

1. 6:00 P.M. City Council Meeting

Documents:

CITY COUNCIL AGENDA 02172026.PDF
MINUTES 01202026.PDF
MINUTES 02052026.PDF
SINTON 2025 LETTER TO COUNCIL.PDF
SINTON 2025 AUDIT HIGHLIGHTS.PDF
SINTON 2025 FINANCIALS.PDF



301 E. Market Street, Sinton, Texas 78387

Phone (361) 364-2381

CITY COUNCIL MEETING AGENDA

FEBRUARY 17, 2026 – 6:00 P.M.

CITY HALL (COUNCIL CHAMBERS)

Notice is hereby given that the governing body of the City of Sinton will hold a regular council meeting on the 17th day of February 2026 at 6:00 p.m. in the Council Chambers of City Hall, 301 East Market Street, Sinton, Texas. The items below have been placed on the agenda for discussion and/or action.

This notice is posted pursuant to the Texas Government Code, Chapter §551-Open Meeting.

A. Call to Order

B. Invocation

C. Pledge of Allegiance

D. Pledge to the Texas Flag

E. Roll Call

- _____ Mayor Mary Speidel
- _____ Mayor Pro Tem Greg Ybarra
- _____ Councilmember Edward Adams
- _____ Councilmember Nathan Lindeman
- _____ Councilmember Lulu Lopez

- _____ City Manager, John Hobson
- _____ City Attorney, Desiree Voth
- _____ City Secretary, Angela Montemayor

F. Public Hearings

G. Special Reports/Presentations/Formal Announcements/Recognitions/Reports That May Be Discussed:

1. Sinton ISD
2. Sinton Chamber of Commerce—Melissa Rockett
3. Sinton VFW, District 6, Post 12160—Commander Todd Richardson

H. Citizens to Be Heard Without Discussion on Items Not Appearing on the Agenda

Neither the City Council nor the Staff is legally permitted to respond to citizen comments, questions, requests or proposals at the time of the meeting. A member of the City Council or the City Manager may place an item on the agenda of a future City Council workshop or meeting to do so legally. If that is done, the audience member seeking a response will be given advance notice. (Citizens, please sign in. **Those wishing to address the Council are asked to complete the Request to Speak form. Please return the completed form to the City Secretary prior to the meeting. 3 minutes please**)

I. Consent Agenda Items

(All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member, staff member, or citizen requests the removal of the item from the consent agenda for discussion. To remove an item, a request must be made to the Council when the Consent Agenda is opened for Council Action.)

J. New Business

1. Discussion and action on the minutes from the City Council Meeting held on January 20, 2026.
2. Discussion and action on the minutes from the City Council Special Meeting held on February 5, 2026.
3. Discussion and action on the City of Sinton Annual Financial Audit for the 2024-2025 Fiscal Year. Presented by Phil Vaughan of Armstrong, Vaughn & Associates, P.C.
4. Discussion and action on appointing a Board Member to fill a vacancy on the Sinton Economic Development 4B Board.
5. Discussion and action on appointing a Board Member to fill a vacancy on the City of Sinton Personnel Board.
6. Discussion and action on appointing an alternate Board Member to the Board of Adjustment.

K. Executive Session

L. Adjournment

Executive Session: The City Council of the City of Sinton reserves the right to adjourn into Executive Session at any time during this meeting to discuss any of the matters listed on this agenda as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), 551.086 (Deliberations, vote or final action about competitive matters of the public power utility), and 551.087 (Economic Development).

I, the undersigned authority do now certify that this Notice of Meeting was posted on the City of Sinton's official website, www.sintontexas.org, and official bulletin board, places convenient and readily accessible to the general public at all times, and said Notice was posted on the following date and time and remained so posted continuously for at least 3 business days preceding the scheduled time of said meeting, in compliance with Chapter 551, Texas Government Code.

Angela Montemayor
Angela Montemayor, City Secretary

Date & Time Posted: 2/10/2026 by 5 am/pm

Date & Time Taken Down: _____ am/pm

Notice of Assistance at the Public Meetings: The City Council Chamber is wheelchair accessible. Persons with special needs who plan to attend this meeting and who may need assistance should contact City Hall at 361-364-2381 two (2) days before the meetings so that appropriate arrangements can be made.



