



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

Salado TEXAS
"GATEWAY TO A CHARMED LIFE"

VILLAGE OF SALADO

PRINCIPAL OFFICERS

MAYOR

BERT HENRY

BOARD OF ALDERMAN

ZACH HURST

D. JASEN GRAHAM

MICHAEL MACDONALD

RODNEY BELL

VILLAGE ADMINISTRATOR

MANUEL DE LA ROSA

VILLAGE OF SALADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Board of Aldermen
Village of Salado, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Salado, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Salado 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.

Emphasis of Matter

As discussed in Note O, the Village will have a tax rate election in May 2025 that could have a significant impact on their 2025 general fund budget.

Responsibilities of Management for the Financial Statements

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Salado's basic financial statements. The supplementary information (as identified in the table of contents) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025 on our consideration of Village of Salado'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 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 Village of Salado's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

February 5, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Village of Salado’s annual financial report presents our discussion and analysis of the Village’s financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the Village’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

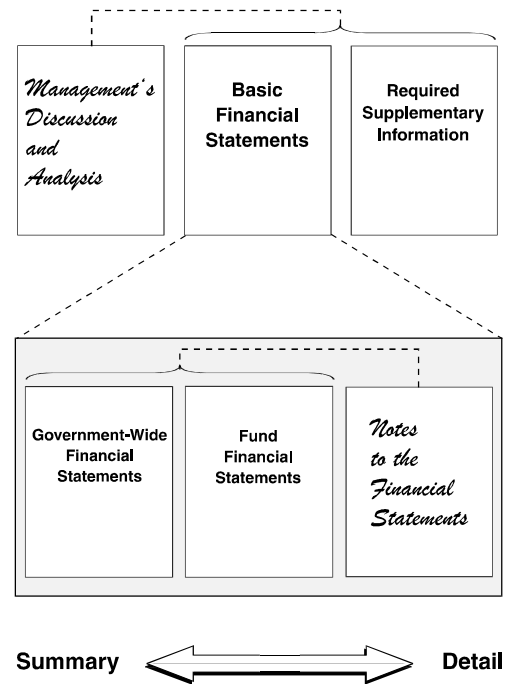
- The Village’s total combined net position was \$12.4 million at September 30, 2024.
- The Village’s governmental expenses (including assistance to the wastewater utility) were \$5.4 million less than the \$8.9 million generated in general and program revenues for governmental activities. Revenues include infrastructure contributed from the Sanctuary of \$5.0 million. Governmental expenses increased 33% over the prior year, primarily from additional personnel and an increase in pension plan benefits.
- The Village’s business-type operating expenses (without depreciation) were \$133 thousand more than the \$305 thousand generated in charges for services.
- The general fund reported a fund balance of \$71 thousand, a decrease of \$593 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Village’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Village’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the Village’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the Village's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire Village's government (except fiduciary funds) and the Village's component units	The activities of the town that are not proprietary or fiduciary	Activities of the Village that operate similar to private businesses: wastewater utility
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the Village’s financial statements, including the portion of the Village government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village’s net position and how they have changed. Net position—the difference between the Village’s assets and liabilities—is one way to measure the Village’s financial health or *position*.

- Over time, increases or decreases in the Village’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village, one needs to consider additional non-financial factors such as changes in the Village’s tax base.

- The government-wide financial statements of the Village include the *Governmental activities*. Most of the Village’s basic services are included here, such as administration, police, streets, public works, and interest on long-term debt. Property and sales taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village’s most significant *funds*—not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Village has the following kinds of funds:

- *Governmental funds*—Most of the Village’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*—These are funds held in a custodial capacity for others.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village’s combined net position was \$12.4 million at September 30, 2024. (See Table A-1). Of this amount, \$11.8 million was invested in capital assets less related debt. Other amounts are subject to external restrictions such as tourism development and debt service for a total of \$663 thousand. The remaining unrestricted portion of net position was a deficit of \$89 thousand.

Governmental Activities

- Property tax rates decreased slightly for the fiscal year ending September 30, 2024, however increasing property tax valuations led to an increase in revenue of \$280 thousand.
- Developers of the Sanctuary contributed \$5.0 in streets and drainage improvements to the Village.
- Total personnel costs increased \$466 thousand for additional police officers and an expansion of pension benefits. The employee deposit rate increased from 5% to 7% which increased the Village’s required match.

Business-Type Activities

- Monthly operating revenues increased 10% as new customers continue to connect to the system.
- Impact fees decreased which made total charges for services fairly stable.
- Costs without depreciation or interest increased from \$329 thousand to \$437 thousand for additional professional service and increased utilities.

Table A-1
Village's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<i>Assets:</i>						
Current Assets	\$ 1,942,042	\$ 3,079,906	\$ 37,856	\$ 139,603	\$ 1,979,898	\$ 3,219,509
Other Assets	9,186	146,404	-	-	9,186	146,404
Capital Assets (net)	8,599,853	2,122,635	10,289,686	9,675,923	18,889,539	11,798,558
<i>Total Assets</i>	<u>10,551,081</u>	<u>5,348,945</u>	<u>10,327,542</u>	<u>9,815,526</u>	<u>20,878,623</u>	<u>15,164,471</u>
<i>Deferred Outflows:</i>	115,630	111,022	-	-	115,630	111,022
<i>Liabilities:</i>						
Current Liabilities	1,419,746	1,686,955	638,343	602,598	2,058,089	2,289,553
Long-Term Liabilities	166,816	158,509	6,350,000	6,920,000	6,516,816	7,078,509
<i>Total Liabilities</i>	<u>1,586,562</u>	<u>1,845,464</u>	<u>6,988,343</u>	<u>7,522,598</u>	<u>8,574,905</u>	<u>9,368,062</u>
<i>Deferred Inflows:</i>	60,130	36,119	-	-	60,130	36,119
<i>Net Position:</i>						
Net Invested in Capital Assets	8,415,181	1,938,895	3,369,686	2,195,923	11,784,867	4,134,818
Restricted	570,211	994,729	93,211	59,794	663,422	1,054,523
Unrestricted	34,627	644,760	(123,698)	37,211	(89,071)	681,971
<i>Total Net Position</i>	<u>\$ 9,020,019</u>	<u>\$ 3,578,384</u>	<u>\$ 3,339,199</u>	<u>\$ 2,292,928</u>	<u>\$ 12,359,218</u>	<u>\$ 5,871,312</u>

