59,700 on April 1,2023, for golf carts with monthly payments of $1,358.85 including interest at 4.60%.	52,799

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

	Balance September 30, 2023
General Fund - *Continued*	
Lease purchase with First Security State Bank in the amount of $32,473 on June 24, 2022, for a 2023 Chevrolet Truck with annual payments of $7,436.19 including interest at 4.69%.	26,559
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.	165,000
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.	20,000
Accrued compensated absences	114,050
Total general long-term debt	$ 1,002,566
Less amounts due within one year	262,485
Amounts due in more than one year	$ 740,081

BUSINESS-TYPE ACTIVITIES

As of September 30, 2023, the long-term debt payable from proprietary fund resources (business-type activities) consisted of the following:

	Balance September 30, 2023
Water fund	
Waterworks and Sewer System Revenue Bonds in the amount of $475,000 issued 1985, with principal payments annually and interest at 5% semi-annual, final maturity June 1, 2024.	27,000
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%.	43,355
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%.	6,257
Lease purchase with First Security State Bank in the amount of $141,015 on November 30, 2022, for a Generator and SCADA mods with annual payments of $19,273.05 and interest at 6.13%	141,016

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

BUSINESS-TYPE ACTIVITIES

	Balance September 30, 2023
Water fund - *Continued*	
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.	1,537,026
Accrued compensated absences	13,281
Customer deposits	152,523
Total water fund long-term debt	$ 1,920,457
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%.	339,712
Accrued compensated absences	11,109
Total sewer fund long-term debt	$ 350,821
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%.	84,161
Accrued compensated absences	27,331
Customer deposits	197,462
Total electric fund long-term debt	$ 308,954
Garbage fund	
Lease purchase with Texas Bank in the 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%.	17,501
Lease purchase with First Security State Bank in the 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%.	107,360
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 2.875%.	184,493

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

BUSINESS-TYPE ACTIVITIES

	Balance September 30, 2023
Garbage fund - *Continued*	
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%.	8,410
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%.	32,040
Lease purchase with First Security State Bank in the original amount of $39,000 on April 12, 2023, for a John Deere Backhoe with annual payments of $8,018 including interest at 6.346%.	39,000
Accrued compensated absences	14,726
Transfer site liability	42,335
Total garbage fund long-term debt	$ 445,865
Total enterprise fund long-term debt	$ 3,026,098
Amounts due within one year	225,607
Amounts due in more than one year	$ 2,800,491

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

The following is a summary of long-term debt at the City for the year ended September 30, 2023:

Governmental Activities

	Payable at 9/30/2022	Additions	Deletions	Payable at 9/30/2023
Capital leases	$ 492,519	$ 360,018	$ 149,021	$ 703,516
Certificates of obligation	415,000	-	230,000	185,000
Compensated absences	115,355	-	1,305	114,050
Totals	$ 1,022,874	$ 360,018	$ 380,326	$ 1,002,566

Enterprise Funds

	Payable at 9/30/2022	Additions	Deletions	Payable at 9/30/2023
Bonds Payable	$ 53,000	$ -	$ 26,000	$ 27,000
Capital Leases	983,244	180,015	159,954	1,003,305
Certificates of obligation	1,566,026	-	29,000	1,537,026
Transfer site liability	37,992	4,343	-	42,335
Compensated absences	61,176	5,271	-	66,447
Customer deposits	340,750	9,235	-	349,985
Totals	$ 3,042,188	$198,864	$ 214,954	$ 3,026,098

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, 2023, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
2024	100,000	6,414	106,414
2025	85,000	2,104	87,104
Total	$ 185,000	$ 8,518	$ 193,518

BUSINESS-TYPE ACTIVITIES

Annual amortization requirements for the Water Fund long-term 1985 bonded debt outstanding as of September 30, 2023, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
2024	27,000	1,350	28,350
Total	$ 27,000	$ 1,350	$ 28,350

Annual amortization requirements for the Water Fund long-term 2018 certificates of obligation outstanding as of September 30, 2023, including interest payments are as follows:

Year ending September 30,	Principal	Interest	Total
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	33,000	40,240	73,240
2029 - 2033	180,000	186,512	366,512
2034 - 2038	208,000	159,335	367,335
2039 - 2043	238,000	127,963	365,963
2044 - 2048	274,000	92,031	366,031
2049 - 2053	312,000	50,851	362,851
2054 - 2056	166,026	8,330	174,356
Total	$ 1,537,026	$ 835,346	$ 2,372,372

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS -CONTINUED

C. LONG-TERM DEBT – CONTINUED

CAPITAL LEASE PAYMENTS FOR GOVERNMENT ACTIVITIES

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

	Governmental Activities		
Year ending September 30,	Principal	Interest	Total
2024	162,484	31,509	193,993
2025	145,246	24,491	169,737
2026	135,317	18,294	153,611
2027	100,908	12,532	113,440
2028	83,836	8,096	91,932
2029 - 2030	75,725	5,446	81,171
Total	$ 703,516	$ 100,368	$ 803,884

CAPITAL LEASE PAYMENTS FOR ENTERPRISE ACTIVITIES

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

	Enterprise Activities		
Year ending September 30,	Principal	Interest	Total
2024	168,607	37,829	206,436
2025	141,398	31,675	173,073
2026	146,550	26,523	173,073
2027	110,540	21,169	131,709
2028	102,968	16,994	119,962
2029 - 2033	333,242	31,791	365,033
Total	$ 1,003,305	$ 165,981	$ 1,169,286

IV. INTERFUND RECEIVABLES AND PAYABLES

The following is a list of interfund receivables and payables:

	Receivable	Payable
Garbage Fund	$ 1,230	$
Water Fund	3,100	
Debt Service Fund		3,100
General Fund		1,230
Totals	$ 6,191	$ 6,191

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.

V. RISK MANAGEMENT – CONTINUED

Claims against the City are expected to be paid by that public entity risk pool. Should the pool become insolvent, or otherwise unable to pay claims, the City may have to pay the claims. There were no significant reductions in insurance coverage or insurance settlements exceeding insurance coverage during each of the past three years.

VI. DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City of San Saba participates as one of over 860 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

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

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

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

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The City also provides death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms:

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

Number of members:	December 31 2022	December 31 2021
Inactive employees or beneficiaries currently receiving benefits:	26	26
Inactive employees entitled to but not yet receiving benefits:	20	16
Active employees:	47	47
Total	93	89