MINUTES CITY COUNCIL MEETING

January 20, 2026 – 6:00 p.m.
City Hall, 301 E. Market St.
Sinton, Texas 78387

Councilmembers Present:

Mayor
Mayor Pro Tem
Councilmember
Councilmember

Mary Speidel
Greg Ybarra
Nathan Lindeman
Lulu Lopez

Councilmembers Not Present:

Councilmember

Edward Adams

City Staff Present:

City Manager
City Attorney
City Secretary

John Hobson
Desiree Voth
Angela Montemayor

The Sinton City Council held a City Council Meeting on Tuesday, January 20, 2026, in the Council Chambers of the Sinton City Hall. A notice of this meeting was posted at least 3 business days in advance in accordance with Section 551, Texas Government Code. With a quorum present, the following business was transacted:

Mayor Mary Speidel called the meeting to order at 6:00 p.m. Mayor Pro Tem Greg Ybarra gave the invocation, and all present recited the American and Texas pledges.

Citizens present: Matthew Garza, Rene & Alma Garcia

Public Hearing: None

Special Reports/Presentations/Formal Announcements, Recognition, and Reports that may be discussed:

1. **Sinton ISD** – None present.
2. **Sinton Chamber of Commerce** – None present.
3. **Sinton VFW, District 6, Post 12160** – None present.

Citizens to Be Heard: Matthew Garza announced that the Sinton Little League registration closes on February 14th. The following day, they will decide which nearby towns to interleague with, likely staying closer to Ingleside, Aransas Pass, Odem, and Refugio. They currently have 45 players registered but typically gain about 200 more during the final week of registration. The season is expected to start on March 21st, usually the week after spring break.

Rene and Alma Garcia reported that their garbage at 613 E. George is not being serviced by Republic Services. Their location is more of an alley off Sodville near the railroad tracks. Republic Services have told them the trees make it difficult for their trucks to access. A former code enforcement officer had advised them to place it on an area on Sodville that Republic Services could possibly access, but there is a renter there now who is concerned about trash ending up in her yard. They came to the City Council

seeking assistance in getting the matter resolved. Mr. Hobson said he is familiar with the area and will speak with the route manager to try to correct the issue.

Consent Agenda: None

(All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member, staff member or citizen requests removal of the item from the consent agenda for the purpose of discussion. For removal of an item, a request must be made to the Council when the Consent Agenda is opened for Council Action.)

New Business:

No. 11865 Action on the minutes from the City Council Meeting held on December 16, 2025.

Councilmember Nathan Lindeman made the motion to approve the minutes from the City Council Meeting held on December 16, 2025. The second was made by Mayor Pro Tem Greg Ybarra. The motion carried 4-0.

No. 11866 Action on the Sinton Police Department 2025 Racial Profiling Report. Presented by Police Chief Eric Blanchard.

In lieu of Police Chief Eric Blanchard, who was not present, Mr. Hobson presented the 2025 Racial Profiling Report for the Sinton Police Department. The following information was presented.

Total Traffic Stop Breakdown (3,401)

- City Streets: 3,197
- US Highways: 44
- County Roads: 4
- State Highways: 29
- Private Property: 127

Race was not known prior to any of these stops.

Race/Ethnicity Breakdown

- Hispanic/Latino: 2,302
- White: 986
- Black: 81
- Asian/Pacific Islander: 14
- Alaska Native / American Indian: 18

Gender Breakdown

- Female – Total: 1,454
 - Hispanic/Latino: 1,037
 - White: 394
 - Black: 11
 - Asian/Pacific Islander: 6
 - Alaska Native / American Indian: 6
- Male – Total: 1,947
 - Hispanic/Latino: 1,265
 - White: 592
 - Black: 70

- Asian/Pacific Islander: 8
- Alaska Native / American Indian: 12

Reasons for Stop – Breakdown

- Violation of Law: 649
- Moving Traffic Violation: 2,594
- Vehicle Traffic Violation: 158

Result of Stop – Breakdown

- Verbal Warning: 0
- Written Warning: 1,986
- Citation: 1,389
- Written Warning & Arrest: 21
- Citation & Arrest: 5
- Arrest Only: 0

Total Number of Racial Profiling Complaints Received was 0.

Councilmember Nathan Lindeman made the motion to approve the Sinton Police Department 2025 Racial Profiling Report. The second was made by Councilmember Lulu Lopez. The motion carried 4-0.

No. 11867 Action on appointing a Board Member to fill a vacancy on the Sinton Economic Development 4B Board.

This agenda item was passed.

No. 11868 Action on appointing a Board Member to fill a vacancy on the City of Sinton Personnel Board.

This agenda item was passed.

No. 11869 Action on appointing an alternate Board Member to the Board of Adjustment.

This agenda item was passed.

Councilmember Nathan Lindeman made the motion to adjourn. The second was made by Mayor Pro Tem Greg Ybarra. The motion carried 4-0. Meeting adjourned.