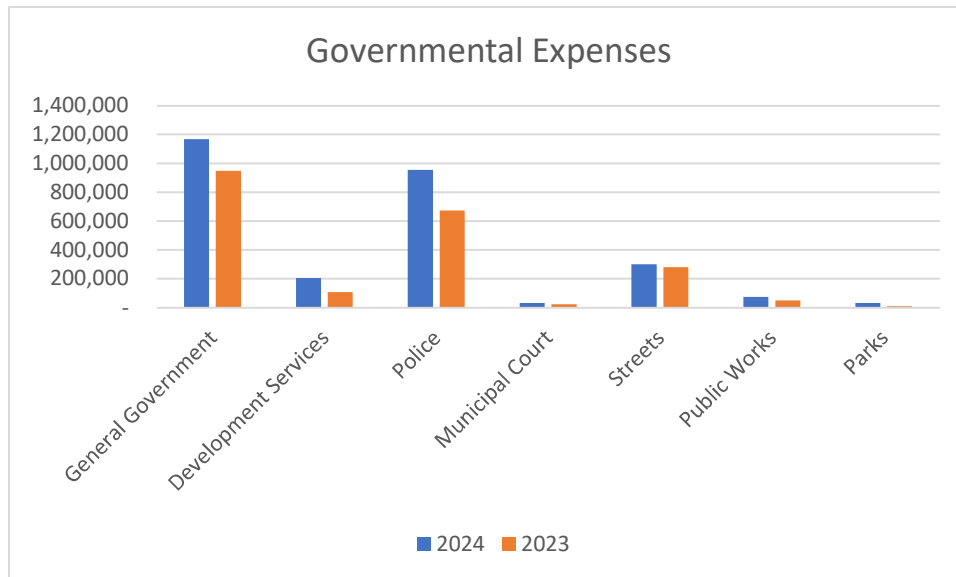


Table A-2
Changes in Village's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
<i>Program Revenues:</i>						
Charges for Services	\$ 435,535	\$ 229,331	\$ 304,688	\$ 307,185	\$ 740,223	\$ 536,516
Operating Grants and Contributions	-	-	-	-	-	-
Capital Contributions	5,116,039	475,482	1,014,606	-	6,130,645	475,482
<i>General Revenues:</i>						
Taxes	2,887,874	2,508,527	-	-	2,887,874	2,508,527
General Grants	350,373	238,040	-	-	350,373	238,040
Interest Earnings	43,375	43,550	4,219	4,562	47,594	48,112
Miscellaneous	91,326	129,520	-	60	91,326	129,580
TOTAL REVENUES	8,924,522	3,624,450	1,323,513	311,807	10,248,035	3,936,257
<i>Program Expenses:</i>						
General Government	1,167,753	947,920	-	-	1,167,753	947,920
Development Services	204,541	106,471	-	-	204,541	106,471
Police	959,101	672,968	-	-	959,101	672,968
Municipal Court	32,488	22,488	-	-	32,488	22,488
Streets	299,709	279,468	-	-	299,709	279,468
Public Works	74,978	49,426	-	-	74,978	49,426
Parks	32,779	10,515	-	-	-	-
Wastewater Utility	-	-	979,362	875,054	979,362	875,054
Interest on Debt	9,418	1,598	-	-	9,418	1,598
TOTAL EXPENSES	2,780,767	2,090,854	979,362	875,054	3,760,129	2,965,908
Transfers	(702,120)	(702,570)	702,120	702,570	-	-
Change in Net Position	5,441,635	831,026	1,046,271	139,323	6,487,906	970,349
Beginning Net Position	3,578,384	2,747,358	2,292,928	2,153,605	5,871,312	4,900,963
Ending Net Position	\$ 9,020,019	\$ 3,578,384	\$ 3,339,199	\$ 2,292,928	\$ 12,359,218	\$ 5,871,312

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

- The General fund decreased its fund balance by \$593 thousand for street improvement projects.
- The Hotel Tax fund balance increased \$24 thousand.
- The Debt Service fund increased \$29 thousand and will be used to make future debt payments.
- The Capital Projects fund spent the remaining American Rescue Plan grant on street improvements and completion construction of the all abilities playground. It also accepted the contribution of streets and drainage infrastructure from the Sanctuary development.

Budgetary Highlights

- General Fund budget was amended during the year to increase revenues to match better with expectations and to include spending that was not in the original budget.
- Actual revenues exceeded the amended budget by \$180 thousand.
- General Fund actual expenditures were \$390 thousand less than the amended budget as spending on certain capital projects occurred in the capital projects fund rather than the general fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Village had invested \$22 million in a broad range of capital assets, including land, equipment, buildings, and infrastructure. In 2024, the Village accepted \$6 million in infrastructure from the Sanctuary development, completed the all abilities playground and continued work on Center Circle, Stagecoach Circle and Williams Road sidewalks. (See Table A-3)

Table A-3
Village's Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 45,577	\$ 45,577	\$ -	\$ -	\$ 45,577	\$ 45,577
Buildings and Improvements	384,594	384,594	-	-	384,594	384,594
Infrastructure	7,038,520	1,851,720	12,285,516	11,270,910	19,324,036	13,122,630
Equipment	1,403,476	599,516	5,857	5,857	1,409,333	605,373
Construction in Progress	942,782	239,572	-	-	942,782	239,572
Totals at Historical Cost	9,814,949	3,120,979	12,291,373	11,276,767	22,106,322	14,397,746
Total Accumulated Depreciation	(1,215,096)	(998,344)	(2,001,687)	(1,600,844)	(3,216,783)	(2,599,188)
Net Capital Assets	<u>\$ 8,599,853</u>	<u>\$ 2,122,635</u>	<u>\$ 10,289,686</u>	<u>\$ 9,675,923</u>	<u>\$ 18,889,539</u>	<u>\$ 11,798,558</u>

More detailed information about the Village's capital assets is presented in the notes to the financial statements.

Long Term Debt

The Village had bonds and notes payable at year end as outlined in Table A-4. The police department executed a three year note in 2024 to finance the purchase of a police vehicle. More detailed information about the Village's debt is presented in the notes to the financial statements.

Table A-4
Village's Long-Term Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Bonds Payable	\$ -	\$ -	\$ 6,920,000	\$ 7,480,000	\$ 6,920,000	\$ 7,480,000
Notes Payable	184,672	183,740	-	-	184,672	183,740
Total Long-Term Debt	<u>\$ 184,672</u>	<u>\$ 183,740</u>	<u>\$ 6,920,000</u>	<u>\$ 7,480,000</u>	<u>\$ 7,104,672</u>	<u>\$ 7,663,740</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2024-2025 year, the Village increased the property tax rate from \$0.3947 to \$0.4860. The Village anticipates this will increase property tax revenues \$604 thousand. The additional revenue will support additional police officers, a new city planner position and additional public works personnel. The Village anticipates the wastewater fund will require \$67 thousand in assistance to meet cash flow requirements. This financial assistance was built into the general fund budget. The Village is looking at several new commercial connections and new subdivisions in the near future to reduce and eventually eliminate the need for support from the general fund.

Subsequent to passage of the budget, a petition was filed calling for an election on the tax rate. In May 2025, the voters will decide if the Village will be allowed to keep the tax rate of \$0.4860 or be required to reduce it. If the rate is not approved, the Village would be required to refund approximately \$475 thousand in property taxes and reduce spending in the general fund to accommodate the reduction in revenue.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Village at (254) 947-5060 or visit the Village's website at www.salado-tx.gov.

Salado TEXAS
"GATEWAY TO A CHARMED LIFE"

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Fund
 - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Salado TEXAS
"GATEWAY TO A CHARMED LIFE"

VILLAGE OF SALADO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,426,785	\$ 233,796	\$ 1,660,581
Ad Valorem Tax Receivable (Net)	33,351	-	33,351
Other Receivables (Net)	254,074	20,934	275,008
Internal Balances	216,874	(216,874)	-
Prepaid Expenses	10,958	-	10,958
Capital Assets (net)	8,599,853	10,289,686	18,889,539
Net Pension Asset	9,186	-	9,186
TOTAL ASSETS	10,551,081	10,327,542	20,878,623
DEFERRED OUTFLOWS			
Deferred Pension Related Outflows	110,819	-	110,819
Deferred OPEB Related Outflows	4,811	-	4,811
TOTAL DEFERRED OUTFLOWS	115,630	-	115,630
LIABILITIES			
Accounts Payable	146,481	42,826	189,307
Accrued Wages	32,391	-	32,391
Accrued Interest	-	10,957	10,957
Accrued Compensated Absences	35,467	-	35,467
Deposits	1,128,711	14,560	1,143,271
<i>Long-term Debt</i>			
Long-term Debt Due in One Year	76,696	570,000	646,696
Long-term Debt Due in More than One Year	107,976	6,350,000	6,457,976
Total OPEB Liability	58,840	-	58,840
TOTAL LIABILITIES	1,586,562	6,988,343	8,574,905
DEFERRED INFLOWS			
Deferred Pension Related Inflows	47,778	-	47,778
Deferred OPEB Related Inflows	12,352	-	12,352
TOTAL DEFERRED INFLOWS	60,130	-	60,130
NET POSITION			
Net Investment in Capital Assets	8,415,181	3,369,686	11,784,867
Restricted for:			
Net Pension Asset	9,186	-	9,186
Municipal Court	9,984	-	9,984
Debt Service	168,878	-	168,878
Trolley Project	2,555	-	2,555
Tourism Development	378,404	-	378,404
Other	1,204	-	1,204
Impact Fees	-	93,211	93,211
Unrestricted	34,627	(123,698)	(89,071)
TOTAL NET POSITION	\$ 9,020,019	\$ 3,339,199	\$ 12,359,218