Mayor Mary Speidel

Attest: Angela Montemayor, City Secretary



MINUTES CITY COUNCIL SPECIAL MEETING

February 5, 2026 – 5:00 p.m.
City Hall, 301 E. Market St.
Sinton, Texas 78387

Councilmembers Present:

Mayor	Mary Speidel
Mayor Pro Tem	Greg Ybarra
Councilmember	Nathan Lindeman
Councilmember	Edward Adams
Councilmember	Lulu Lopez

City Staff Present:

City Manager	John Hobson
City Attorney	Desiree Voth
City Secretary	Angela Montemayor

The Sinton City Council held a Special City Council Meeting on Thursday, February 5, 2026, in the Council Chambers of the Sinton City Hall. A notice of this meeting was posted at least 3 business days in advance in accordance with Section 551, Texas Government Code. With a quorum present, the following business was transacted:

Mayor Mary Speidel called the meeting to order at 5:00 p.m.

Citizens present: Julie Blanda, Becky Boston

New Business:

No. 11870 Action on Resolution No. 20260203, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SINTON, TEXAS, ADOPTING THE 2026 SAN PATRICIO COUNTY MULTI-JURISDICTIONAL HAZARD MITIGATION ACTION PLAN.

Mr. Hobson advised this is the annual update they conduct each year on our Emergency Operations Plan. The city's plan follows San Patricio County's guidelines, so everything we do is based on their plan. There are no significant changes.

Councilmember Nathan Lindeman made the motion to approve Resolution No. 20260203. The second was made by Mayor Pro Tem Greg Ybarra. The motion carried 5-0.

No. 11871 Action on ratifying the City Manager's and Mayor's past action relating to Lyte Fiber LLC's use of public right-of-way and authorizing the City Manager and Mayor to take all necessary action; including engaging legal counsel, to protect the health, safety, and welfare by exercising proper municipal police powers.

Mr. Hobson advised that he believed everyone was aware of Lyte Fiber's presence in the city and the differences in how each are interpreting Local Government Code Chapter 283 regarding Lyte Fiber's access to and use of the public right-of-way without compensation to the City. He has kept the Council informed about the developments and asked the Council to ratify the actions they've taken so far and to authorize the City, if necessary, to hire legal counsel.

Julie Blanda, Lyte Fiber's Regional Coastal Bend Manager, was present and explained that although Lyte Fiber is not a national brand, it is a small, locally based company out of Houston, Texas. Their focus is providing internet service to smaller communities that have historically been overlooked in the past, just like Sinton. She stated they are proud of the significant investments their company has made to build a 100% fiber-optic network that supports education, healthcare, agriculture, and economic development. More importantly, she stated they don't want to simply operate in Sinton, they want to be part of the community. For nearly a year, Lyte Fiber has enjoyed a close working relationship with the City. While they are disappointed to find themselves at this impasse, they remain committed to finding a way forward and want to continue to be able to provide Sinton's residents with a state-of-the-art fiber-optic network.

Councilmember Nathan Lindeman made the motion to proceed with ratifying the City Manager's and Mayor's past action relating to Lyte Fiber LLC's use of public right-of-way and authorizing the City Manager and Mayor to take all necessary action, including engaging legal counsel. The second was made by Councilmember Edward Adams. The motion carried. 5-0.

Councilmember Nathan Lindeman made the motion to adjourn. The second was made by Councilmember Edward Adams. The motion carried 5-0.

Mayor Mary Speidel

Attest: Angela Montemayor, City Secretary



Communication with Those Charged with Governance

To Management, Mayor and City Council of
City of Sinton

We have audited the financial statements of the City of Sinton as of and for the year ended September 30, 2025, and have issued our report thereon dated January 30, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 3, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Sinton solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Sinton is included in Note A to the financial statements. There were no significant new accounting policies adopted and no changes in significant accounting policies or their application during 2025 except for the following:

As of October 1, 2024, the City implemented GASB 101 related to compensated absences. The standard changed the liability for compensated absences from only those paid on termination to also include absences more likely than not to be taken as time off in the future. So, a portion of the City's sick time is now included in the liability. The change required a restatement of the beginning balance as well.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Useful lives of depreciable assets
2. Allowance for uncollectible property tax and utility receivables
3. Mortality rates, investment returns, discount rates, health care cost trends and other expected conditions related to
 - a. Pension plan
 - b. Supplemental Death Benefits
 - c. Retiree Insurance

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Sinton's financial statements related to the net pension liability, total other post-employment liabilities and public improvement district/tax increment reinvestment zone.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Representations Requested from Management

We have requested certain written representations from management in a separate letter dated January 30, 2026.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Sinton's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We assisted management with several entries such as:

- Updating revenue accruals
- Recording accounts payable at year end
- Recording accrued wages and compensated absences
- Updating debt and capital asset balances at year end

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Sinton, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Sinton's auditors.