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General Government	\$ 1,167,753	\$ -	\$ -	\$ -
Development Services	204,541	386,181	-	-
Police	959,101	432	-	-
Municipal Court	32,488	45,272	-	4,965,339
Streets	299,709	-	-	-
Public Works	74,978	-	-	-
Parks	32,779	3,650	-	150,700
Interest on Long-term Debt	9,418	-	-	-
<i>Total Governmental Activities</i>	2,780,767	435,535	-	5,116,039
<i>Business-Type Activities:</i>				
Wastewater Utility	979,362	304,688	-	1,014,606
<i>Total Business-Type Activities</i>	979,362	304,688	-	1,014,606
Total Primary Government	\$ 3,760,129	\$ 740,223	\$ -	\$ 6,130,645
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Franchise and Occupancy Taxes				
General Grants				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (1,167,753)		\$ (1,167,753)
181,640		181,640
(958,669)		(958,669)
4,978,123		4,978,123
(299,709)		(299,709)
(74,978)		(74,978)
121,571		121,571
(9,418)		(9,418)
<u>2,770,807</u>		<u>2,770,807</u>
	\$ 339,932	339,932
	<u>339,932</u>	<u>339,932</u>
		<u>3,110,739</u>
1,453,616	-	1,453,616
925,685	-	925,685
508,573	-	508,573
350,373	-	350,373
43,375	4,219	47,594
91,326	-	91,326
<u>3,372,948</u>	<u>4,219</u>	<u>3,377,167</u>
(702,120)	702,120	-
5,441,635	1,046,271	6,487,906
3,578,384	2,292,928	5,871,312
<u>\$ 9,020,019</u>	<u>\$ 3,339,199</u>	<u>\$ 12,359,218</u>

VILLAGE OF SALADO
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Major Funds			Nonmajor	Total Governmental Funds
	General Fund	Debt Service	Capital Projects	Hotel Tax	
ASSETS					
Cash and Cash Equivalents	\$ 772,548	\$ 244,598	\$ -	\$ 409,640	\$ 1,426,786
Ad Valorem Taxes Receivable (Net)	15,091	18,260	-	-	33,351
Other Receivables	216,859	-	-	22,626	239,485
Due from Other Governments	-	-	-	14,590	14,590
Due from Other Funds	333,749	-	-	-	333,749
Prepaid Items	10,958	-	-	-	10,958
TOTAL ASSETS	\$ 1,349,205	\$ 262,858	\$ -	\$ 446,856	\$ 2,058,919
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 105,994	\$ -	\$ -	\$ 40,488	\$ 146,482
Accrued Wages	29,877	-	-	2,514	32,391
Deposits	1,128,711	-	-	-	1,128,711
Due to Other Funds	-	93,980	-	22,895	116,875
<i>Total Liabilities</i>	<u>1,264,582</u>	<u>93,980</u>	<u>-</u>	<u>65,897</u>	<u>1,424,459</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Property Tax Revenue	13,579	16,430	-	-	30,009
<i>Total Deferred Inflows</i>	<u>13,579</u>	<u>16,430</u>	<u>-</u>	<u>-</u>	<u>30,009</u>
<i>Fund Balances:</i>					
Nonspendable Prepaid Items	10,958	-	-	-	10,958
Restricted for:					
Debt Service	-	152,448	-	-	152,448
Trolley Project	-	-	-	2,555	2,555
Tourism Development	-	-	-	378,404	378,404
Municipal Court	9,984	-	-	-	9,984
Other	1,204	-	-	-	1,204
Unassigned	48,898	-	-	-	48,898
<i>Total Fund Balances</i>	<u>71,044</u>	<u>152,448</u>	<u>-</u>	<u>380,959</u>	<u>604,451</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,349,205	\$ 262,858	\$ -	\$ 446,856	\$ 2,058,919

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 604,451

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 8,599,853

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 30,008

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (35,467)

Note payable are not due and payable in the current period and therefore, not reported in the funds. (184,672)

Net pension and total other post-employment liabilities (and related deferred outflows and inflows of resources) do not consume or create current financial resources and are not reported in the funds.

Net Pension (Liability) Asset	9,186	
Pension Related Deferred Outflows	110,819	
Pension Related Deferred Inflows	(47,778)	
OPEB Related Deferred Outflows	4,811	
OPEB Related Deferred Inflows	(12,352)	
Total OPEB Liability	(58,840)	5,846

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 9,020,019

VILLAGE OF SALADO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Major Fund			Nonmajor	Total
	General Fund	Debt Service	Capital Projects	Hotel Tax	Governmental Funds
REVENUES					
Ad Valorem Taxes	\$ 753,373	\$ 702,102	\$ -	\$ -	\$ 1,455,475
Sales Taxes	925,685	-	-	-	925,685
Franchise and Occupancy Taxes	239,395	-	-	254,589	493,984
Licenses and Permits	319,272	-	-	-	319,272
Grants and Donations	700	-	500,373	14,590	515,663
Charges for Services	70,991	-	-	-	70,991
Fines and Penalties	45,272	-	-	-	45,272
Interest Income	13,934	29,440	-	-	43,374
Miscellaneous	87,581	-	-	3,745	91,326
TOTAL REVENUES	<u>2,456,203</u>	<u>731,542</u>	<u>500,373</u>	<u>272,924</u>	<u>3,961,042</u>
EXPENDITURES					
<i>Current:</i>					
General Government	831,336	-	-	245,736	1,077,072
Development Services	198,087	-	-	-	198,087
Police	779,610	-	-	-	779,610
Municipal Court	32,488	-	-	-	32,488
Streets	125,316	-	-	-	125,316
Public Works	66,581	-	-	-	66,581
Parks	23,835	-	-	-	23,835
Capital Outlay	907,874	-	5,871,015	3,551	6,782,440
<i>Debt Service:</i>					
Principal	75,026	560,000	-	-	635,026
Interest and Fiscal Charges	9,418	142,120	-	-	151,538
TOTAL EXPENDITURES	<u>3,049,571</u>	<u>702,120</u>	<u>5,871,015</u>	<u>249,287</u>	<u>9,871,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,368)	29,422	(5,370,642)	23,637	(5,910,951)
OTHER FINANCING SOURCES (USES)					
Issuance of Note Payable	-	-	75,958	-	75,958
Contribution from Property Owners	-	-	4,965,339	-	4,965,339
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>5,041,297</u>	<u>-</u>	<u>5,041,297</u>
Net Change in Fund Balance	(593,368)	29,422	(329,345)	23,637	(869,654)
Fund Balances at Beginning of Year	664,412	123,026	329,345	357,322	1,474,105
Fund Balances at End of Year	<u>\$ 71,044</u>	<u>\$ 152,448</u>	<u>\$ -</u>	<u>\$ 380,959</u>	<u>\$ 604,451</u>

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (869,654)

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

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

Capital Outlay	6,752,241	
Depreciation	<u>(275,023)</u>	6,477,218

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,858)

Governmental funds report required contributions to employee pensions and other post-employment benefits (OPEB) as expenditures. However in the Statement of Activities the cost of these benefits are recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded (fell short of) the actuarially determined plan expenses.

Pension Plan	(166,195)	
Other Post-employment Benefits	<u>526</u>	(165,669)

The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.

Issuance of Note Payable	(75,958)	
Principal Payments	<u>75,026</u>	(932)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences	<u>2,530</u>	<u>2,530</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 5,441,635

VILLAGE OF SALADO
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2024

	Business-Type Activities
	Wastewater Utility
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 233,796
Customer Receivables	20,934
<i>Total Current Assets</i>	254,730
 <i>Other Assets:</i>	
Property and Equipment (net)	10,289,686
<i>Total Other Assets</i>	10,289,686
TOTAL ASSETS	10,544,416
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	42,826
Accrued Interest	10,957
Customer Deposits	14,560
Due to Other Funds	216,874
Current Portion of Long-Term Debt	570,000
<i>Total Current Liabilities</i>	855,217
 <i>Long-term Liabilities:</i>	
Long-term Debt (Net of Current Portion)	6,350,000
<i>Total Long-term Liabilities</i>	6,350,000
TOTAL LIABILITIES	7,205,217
 NET POSITION	
Net Investment In Capital Assets	3,369,686
Restricted Impact Fees	93,211
Unrestricted	(123,698)
TOTAL NET POSITION	\$ 3,339,199

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2024

	Business-Type Activities
	Wastewater Utility
OPERATING REVENUES	
Charges for Utility Service	\$ 267,118
TOTAL OPERATING REVENUES	267,118
OPERATING EXPENSES	
Administration	2,597
Professional Services	85,485
Maintenance	234,447
Utilities	114,756
Depreciation	400,843
TOTAL OPERATING EXPENSES	838,128
OPERATING INCOME (LOSS)	(571,010)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	4,219
Impact Fees	37,570
Capital Contribution	1,014,606
Interest Expense	(141,234)
TOTAL NONOPERATING	915,161
INCOME (LOSS) BEFORE TRANSFERS	344,151
TRANSFERS	
Transfers In	702,120
TOTAL TRANSFERS	702,120
CHANGE IN NET POSITION	1,046,271
BEGINNING NET POSITION	2,292,928
ENDING NET POSITION	\$ 3,339,199

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Wastewater Utility
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 282,584
Cash Paid to Suppliers for Goods and Services	(412,284)
Net Cash Provided (Used) by Operating Activities	(129,700)
Cash Flows From Noncapital Financing Activities:	
Transfers from Governmental Activities	508,585
Net Cash Provided (Used) by Noncapital Financing Activities	508,585
Cash Flows From Capital and Related Financing Activities:	
Impact Fees and Other Revenues	37,570
Principal Payments on Long-Term Debt	(560,000)
Interest Paid	(142,120)
Net Cash Provided (Used) by Capital and Related Financing Activities	(664,550)
Cash Flows From Investing Activities:	
Investment Interest Received	4,219
Net Cash Provided (Used) by Investing Activities	4,219
Net Increase (Decrease) in Cash and Cash Equivalents	(281,446)
Beginning Cash and Cash Equivalents	515,242
Ending Cash and Cash Equivalents	\$ 233,796

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Wastewater Utility
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (571,010)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	400,843
(Increase) Decrease in Operating Assets:	
Customer Receivables	13,836
Increase (Decrease) in Current Liabilities:	
Accounts Payable	25,001
Customer Deposits	1,630
Total Adjustments to Reconcile Operating Activities	441,310
 Net Cash Provided (Used) by Operating Activities	 \$ (129,700)

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

	Sanctuary Public Improvement District
ASSETS	
Cash and Cash Equivalents	\$ 151,726
Cash Restricted for Debt Service	364,299
TOTAL ASSETS	516,025
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	-
TOTAL LIABILITIES	-
 NET POSITION	
Restricted for Debt Service	364,299
Restricted for PID Activities	151,726
TOTAL NET POSITION	\$ 516,025

The City is not responsible for the repayment of public improvement district debts. The repayment is the responsibility of the property owners. See Note N.

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Sanctuary Public Improvement District
ADDITIONS	
Debt Proceeds	\$ 4,710,000
Interest Income	32,466
TOTAL ADDITIONS	4,742,466
 DEDUCTIONS	
Administrative Costs	5,887
Costs of Debt Issuance	394,910
Interest on Debt	53,468
Project Costs	3,772,176
TOTAL DEDUCTIONS	4,226,441
 CHANGE IN NET POSITION	516,025
 BEGINNING NET POSITION	-
ENDING NET POSITION	\$ 516,025

See accompanying notes to basic financial statements.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Salado, Texas (“Village”) was incorporated in 2000 under the provisions of the State of Texas and operates as a General Law Type A municipality. The Village provides the following primary services: police protection, fire protection, public works, street maintenance, parks, and wastewater service. The Village is governed by a mayor and five aldermen elected at large.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2024, the Village had no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Village. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, proprietary funds fiduciary funds.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, pension benefits and other post-employment benefits, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Village and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, sales taxes, and franchise fees. Primary expenditures are for general administration and public safety.

Debt Service Fund is used to account for property taxes levied to repay legally authorized debts of the Village.

Capital Projects Fund is used to account for contributions or grants for the acquisition construction of capital assets.

Fiduciary fund level financial statements are used to account for resources held for others. Currently, the only fund is a custodial fund to collect special assessments and make debt service payments on behalf of Somerset Public Improvement District.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The Village's Proprietary Fund is the wastewater utility.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Village. This includes local government investment pools.

Cash is reported as restricted only if the restriction on the cash is narrower than the purpose of the fund as a whole. For the Village, these balances generally consist of the occupancy taxes and interest and sinking property taxes.

5. INVESTMENTS

State statutes authorize the Village to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS (Continued)

The Village's investments include certificates of deposit (carried at amortized cost) and local government investment pools. These pools are 2a7-like which means they are not registered with the Securities and Exchange Commission as an investment company, but nevertheless have a policy that they will, and do, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These pools are reported a share price of \$1 which approximates fair value.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are not shown net of an allowance for uncollectibles as management believes all outstanding amounts will be collected.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and taxes collected on behalf of the Village (primarily sales). Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (Continued)

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$2,000 or more and a useful life in excess of 1 year. Infrastructure assets include Village-owned streets, sewer, and parks. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	10 to 30 years
Streets, Utilities and Infrastructure	15 to 40 years
Furniture, Fixtures, Vehicles	3 to 7 years

11. COMPENSATED ABSENCES

Full-time employees earn vacation leave at varying rates depending on length of service. No more than 25 days may be carried over annually based on the employee’s anniversary date. Accumulated vacation leave is paid on termination. In addition, employees accrue sick leave up to a maximum of 90 days. Unused sick leave is paid upon termination up to 30 days.

Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The total opeb liability (and related deferred inflows and outflows of resources) and opeb expense of the TMRS supplemental death benefits fund, have been determined on the same basis as they are reported by TMRS.

15. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Board of Alderman. Committed amounts cannot be used for any other purpose unless the Board of Alderman removes those constraints through the same formal action.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. FUND BALANCES (Continued)

Assigned - Represents amounts which the Village intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Board of Alderman or the Village Administrator.

Unassigned - Represents the residual balance that may be spent on any other purpose of the Village.

When an expenditure is incurred for a purpose in which multiple classifications are available, the Village considers restricted balances spent first, committed second and assigned third.

The Village has adopted a minimum fund balance plan of three months of General Fund operating expenditures in unrestricted fund balance (to included committed and assigned). Should the Village fall below this amount, corrective actions will be taken to replenish the fund balance.

16. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

17. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

18. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds. However, debt service paid on behalf of proprietary funds is reported as debt service expenditures in the debt service fund and a transfer in the governmental activities.

19. USE OF ESTIMATES

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

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The Village's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Village's agent bank approved pledge securities in an amount sufficient to protect Village funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2024, the carrying amount of the Village's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the Village's depository.

2. Investments

The Village's investments at September 30, 2024 consist of \$10,748 in Texpool, a AAAM rated local government investment pool. Texpool operates in a 2a7-like fashion and is reported at net asset value. The funds are liquid and reported in cash and cash equivalents.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Village was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The Village has reviewed its risk exposure and does not believe it is exposed to significant credit risk, custodial credit risk, or concentration of credit risk.

NOTE C -- PROPERTY TAX CALENDAR

The Village's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the Village. Assessed values are established by the Bell County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2023, upon which the fiscal 2024 levy was based, was \$424 million (i.e., market value less exemptions). The estimated market value was \$668 million, making the taxable value 63% of the estimated market value.

The Village is permitted by the Constitution of the State of Texas to levy taxes up to \$1.50 per \$100 of taxable assessed valuation for all governmental purposes. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2024, was \$0.3947 per \$100 of assessed value, which means that the Village has a tax margin of \$1.1053 for each \$100 value and could increase its annual tax levy by approximately \$4.7 million based upon the present assessed valuation before the limit is reached. However, the Village may generally only increase its maintenance and operations property tax revenue by 3.5% per year without voter approval (with limited exceptions).