This information is intended solely for the information and use of the Mayor, City Council and management of City of Sinton and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." in a cursive style.

Armstrong, Vaughan & Associates, PC
January 30, 2026

**City of Sinton
Audit Highlights
September 30, 2025**

OVERVIEW

Clean Opinion (means we agree annual report is accurate)	YES
Material or Significant Findings	NO
Any Other Written Findings or Recommendations	NO

General Fund Trends	2023	2024	2025	Budget
Total Revenue	4,100,894	4,937,026	5,303,754	4,936,389
Total Expenditures	(3,851,615)	(4,326,158)	(4,673,682)	(5,387,389)
Other Sources (Uses)	322,500	402,000	457,000	450,000
Change in Fund Balance	571,779	1,012,868	1,087,072	(1,000)

Beginning Fund Balance	5,086,746	5,658,525	6,671,392
Ending Fund Balance	5,658,525	6,671,393	7,758,464

Capital Expenditures	6,817	350,740	507,824
Months in General Fund Balance	17.7	20.1	22.3

Water/Sewer Fund Trends	2023	2024	2025
Total Revenue	3,359,687	3,735,587	3,977,210
Total Expenses	(3,069,839)	(3,476,953)	(3,662,803)
Other Sources (Uses)	7,209,595	157,439	382,176
Change in Net Position	7,499,443	416,073	696,583

Beginning Net Position	5,288,312	12,787,755	13,203,828
Ending Net Position	12,787,755	13,203,828	13,900,411

Capital Assets	13,646,681	13,249,093	13,079,352
Long-term Liabilities	(1,850,002)	(1,642,083)	(1,431,545)
Spendable Net Position	991,076	1,596,818	2,252,604
Months in Spendable Net Position	3.9	5.5	7.4

Other Fund Balances	2023	2024	2025
Affordable Housing	428,554	431,046	-
Debt Service	1,869,377	80,917	40,806
Street Improvement	1,867,468	384,012	314,496
Fire Equipment	52,273	72,346	92,857
Hotel Tax	206,696	229,545	255,120
EDC 4A	1,235,672	1,319,568	1,412,627
EDC 4B	1,968,618	1,991,090	2,471,617



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2025**



CITY OF SINTON
PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

MARY SPEIDEL

CITY COUNCIL

GREG YBARRA

NATHAN LINDEMAN

LULU LOPEZ

EDWARD ADAMS

CITY MANAGER

JOHN HOBSON

CITY OF SINTON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Members of the City Council, and management
City of Sinton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Sinton as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Sinton's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sinton, as of September 30, 2025, 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 City of Sinton 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.

Change in Accounting Principle and Error Correction

As discussed in Note R to the financial statements, the City implemented GASB Statement 101 related to compensated absences and corrected an error in fiduciary activities. Our opinion is not modified with respect to this issue.

Responsibilities of Management for the Financial Statements

City of Sinton'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 City of Sinton'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 City of Sinton'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 City of Sinton'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 in liabilities and contributions for net pension liability and total other post-employment benefit liabilities 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 City of Sinton'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 January 30, 2026 on our consideration of City of Sinton'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 City of Sinton's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

January 30, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Sinton’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

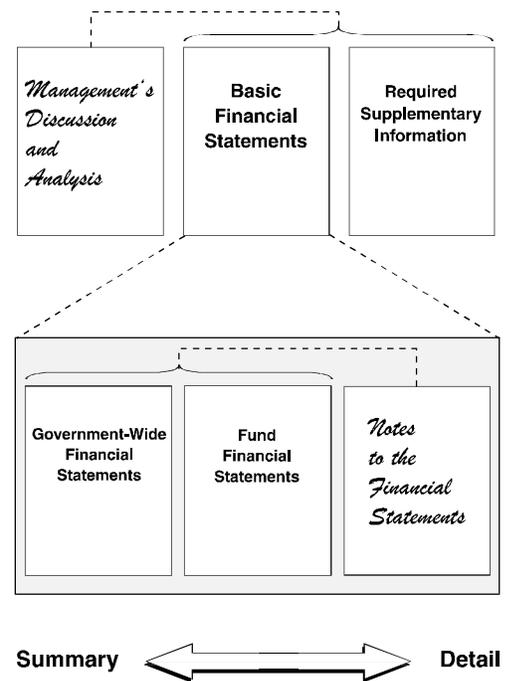
- The City’s total combined net position was \$50.8 million at September 30, 2025.
- The City’s governmental expenses were \$1.3 million less than the \$7.0 million generated in general and program revenues for governmental activities. Revenues increased from additional grants and tax collections. Governmental expenses increased 11%, primarily from cost of living adjustments for staff and filling vacancies in the police department.
- The City’s business-type expenses increased approximately 5% for additional system maintenance. Revenues increased 12% primarily from increased garbage rates.
- The general fund reported a fund balance of \$7.8 million, an increase of \$1.1 million.
- No new debt was issued.