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE D -- OTHER RECEIVABLES

Other receivables for the Village as of September 30, 2024 are as follows:

	General Fund	Hotel Tax	Governmental Totals
Sales Tax	\$ 149,686	\$ -	\$ 149,686
Franchise Fees	57,319	-	57,319
Hotel Occupancy Tax	-	22,626	22,626
Mixed Beverage	8,201	-	8,201
Other	1,653	-	1,653
Total Other Receivables	\$ 216,859	\$ 22,626	\$ 239,485
	Wastewater Utility		
Customer Charges	\$ 26,939		
Allowance for Uncollectibles	(6,005)		
Total Other Receivables	\$ 20,934		

NOTE E -- INTERFUND TRANSACTIONS

Interfund balances as of September 30, 2024 were as follows:

Due From	Due To	Amount	Purpose
Wastewater Utility	General Fund	\$ 216,874	<i>Reimbursement</i>
Hotel Tax	General Fund	22,895	<i>Reimbursement</i>
Debt Service	General Fund	93,980	<i>Tax Collections</i>

Interfund transfers during the year ending September 30, 2024 were as follows:

Transfer From	Transfer to	Amount	Purpose
Debt Service	Wastewater Utility	\$ 702,120	<i>Contributions Towards Debt Service</i>

The contributions to the proprietary fund for debt were made in the form of payments of debt service from property taxes. On the Debt Service fund statement, these are reported as debt service expenditures. On the government-wide statements, these expenditures are reported as a transfer.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2023	Additions	Disposals/ Transfers	Balance 9/30/2024
Land	\$ 45,577	\$ -	\$ -	\$ 45,577
Buildings and Improvements	384,594	-	-	384,594
Infrastructure	1,851,720	4,965,339	221,461	7,038,520
Vehicles and Equipment	599,516	133,943	670,017	1,403,476
Construction in Progress	239,572	1,652,959	(949,749)	942,782
	<u>3,120,979</u>	<u>6,752,241</u>	<u>(58,271)</u>	<u>9,814,949</u>
Less Accumulated Depreciation				
Buildings and Improvements	(338,252)	(8,414)	-	(346,666)
Infrastructure	(369,995)	(174,395)	-	(544,390)
Vehicles and Equipment	(290,097)	(92,214)	58,271	(324,040)
	<u>(998,344)</u>	<u>(275,023)</u>	<u>58,271</u>	<u>(1,215,096)</u>
Capital Assets, Net	<u>\$ 2,122,635</u>	<u>\$ 6,477,218</u>	<u>\$ -</u>	<u>\$ 8,599,853</u>
<u>Business-Type Activities</u>	Balance 10/1/2023	Additions	Disposals/ Transfers	Balance 9/30/2024
Infrastructure	\$ 11,270,910	\$ 1,014,606	\$ -	\$ 12,285,516
Vehicles and Equipment	5,857	-	-	5,857
	<u>11,276,767</u>	<u>1,014,606</u>	<u>-</u>	<u>12,291,373</u>
Less Accumulated Depreciation				
Infrastructure	(1,594,987)	(400,843)	-	(1,995,830)
Vehicles and Equipment	(5,857)	-	-	(5,857)
	<u>(1,600,844)</u>	<u>(400,843)</u>	<u>-</u>	<u>(2,001,687)</u>
Capital Assets, Net	<u>\$ 9,675,923</u>	<u>\$ 613,763</u>	<u>\$ -</u>	<u>\$ 10,289,686</u>

Land and Construction in Progress are not depreciated.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 28,416
Police	70,285
Parks	8,944
Streets	<u>167,378</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 275,023</u>

NOTE G -- LONG-TERM LIABILITIES

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024
<i>Governmental Activities</i>				
Notes Payable	\$ 183,740	\$ 75,958	\$ (75,026)	\$ 184,672
Net Pension Liability (Asset)	(146,404)	417,790	(280,572)	(9,186)
Accrued Compensated Absences	37,997	35,467	(37,997)	35,467
Total OPEB Liability	<u>49,795</u>	<u>10,183</u>	<u>(1,138)</u>	<u>58,840</u>
<i>Total Governmental Activities</i>	<u>\$ 125,128</u>	<u>\$ 539,398</u>	<u>\$ (394,733)</u>	<u>\$ 269,793</u>
 <i>Business-Type Activities</i>				
Bonds Payable	<u>\$ 7,480,000</u>	<u>\$ -</u>	<u>\$ (560,000)</u>	<u>\$ 6,920,000</u>
<i>Total Business-Type Activities</i>	<u>\$ 7,480,000</u>	<u>\$ -</u>	<u>\$ (560,000)</u>	<u>\$ 6,920,000</u>

Historically, the General Fund has been used to pay for accrued compensated absences. Because of the on-demand nature of compensated absences, the Village reports the liability for accrued compensated absences as a current liability on the Statement of Net Position.

NOTE H -- BONDS AND NOTE PAYABLE

Permanent Improvement Refunding Bonds, Series 2022

The Village issued \$8.03 million in revenue bonds in September, 2022 to refund series 2015 and 2018 bonds. The debt service is funded by a combination of wastewater system revenues and property taxes. The bonds mature serially through September 1, 2035 and bear interest at 1.9%.

The bonds were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

In 2020, the Village issued two notes payable for \$72,741 to purchase two police vehicles. The notes bear interest at 3.25% and 4.15%, require annual payments and are secured by the vehicles.

In 2023, another note payable was issued for \$159 thousand to purchase police vehicles. The note bears interest at 5.3% and requires annual payments of \$58,719 through April, 2026.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE H -- BONDS AND NOTES PAYABLE (Continued)

In 2024, another note payable was issued for \$76 thousand to purchase a police vehicle. The note bears interest at 6.5% and requires annual payments of \$28,680 through August, 2027.

Changes in Bonds and Note Payable

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
<i>Governmental Activities</i>					
Notes Payable	\$ 183,740	\$ 75,958	\$ (75,026)	\$ 184,672	\$ 76,696
<i>Business-Type Activities</i>					
Bonds Payable:					
2022 Series	\$ 7,480,000	\$ -	\$ (560,000)	\$ 6,920,000	\$ 570,000
	<u>\$ 7,663,740</u>	<u>\$ 75,958</u>	<u>\$ (635,026)</u>	<u>\$ 7,104,672</u>	<u>\$ 646,696</u>

The annual requirements to amortize all debt outstanding as of September 30, 2024, including interest payments, are as follows:

Fiscal Year Ending September 30,	<i>Governmental Activities</i>		<i>Business-type Activities</i>		Total
	Principal	Interest	Principal	Interest	
2025	\$ 76,696	\$ 10,704	\$ 570,000	\$ 131,480	\$ 788,880
2026	81,047	6,352	580,000	120,650	788,049
2027	26,929	1,750	595,000	109,630	733,309
2028	-	-	600,000	98,325	698,325
2029	-	-	615,000	86,925	701,925
2030-2034	-	-	3,260,000	255,170	3,515,170
2035	-	-	700,000	13,300	713,300
	<u>\$ 184,672</u>	<u>\$ 18,806</u>	<u>\$ 6,920,000</u>	<u>\$ 815,480</u>	<u>\$ 7,938,958</u>

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

The Village participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the Village are required to participate in TMRS retirement system.

VILLAGE OF SALADO
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Village, 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 Village-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 Village, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty and above with five or more years of service or with twenty years of service regardless of age. A member is vested after five years.

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

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	25
Active employees	13
	48
	48

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Village matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Village. Under the state law governing TMRS, the contribution rate for each Village is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the Village were required to contribute 5% of their annual gross earnings for calendar year 2023. The Village increased that to 7% for calendar year 2024. The Village matches 2 to 1. The contribution rates for the Village were 5.85% and 11.68% in calendar years 2023 and 2024, respectively. The Village's contributions to TMRS for the year ended September 30, 2024 were \$97,867 and matched the required contributions.