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 City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’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 City’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 City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the town that are not proprietary or fiduciary	Activities of the City that operate similar to private businesses: water, sewer and garbage
<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 City’s financial statements, including the portion of the City 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 City 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 City’s net position and how they have changed. Net position—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health or *position*.

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

- The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general government, public safety, streets, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City 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 City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’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 City’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 City 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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s combined net position was \$50.8 million at September 30, 2025. (See Table A-1).

Table A-1

City’s Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<i>Assets:</i>						
Current Assets	\$ 13,324,721	\$ 12,028,946	\$ 3,848,383	\$ 3,045,299	\$ 17,173,104	\$ 15,074,245
Other Assets	-	77,593	-	-	-	77,593
Capital Assets (net)	28,042,722	28,294,422	13,079,352	13,249,093	41,122,074	41,543,515
<i>Total Assets</i>	<u>41,367,443</u>	<u>40,400,961</u>	<u>16,927,735</u>	<u>16,294,392</u>	<u>58,295,178</u>	<u>56,695,353</u>
<i>Deferred Outflows:</i>	<u>554,265</u>	<u>359,192</u>	<u>263,897</u>	<u>200,402</u>	<u>818,162</u>	<u>559,594</u>
<i>Liabilities:</i>						
Current Liabilities	494,039	788,674	937,414	778,811	1,431,453	1,567,485
Long-Term Liabilities	3,036,141	2,703,711	2,026,648	2,092,710	5,062,789	4,796,421
<i>Total Liabilities</i>	<u>3,530,180</u>	<u>3,492,385</u>	<u>2,964,062</u>	<u>2,871,521</u>	<u>6,494,242</u>	<u>6,363,906</u>
<i>Deferred Inflows:</i>	<u>1,488,582</u>	<u>1,537,271</u>	<u>344,648</u>	<u>419,446</u>	<u>1,833,230</u>	<u>1,956,717</u>
<i>Net Position:</i>						
Net Invested in Capital Assets	27,104,583	27,289,301	11,647,807	11,607,010	38,752,390	38,896,311
Restricted	4,309,795	4,174,341	-	-	4,309,795	4,174,341
Unrestricted	5,488,568	4,266,855	2,235,115	1,596,817	7,723,683	5,863,672
<i>Total Net Position</i>	<u>\$ 36,902,946</u>	<u>\$ 35,730,497</u>	<u>\$ 13,882,922</u>	<u>\$ 13,203,827</u>	<u>\$ 50,785,868</u>	<u>\$ 48,934,324</u>

Governmental Activities

- Property tax rates remained the same for the fiscal year ending September 30, 2025. However, new property and increasing valuations added \$164 thousand to revenues.
- Police expenses increased for filling vacancies in prior years.

Business-Type Activities

- Operating revenues increased 6% from updated utility rates and expenses increased 5% for increased maintenance. Business type activities also received grants to fund capital projects.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<i>Program Revenues:</i>						
Charges for Services	\$ 894,418	\$ 1,018,308	\$ 3,977,210	\$ 3,735,587	\$ 4,871,628	\$ 4,753,895
Operating Grants and Contributions	477,865	154,765	-	-	477,865	154,765
Capital Contributions	25,000	161,944	308,740	89,346	333,740	251,290
<i>General Revenues:</i>						
Taxes	5,099,784	4,801,955	-	-	5,099,784	4,801,955
Interest Earnings	23,471	22,077	-	-	23,471	22,077
Industrial District Agreement	360,000	330,000	-	-	360,000	330,000
Miscellaneous	107,583	55,577	-	-	107,583	55,577
TOTAL REVENUES	6,988,121	6,544,626	4,285,950	3,824,933	11,274,071	10,369,559
<i>Program Expenses:</i>						
Administration	1,197,919	1,113,395	-	-	1,197,919	1,113,395
Police	1,520,502	1,163,834	-	-	1,520,502	1,163,834
Fire	166,203	160,920	-	-	166,203	160,920
Animal Control	137,153	113,425	-	-	137,153	113,425
Municipal Court	114,436	108,932	-	-	114,436	108,932
Streets	1,396,502	1,254,472	-	-	1,396,502	1,254,472
Parks	465,251	337,564	-	-	465,251	337,564
Emergency Services	175,000	181,064	-	-	175,000	181,064
Inspections	88,643	261,736	-	-	88,643	261,736
Library	317,446	311,970	-	-	317,446	311,970
Utilities	-	-	3,708,662	3,527,840	3,708,662	3,527,840
Interest on Debt	37,947	71,054	-	-	37,947	71,054
TOTAL EXPENSES	5,617,002	5,078,366	3,708,662	3,527,840	9,325,664	8,606,206
Transfers	(119,297)	(118,978)	119,297	118,978	-	-
Change in Net Position	1,251,822	1,347,282	696,585	416,071	1,948,407	1,763,353
Net Position at Beginning of Year	35,730,497	34,383,215	13,203,827	12,787,756	48,934,324	47,170,971
Prior Period Adjustment	(79,373)	-	(17,490)	-	(96,863)	-
Net Position at End of Year	\$ 36,902,946	\$ 35,730,497	\$ 13,882,922	\$ 13,203,827	\$ 50,785,868	\$ 48,934,324