VILLAGE OF SALADO
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

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

Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.6% to 11.85% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p> <p>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p>

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	6.70%
Core Fixed Income	6%	4.70%
Non-Core Fixed Income	20%	8.00%
Other Public and Private Markets	12%	8.00%
Real Estate	12%	7.60%
Hedge Funds	5%	6.40%
Private Equity	10%	11.60%
	100%	

Discount Rate

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

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The Village's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2023:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2022	\$ 904,182	\$ 1,050,586	\$ (146,404)
Changes for the year:			
Service Cost	152,512	-	152,512
Interest	77,162	-	77,162
Change of Benefit Terms	188,116	-	188,116
Difference Between Expected and Actual Experience	(64,306)	-	(64,306)
Changes of Assumptions	(7,078)	-	(7,078)
Contributions - Employer	-	47,558	(47,558)
Contributions - Employee	-	40,648	(40,648)
Net Investment Income	-	121,761	(121,761)
Benefit Payments, Including Refunds of Employee Contributions	(50,827)	(50,827)	-
Administrative Expense	-	(774)	774
Other Changes	-	(5)	5
Net Changes	<u>295,579</u>	<u>158,361</u>	<u>137,218</u>
Balance at December 31, 2023	<u>\$ 1,199,761</u>	<u>\$ 1,208,947</u>	<u>\$ (9,186)</u>

The following presents the net pension liability of the Village, calculated using the discount rate of 6.75%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 153,030	\$ (9,186)	\$ (141,841)

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the Village recognized pension expense of \$264,062. Also as of September 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 43,455
Changes in Actuarial Assumptions	-	4,323
Differences Between Projected and Actual Investment Earnings	24,818	-
Contributions Subsequent to the Measurement Date	86,001	-
	\$ 110,819	\$ 47,778

Deferred outflows of resources in the amount of \$86,001 are related to contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2024	\$ (25,059)
2025	(7,548)
2026	19,813
2027	(10,166)
	\$ (22,960)

VILLAGE OF SALADO
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT – SUPPLEMENTAL DEATH BENEFIT

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. Membership in the plan at December 31, 2023, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	7
Active employees	13
	30
	30

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

Inflation	2.50%	
Salary Increases	3.6% to 11.85% including Inflation	
Discount Rate	3.77%	
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.	
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).	
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.	

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT - SBDF (Continued)

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Plan Year Ended December 31,	Total Rate	Retiree Portion
2024	0.41%	0.13%
2023	0.43%	0.14%

The changes in the Village's Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended December 31, 2023, were as follows:

	Total OPEB Liability
Balance at December 31, 2022	\$ 49,795
Changes for the year:	
Service Cost	3,333
Interest	2,061
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	1,095
Changes of Assumptions	3,694
Benefit Payments	(1,138)
Net Changes	9,045
Balance at December 31, 2023	\$ 58,840

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the Village, calculated using the discount rate of 3.77% as well as what the Village's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
Total OPEB Liability	\$ 71,342	\$ 58,840	\$ 49,293

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT - SBDF (Continued)

For the year ended September 30, 2024, the Village recognized OPEB expense of \$712. Also as of September 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,154	\$ -
Changes in Actuarial Assumptions	2,700	12,352
Contributions Subsequent to the Measurement Date	957	-
	\$ 4,811	\$ 12,352

Deferred outflows of resources in the amount of \$957 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ending December 31,	
2024	\$ (6,209)
2025	(3,211)
2026	922
	\$ (8,498)

NOTE K -- COMMITMENTS AND CONTINGENCIES

Litigation

Management is not aware of any legal matters that would have a material impact on the Village's financial position.

Commitments

The Village has committed to agreements with the Texas Department of Transportation for street and sidewalk improvements. The Village's share of the costs is expected to be \$599 thousand. As of September 30, 2024, the Village had incurred \$159 thousand, leaving an estimated commitment of \$440 thousand.

VILLAGE OF SALADO
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE L -- RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Village contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the Village is generally limited to the contributed amounts for losses up to \$1,000,000.

NOTE M -- TAX INCENTIVES

The Village has a tax abatement policy that allows for incentives to encourage development. To be eligible, the projects must generally fall under target industries and have a direct payback of 5 years or less. Specific incentives are available for meeting certain criteria such as job creation or revenue growth. Revenues eligible for abatement include occupancy taxes, sales tax, permit fees, impact fees, and property taxes. In addition, grants are available for capital improvements. The Village requires annual certification of compliance from each recipient and reserves the right to require repayment if compliance is not maintained. Incentives may be transferrable.

In 2015, the Village executed an agreement with a mixed use development that was amended in November 2022. Incentives include a 50% rebate of occupancy taxes for 15 years, 50% rebate of the incremental property taxes for 15 years and 50% rebate of sales tax from the development for 15 years. These three rebates are subject to a maximum combined rebate of \$6,000,000. Separately, the Village will rebate 100% of wastewater impact fees up to a maximum of \$6,000,000. For the year ending September 30, 2024, \$152,586 in impact fees and \$6,904 in property taxes were rebated, leaving a maximum remaining tax grant of \$5,993,096 million and impact fee rebate of \$5,001,322 million.

In 2024, the Village executed an agreement with a hotel. Incentives include rebates of occupancy taxes and incremental property taxes for 10 years through 2033. The occupancy tax and property tax rebates are subject to maximum rebates of \$984,000 and \$94,940, respectively. The agreement is contingent upon employment metrics and certain capital improvements. For the year ending September 30, 2024, \$40,049 in occupancy taxes were rebated, leaving a maximum remaining rebate of \$1,038,891.

NOTE N -- PUBLIC IMPROVEMENT DISTRICTS

In February 2023, the Village Board of Alderman approved two public improvement districts (PIDs) to finance infrastructure in the Sanctuary development. The first PID issued bonds of \$4.7 million in 2024 and more debt is expected as future phases are completed. The Village has no responsibility for the repayment of this debt as they are secured by a special assessment on the properties located in the PIDs. The Village accounts for the collection of the special assessment and related debt service in a custodial nature.

NOTE O -- SUBSEQUENT EVENT

The Village adopted a budget and tax rate for the 2024-2025 year with a tax rate above the voter approval rate. A petition was submitted calling for an election in May 2025 to approve that rate or rollback to the voter approval rate. If the voters do not approve the rate increase, the Village is prepared to make cuts in the budget based on the lower funding level.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability
- Schedule of Employer Pension Contributions
- Schedule of Changes – Total OPEB Liability – Supplemental Death Benefit Fund

VILLAGE OF SALADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 517,826	\$ 661,000	\$ 753,373	\$ 92,373
Sales Taxes	890,000	896,000	925,685	29,685
Franchise and Occupancy Taxes	268,000	217,000	239,395	22,395
Licenses and Permits	139,750	311,200	319,272	8,072
Grants and Donations	-	-	700	700
Charges for Services	44,360	43,510	70,991	27,481
Fines and Penalties	62,500	50,000	45,272	(4,728)
Interest Income	9,300	13,500	13,934	434
Miscellaneous	50,000	84,000	87,581	3,581
TOTAL REVENUES	<u>1,981,736</u>	<u>2,276,210</u>	<u>2,456,203</u>	<u>179,993</u>
EXPENDITURES				
<i>Current:</i>				
General Government	778,051	845,659	831,336	14,323
Development Services	131,881	203,600	198,087	5,513
Police	819,860	816,833	779,610	37,223
Municipal Court	33,650	35,050	32,488	2,562
Streets	148,000	130,000	125,316	4,684
Public Works	57,663	70,000	66,581	3,419
Parks	15,000	25,800	23,835	1,965
Capital Outlay	279,100	1,228,156	907,874	320,282
<i>Debt Service:</i>				
Principal	75,026	75,026	75,026	-
Interest	9,418	9,418	9,418	-
TOTAL EXPENDITURES	<u>2,347,649</u>	<u>3,439,542</u>	<u>3,049,571</u>	<u>389,971</u>
Net Change in Fund Balance	(365,913)	(1,163,332)	(593,368)	569,964
Beginning Fund Balance	664,412	664,412	664,412	-
Ending Fund Balance	<u>\$ 298,499</u>	<u>\$ (498,920)</u>	<u>\$ 71,044</u>	<u>\$ 569,964</u>

VILLAGE OF SALADO
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Village maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the Board of Alderman and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Hotel Tax and Debt Service.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The Village does not use encumbrances.

VILLAGE OF SALADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN PLAN (CALENDAR) YEARS

Total Pension Liability				
	2014	2015	2016	2017
Service Cost	\$ 37,674	\$ 69,752	\$ 70,123	\$ 64,236
Interest (on the Total Pension Liability)	27,570	32,388	37,073	37,699
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(1,471)	(7,357)	(43,068)	(70,699)
Change of Assumptions	-	8,810	-	-
Benefit Payments, Including Refunds of Employee Contributions	(12,929)	(9,029)	(25,436)	(78,384)
Net Change in Total Pension Liability	50,844	94,564	38,692	(47,148)
Beginning Total Pension Liability	381,485	432,329	526,893	565,585
Ending Total Pension Liability	<u>\$ 432,329</u>	<u>\$ 526,893</u>	<u>\$ 565,585</u>	<u>\$ 518,437</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 21,261	\$ 42,005	\$ 40,518	\$ 39,095
Contributions - Employee	18,572	29,707	29,024	26,676
Net Investment Income	21,858	635	33,390	79,063
Benefit Payments, Including Refunds of Employee Contributions	(12,929)	(9,029)	(25,436)	(78,384)
Administrative Expense	(228)	(387)	(377)	(410)
Other	(19)	(18)	(20)	(21)
Net Change	48,515	62,913	77,099	66,019
Beginning Plan Fiduciary Net Position	381,981	430,496	493,409	570,508
Ending Plan Fiduciary Net Position	<u>\$ 430,496</u>	<u>\$ 493,409</u>	<u>\$ 570,508</u>	<u>\$ 636,527</u>
Net Pension Liability (Asset) - Ending	\$ 1,833	\$ 33,484	\$ (4,923)	\$ (118,090)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.58%	93.65%	100.87%	122.78%
Covered Payroll	\$ 371,441	\$ 594,141	\$ 580,490	\$ 533,523
Net Pension Liability as a Percentage of Covered Payroll	0.49%	5.64%	-0.85%	-22.13%

Total Pension Liability					
2018	2019	2020	2021	2022	2023
\$ 66,359	\$ 66,803	\$ 65,398	\$ 75,490	\$ 89,061	\$ 152,512
36,763	42,408	48,302	52,916	56,557	77,162
-	-	-	-	-	188,116
(5,780)	(11,162)	(18,863)	(52,522)	(25,027)	(64,306)
-	9,512	-	-	-	(7,078)
(13,947)	(13,947)	(25,111)	(37,945)	(19,520)	(50,827)
83,395	93,614	69,726	37,939	101,071	295,579
518,437	601,832	695,446	765,172	803,111	904,182
<u>\$ 601,832</u>	<u>\$ 695,446</u>	<u>\$ 765,172</u>	<u>\$ 803,111</u>	<u>\$ 904,182</u>	<u>\$ 1,199,761</u>

Plan Fiduciary Net Position					
2018	2019	2020	2021	2022	2023
\$ 36,761	\$ 35,234	\$ 31,325	\$ 39,133	\$ 44,897	\$ 47,558
26,758	28,187	27,478	31,718	37,171	40,648
(19,062)	103,134	62,218	119,368	(77,969)	121,761
(13,947)	(13,947)	(25,111)	(37,945)	(19,520)	(50,827)
(369)	(582)	(402)	(551)	(673)	(774)
(18)	(19)	(15)	3	804	(5)
30,123	152,007	95,493	151,726	(15,290)	158,361
636,527	666,650	818,657	914,150	1,065,876	1,050,586
<u>\$ 666,650</u>	<u>\$ 818,657</u>	<u>\$ 914,150</u>	<u>\$ 1,065,876</u>	<u>\$ 1,050,586</u>	<u>\$ 1,208,947</u>

\$ (64,818) \$ (123,211) \$ (148,978) \$ (262,765) \$ (146,404) \$ (9,186)

110.77% 117.72% 119.47% 132.72% 116.19% 100.77%

\$ 535,154 \$ 563,736 \$ 549,565 \$ 634,370 \$ 743,415 \$ 812,963

-12.11% -21.86% -27.11% -41.42% -19.69% -1.13%

VILLAGE OF SALADO
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS
LAST NINE FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 97,867	\$ 97,867	\$ -	\$ 939,153	10.42%
2023	46,996	46,996	-	797,207	5.90%
2022	44,509	44,509	-	733,100	6.07%
2021	37,297	37,297	-	592,916	6.29%
2020	35,190	35,190	-	579,615	6.07%
2019	34,793	34,793	-	542,397	6.41%
2018	39,026	39,026	-	541,129	7.21%
2017	39,879	39,879	-	536,721	7.43%
2016	42,400	42,400	-	588,011	7.21%

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.6% to 11.85% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information

Benefit Changes

2024 Employee contribution rate increased from 5% to 7%

Information for this schedule is being accumulated prospectively until 10 years is presented.

VILLAGE OF SALADO
SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFIT
LAST SEVEN PLAN (CALENDAR) YEARS

	Total OPEB Liability						
	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 2,027	\$ 2,248	\$ 2,255	\$ 3,242	\$ 5,012	\$ 5,724	\$ 3,333
Interest (on the Total OPEB Liability)	1,267	1,341	1,503	1,518	1,433	1,346	2,061
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	142	593	371	(6,909)	800	1,095
Change of Assumptions	3,713	(3,527)	10,059	10,863	2,472	(27,794)	3,694
Benefit Payments	(107)	(161)	(225)	(220)	(634)	(1,115)	(1,138)
Net Change in Total Pension Liability	6,900	43	14,185	15,774	1,374	(21,039)	9,045
Total OPEB Liability - Beginning	32,558	39,458	39,501	53,686	69,460	70,834	49,795
Total OPEB Liability - Ending	<u>\$ 39,458</u>	<u>\$ 39,501</u>	<u>\$ 53,686</u>	<u>\$ 69,460</u>	<u>\$ 70,834</u>	<u>\$ 49,795</u>	<u>\$ 58,840</u>
Covered Payroll	\$ 533,523	\$ 535,154	\$ 563,736	\$ 549,565	\$ 634,370	\$ 743,415	\$ 812,963
Total OPEB Liability as a Percentage of Covered Payroll	7.40%	7.38%	9.52%	12.64%	11.17%	6.70%	7.24%

Information for this schedule is being accumulated prospectively until 10 years is presented.

VILLAGE OF SALADO
 NOTES TO THE SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS
 SUPPLEMENTAL DEATH BENEFIT

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.6% to 11.85% including Inflation
Discount Rate	3.77%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Other Information

No assets are accumulated to meet future OPEB benefits.

Benefit Changes	None
Changes in Assumptions	
	2023 Discount rate reduced to 3.77%
	2022 Discount rate increased to 4.05%
	2021 Discount rate reduced to 1.84%
	2020 Discount rate reduced to 2.00%
	2019 Discount rate reduced to 2.75%
	2018 Discount rate increased to 3.71%
	2017 Discount rate reduced to 3.31%

Information for this schedule is being accumulated prospectively until 10 years is presented.