As discussed in Note R to the financial statements, the City implemented GASB 101 leading to a prior period adjustment. 2024 has not been restated.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General fund increased its fund balance by \$1.1 million. Revenues increased \$396 thousand primarily from property value growth and sales tax (economic activity)
- Total governmental expenditures decreased from \$8.5 million to \$5.6 million. A large street project and debt repayment occurred in 2024.

Budgetary Highlights

- General Fund revenues exceeded the budget by \$367 thousand. Property tax collections were less than expected but grants were received to fund projects that exceeded expectations.
- General Fund expenditures were \$714 thousand under budget with savings across all departments.
- The General Fund balance increased \$1.1 million compared to a budgeted reduction of \$1,000.
- The Economic Development Corporation's revenues and expenditures exceeded the budget. However, the fund balance increased \$574 thousand compared to a budgeted increase of \$445 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the City had invested \$53.5 million in a broad range of capital assets, including land, equipment, buildings, and infrastructure. Significant changes in fiscal year 2025 included a street improvement project and several vehicles. (See Table A-4)

Table A-4
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 62,250	\$ 62,250	\$ 4,000	\$ 4,000	\$ 66,250	\$ 66,250
Buildings and Improvements	5,684,914	5,782,270	-	-	5,684,914	5,782,270
Infrastructure	26,319,338	25,808,273	17,065,231	17,104,405	43,384,569	42,912,678
Equipment	3,517,079	3,605,674	564,535	482,604	4,081,614	4,088,278
Construction in Progress	-	-	308,740	-	308,740	-
Totals at Historical Cost	35,583,581	35,258,467	17,942,506	17,591,009	53,526,087	52,849,476
Accumulated Depreciation	(7,540,859)	(6,964,045)	(4,863,154)	(4,341,916)	(12,404,013)	(11,305,961)
Net Capital Assets	<u>\$ 28,042,722</u>	<u>\$ 28,294,422</u>	<u>\$ 13,079,352</u>	<u>\$ 13,249,093</u>	<u>\$ 41,122,074</u>	<u>\$ 41,543,515</u>

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

Long Term Debt

The City had bonds payable at year end as outlined in Table A-5. No new debt was issued during the year and the City made payments in accordance with the debt schedules. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds & Notes Payable	\$ 929,225	\$ 1,095,975	\$ 1,420,775	\$ 1,629,025	\$ 2,350,000	\$ 2,725,000
Total Long-Term Debt	\$ 929,225	\$ 1,095,975	\$ 1,420,775	\$ 1,629,025	\$ 2,350,000	\$ 2,725,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2025-2026 year, the City increased the overall property tax rate from \$0.7593 per \$100 of taxable value to \$0.787352, which will generate approximately \$202 thousand in additional revenue. The budget will allow for a 4% cost of living adjustment for personnel. However, the City does not expect any significant changes to operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City at (361) 364-2381 or visit the City's website at www.sintontexas.org.

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.