SUPPLEMENTARY INFORMATION

VILLAGE OF SALADO
COMPARATIVE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 772,548	\$ 1,620,537
Receivables (net of allowances for uncollectibles):		
Property Taxes	15,091	15,547
Other Receivables	216,859	184,841
Due from Other Funds	333,749	425,421
Prepaid Items	10,958	-
TOTAL ASSETS	\$ 1,349,205	\$ 2,246,346
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 105,994	\$ 204,807
Accrued Wages	29,877	17,333
Unearned Grant Revenue	-	350,373
Deposits	1,128,711	995,625
<i>Total Liabilities</i>	1,264,582	1,568,138
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	13,579	13,796
<i>Total Deferred Inflows of Resources</i>	13,579	13,796
 <i>Fund Balances:</i>		
Nonspendable Prepaid Items	10,958	-
Restricted for		
Municipal Court	9,984	19,552
Other	1,204	1,008
Committed For		
Public Works Projects	-	257,541
Grant Matches	-	160,963
Wastewater Operations Support	-	225,348
Unassigned	48,898	-
<i>Total Fund Balance</i>	71,044	664,412
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,349,205	\$ 2,246,346

VILLAGE OF SALADO
 COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GENERAL FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Ad Valorem Taxes	\$ 753,373	\$ 506,176
Sales Taxes	925,685	868,527
Franchise and Occupancy Taxes	239,395	228,116
Licenses and Permits	319,272	196,822
Grants and Donations	700	-
Charges for Services	70,991	6,233
Fines and Penalties	45,272	26,276
Interest Income	13,934	22,122
Miscellaneous	87,581	126,187
TOTAL REVENUES	2,456,203	1,980,459
EXPENDITURES		
<i>Current:</i>		
General Government	831,336	739,557
Development Services	198,087	107,450
Police	779,610	598,245
Municipal Court	32,488	22,488
Streets	125,316	127,887
Public Works	66,581	50,551
Parks	23,835	5,617
Capital Outlay	907,874	637,110
<i>Debt Service:</i>		
Principal	75,026	18,728
Interest and Fiscal Charges	9,418	1,598
TOTAL EXPENDITURES	3,049,571	2,309,231
 Net Change in Fund Balance	(593,368)	(328,772)
 BEGINNING FUND BALANCE	664,412	993,184
ENDING FUND BALANCE	\$ 71,044	\$ 664,412

VILLAGE OF SALADO
 COMPARATIVE BALANCE SHEET – CAPITAL PROJECTS FUND
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 329,345
TOTAL ASSETS	\$ -	\$ 329,345
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Fund Balances:</i>		
Restricted for All Abilities Playground	-	329,345
<i>Total Fund Balance</i>	-	329,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 329,345

VILLAGE OF SALADO
 COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCE – CAPITAL PROJECTS FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Grants and Donations	\$ 500,373	\$ 713,522
TOTAL REVENUES	500,373	713,522
EXPENDITURES		
<i>Current:</i>		
Streets	-	26,000
Capital Outlay	5,871,015	517,177
TOTAL EXPENDITURES	5,871,015	543,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,370,642)	170,345
OTHER FINANCING SOURCES (USES)		
Contribution from Property Owners	4,965,339	-
Note Payable Issuance	75,958	159,000
TOTAL OTHER FINANCING SOURCES (USES)	5,041,297	159,000
Net Change in Fund Balance	(329,345)	329,345
BEGINNING FUND BALANCE	329,345	-
ENDING FUND BALANCE	\$ -	\$ 329,345

VILLAGE OF SALADO
 COMPARATIVE BALANCE SHEET – HOTEL TAX FUND
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 409,640	\$ 332,295
Occupancy Taxes Receivable	22,626	34,594
Due from Other Governments	14,590	11,146
TOTAL ASSETS	\$ 446,856	\$ 378,035
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 40,488	\$ 3,814
Accrued Wages	2,514	1,981
Due to Other Funds	22,895	14,918
<i>Total Liabilities</i>	65,897	20,713
 <i>Fund Balances:</i>		
Restricted for Trolley Project	2,555	6,675
Restricted for Tourism Development	378,404	350,647
<i>Total Fund Balance</i>	380,959	357,322
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 446,856	 \$ 378,035

VILLAGE OF SALADO
 COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCE – HOTEL TAX FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Occupancy Taxes	\$ 254,589	\$ 226,564
Grants and Donations	14,590	11,146
Miscellaneous	3,745	3,333
TOTAL REVENUES	272,924	241,043
 EXPENDITURES		
<i>Current:</i>		
General Government	245,736	209,637
Capital Outlay	3,551	1,395
TOTAL EXPENDITURES	249,287	211,032
 Net Change in Fund Balance	23,637	30,011
 BEGINNING FUND BALANCE	357,322	327,311
ENDING FUND BALANCE	\$ 380,959	\$ 357,322

VILLAGE OF SALADO
 COMPARATIVE BALANCE SHEET – DEBT SERVICE FUND
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 244,598	\$ 120,826
Property Taxes Receivable	18,260	20,366
TOTAL ASSETS	\$ 262,858	\$ 141,192
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Due to Other Funds	\$ 93,980	\$ 94
<i>Total Liabilities</i>	93,980	94
 <i>Deferred Inflows of Resources</i>		
Unavailable Property Tax Revenue	16,430	18,072
<i>Total Deferred Inflows</i>	16,430	18,072
 <i>Fund Balances:</i>		
Restricted for Debt Service	152,448	123,026
<i>Total Fund Balance</i>	152,448	123,026
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 262,858	 \$ 141,192

VILLAGE OF SALADO
 COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCE – DEBT SERVICE FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Ad Valorem Taxes	\$ 702,102	\$ 663,764
Interest Income	29,440	21,428
TOTAL REVENUES	731,542	685,192
 EXPENDITURES		
<i>Current:</i>		
General Government	-	62
<i>Debt Service:</i>		
Principal	560,000	550,000
Interest and Fiscal Charges	142,120	152,570
TOTAL EXPENDITURES	702,120	702,632
 Net Change in Fund Balance	29,422	(17,440)
 BEGINNING FUND BALANCE	123,026	140,466
ENDING FUND BALANCE	\$ 152,448	\$ 123,026

VILLAGE OF SALADO
COMPARATIVE STATEMENT OF NET POSITION – WASTEWATER FUND
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 233,796	\$ 515,242
Receivables (net of allowances for uncollectibles)	20,934	34,770
<i>Total Current Assets</i>	254,730	550,012
Property and Equipment (net)	10,289,686	9,675,923
TOTAL ASSETS	10,544,416	10,225,935
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	42,826	17,825
Accrued Interest	10,957	11,843
Due to Other Funds	216,874	410,409
Customer Deposits	14,560	12,930
Current Portion of Long-Term Debt	570,000	560,000
<i>Total Current Liabilities</i>	855,217	1,013,007
 <i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	6,350,000	6,920,000
<i>Total Long-term Liabilities</i>	6,350,000	6,920,000
TOTAL LIABILITIES	7,205,217	7,933,007
 NET POSITION		
Net Investment In Capital Assets	3,369,686	2,195,923
Restricted Impact Fees	93,211	59,794
Unrestricted (Deficit)	(123,698)	37,211
TOTAL NET POSITION	\$ 3,339,199	\$ 2,292,928

VILLAGE OF SALADO
 COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION –
 WASTEWATER FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Charges for Utility Service	\$ 267,118	\$ 243,572
TOTAL OPERATING REVENUES	267,118	243,572
OPERATING EXPENSES		
Administration	2,597	2,710
Professional Services	85,485	30,440
Maintenance	234,447	223,850
Utilities	114,756	71,759
Depreciation	400,843	390,406
TOTAL OPERATING EXPENSES	838,128	719,165
OPERATING INCOME (LOSS)	(571,010)	(475,593)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	4,219	4,562
Impact Fees	37,570	59,423
Capital Contributions	1,014,606	-
Other Income	-	60
Interest Expense	(141,234)	(151,699)
TOTAL NONOPERATING REVENUES (EXPENSES)	915,161	(87,654)
INCOME (LOSS) BEFORE TRANSFERS	344,151	(563,247)
TRANSFERS		
Transfers In	702,120	702,570
TOTAL TRANSFERS	702,120	702,570
CHANGE IN NET POSITION	1,046,271	139,323
NET POSITION AT BEGINNING OF YEAR	2,292,928	2,153,605
NET POSITION AT END OF YEAR	\$ 3,339,199	\$ 2,292,928

COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Management, Mayor and Board of Alderman of
Village of Salado, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Salado as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Village of Salado's basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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

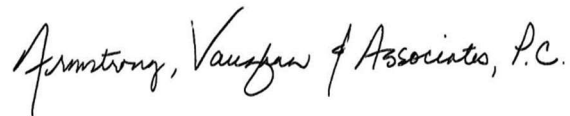
Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 5, 2025

Salado TEXAS
"GATEWAY TO A CHARMED LIFE"