CITY OF SINTON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,071,944	\$ 3,351,729	\$ 15,423,673
Ad Valorem Tax Receivable (Net)	393,284	-	393,284
Other Receivables (Net)	845,412	496,654	1,342,066
Inventory	14,081	-	14,081
Capital Assets (net)	28,042,722	13,079,352	41,122,074
TOTAL ASSETS	41,367,443	16,927,735	58,295,178
DEFERRED OUTFLOWS			
Deferred Pension Related Outflows	461,876	230,748	692,624
Deferred OPEB Related Outflows	92,389	33,149	125,538
TOTAL DEFERRED OUTFLOWS	554,265	263,897	818,162
LIABILITIES			
Accounts Payable	186,520	329,819	516,339
Accrued Wages	48,464	14,937	63,401
Accrued Interest	6,013	7,287	13,300
Deposits and Unearned Revenue	-	354,623	354,623
<i>Long-term Debt Due in One Year</i>			
Bonds and Notes Payable	171,750	213,250	385,000
Accrued Compensated Absences	57,153	12,494	69,647
Total OPEB Liabilities	24,139	5,004	29,143
<i>Long-term Debt Due in More than One Year</i>			
Bonds and Notes Payable	766,389	1,218,295	1,984,684
Accrued Compensated Absences	171,458	37,482	208,940
Total OPEB Liabilities	1,262,055	577,026	1,839,081
Net Pension Liability	836,239	193,845	1,030,084
TOTAL LIABILITIES	3,530,180	2,964,062	6,494,242
DEFERRED INFLOWS			
Deferred Pension Related Inflows	307,015	99,499	406,514
Deferred OPEB Related Inflows	817,878	245,149	1,063,027
Lease Inflows	363,689	-	363,689
TOTAL DEFERRED INFLOWS	1,488,582	344,648	1,833,230
NET POSITION			
Net Investment in Capital Assets	27,104,583	11,647,807	38,752,390
Restricted for:			
Debt Service	61,491	-	61,491
Economic Development	3,884,245	-	3,884,245
Police Department	2,556	-	2,556
Tourism Development	257,182	-	257,182
EMS Services	3,545	-	3,545
Municipal Court	67,968	-	67,968
Fire Department	32,808	-	32,808
Unrestricted	5,488,568	2,235,115	7,723,683
TOTAL NET POSITION	\$ 36,902,946	\$ 13,882,922	\$ 50,785,868

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 1,197,919	\$ 200,037	\$ 112,500	\$ -
Police	1,520,502	68,163	194,556	-
Fire	166,203	53,061	70,702	25,000
Animal Control	137,153	3,605	-	-
Municipal Court	114,436	203,033	-	-
Streets	1,396,502	48,293	-	-
Parks	465,251	110,508	-	-
Emergency Services	175,000	-	99,107	-
Inspections	88,643	202,018	-	-
Library	317,446	5,700	1,000	-
Interest	37,947	-	-	-
<i>Total Governmental Activities</i>	<u>5,617,002</u>	<u>894,418</u>	<u>477,865</u>	<u>25,000</u>
<i>Business-Type Activities:</i>				
Utilities	3,708,662	3,977,210	-	308,740
<i>Total Business-Type Activities</i>	<u>3,708,662</u>	<u>3,977,210</u>	<u>-</u>	<u>308,740</u>
Total Primary Government	<u><u>\$ 9,325,664</u></u>	<u><u>\$ 4,871,628</u></u>	<u><u>\$ 477,865</u></u>	<u><u>\$ 333,740</u></u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Other Taxes				
Interest and Investment Earnings				
Industrial District Agreement				
Miscellaneous				
Transfers Between Activities				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment - Change in Accounting Principle				
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
\$ (885,382)		\$ (885,382)
(1,257,783)		(1,257,783)
(17,440)		(17,440)
(133,548)		(133,548)
88,597		88,597
(1,348,209)		(1,348,209)
(354,743)		(354,743)
(75,893)		(75,893)
113,375		113,375
(310,746)		(310,746)
(37,947)		(37,947)
(4,219,719)		(4,219,719)
	\$ 577,288	577,288
	577,288	577,288
		(3,642,431)
2,726,048	-	2,726,048
2,047,552	-	2,047,552
326,184	-	326,184
23,471	-	23,471
360,000	-	360,000
107,583	-	107,583
(119,297)	119,297	-
5,471,541	119,297	5,590,838
1,251,822	696,585	1,948,407
35,730,497	13,203,827	48,934,324
(79,373)	(17,490)	(96,863)
\$ 36,902,946	\$ 13,882,922	\$ 50,785,868

CITY OF SINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Economic Development		
ASSETS				
Cash and Cash Equivalents	\$ 7,588,495	\$ 3,786,958	\$ 696,492	\$ 12,071,945
Ad Valorem Taxes Receivable (Net)	365,657	-	27,627	393,284
Other Receivables (Net)	355,633	483,921	5,858	845,412
Inventory	14,081	-	-	14,081
TOTAL ASSETS	<u>\$ 8,323,866</u>	<u>\$ 4,270,879</u>	<u>\$ 729,977</u>	<u>\$ 13,324,722</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 163,575	\$ 22,945	\$ -	\$ 186,520
Accrued Wages	48,464	-	-	48,464
<i>Total Liabilities</i>	<u>212,039</u>	<u>22,945</u>	<u>-</u>	<u>234,984</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	353,363	-	26,698	380,061
Lease Inflows	-	363,689	-	363,689
<i>Total Deferred Inflows</i>	<u>353,363</u>	<u>363,689</u>	<u>26,698</u>	<u>743,750</u>
<i>Fund Balances:</i>				
Nonspendable:				
Inventory	14,081	-	-	14,081
Restricted for:				
Debt Service	-	-	40,806	40,806
Economic Development	-	3,884,245	-	3,884,245
Police Department	2,556	-	-	2,556
Tourism Development	2,062	-	255,120	257,182
EMS Services	3,545	-	-	3,545
Municipal Court	27,070	-	40,898	67,968
Fire Department	32,808	-	-	32,808
Committed for:				
Street Maintenance	-	-	273,598	273,598
Fire Equipment Replacement	-	-	92,857	92,857
Unassigned	7,676,342	-	-	7,676,342
<i>Total Fund Balances</i>	<u>7,758,464</u>	<u>3,884,245</u>	<u>703,279</u>	<u>12,345,988</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 8,323,866</u>	<u>\$ 4,270,879</u>	<u>\$ 729,977</u>	<u>\$ 13,324,722</u>

See accompanying notes to basic financial statements.

CITY OF SINTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 12,345,988

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. 28,042,722

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 380,060

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (228,611)

Long-term liabilities, including leases and related accrued interest, are not due and payable in the current period and, therefore not reported in the funds. (944,152)

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	(836,239)	
Pension Related Deferred Outflows	461,876	
Pension Related Deferred Inflows	(307,015)	
Total OPEB Liabilities	(1,286,194)	
OPEB Related Deferred Outflows	92,389	
OPEB Related Deferred Inflows	(817,878)	(2,693,061)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 36,902,946

CITY OF SINTON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Economic Development		
REVENUES				
Ad Valorem Taxes	\$2,463,659	\$ -	\$ 175,290	\$ 2,638,949
Sales Taxes	1,281,113	766,438	-	2,047,551
Other Taxes	266,676	-	59,508	326,184
Licenses and Permits	202,849	-	-	202,849
Grants and Donations	571,027	-	-	571,027
Lease Income	110,508	154,408	-	264,916
Fines and Penalties	202,611	-	-	202,611
Interest Income	11,718	9,618	-	21,336
Industrial District Agreement	360,000	-	-	360,000
Miscellaneous	193,592	-	44,451	238,043
TOTAL REVENUES	<u>5,663,753</u>	<u>930,464</u>	<u>279,249</u>	<u>6,873,466</u>
EXPENDITURES				
<i>Current:</i>				
Administration	1,038,338	84,797	47,445	1,170,580
Police	1,384,013	-	-	1,384,013
Fire	109,037	-	-	109,037
Animal Control	137,212	-	-	137,212
Municipal Court	116,141	-	-	116,141
Streets	588,267	-	-	588,267
Parks	267,112	-	-	267,112
Emergency Services	175,000	-	-	175,000
Inspections	88,643	-	-	88,643
Library	262,095	-	-	262,095
Capital Outlay	507,824	91,037	510,990	1,109,851
<i>Debt Service:</i>				
Principal	-	100,000	66,750	166,750
Interest	-	9,042	29,353	38,395
TOTAL EXPENDITURES	<u>4,673,682</u>	<u>284,876</u>	<u>654,538</u>	<u>5,613,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	990,071	645,588	(375,289)	1,260,370
OTHER FINANCING SOURCES (USES)				
Sales of Assets	25,000	-	-	25,000
Transfers In (Out)	72,000	(72,000)	(119,297)	(119,297)
TOTAL OTHER FINANCING SOURCES (USES)	<u>97,000</u>	<u>(72,000)</u>	<u>(119,297)</u>	<u>(94,297)</u>
Net Change in Fund Balance	1,087,071	573,588	(494,586)	1,166,073
Beginning Fund Balance	6,671,393	3,310,657	1,197,865	11,179,915
Ending Fund Balance	<u>\$7,758,464</u>	<u>\$ 3,884,245</u>	<u>\$ 703,279</u>	<u>\$ 12,345,988</u>

See accompanying notes to basic financial statements.

CITY OF SINTON
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, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,166,073

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	1,009,288	
Depreciation	<u>(1,260,988)</u>	(251,700)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 87,099

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 expense.

Pension Plan	32,188	
Other Post-employment Benefits	<u>33,168</u>	65,356

The issuance of long-term debt (e.g. bonds and notes) 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 transaction, however, has any effect on net position.

Principal Payments		166,750
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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	15,660	
Amortization of Bond Premiums	1,894	
Change in Accrued Interest	<u>690</u>	<u>18,244</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,251,822

CITY OF SINTON
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2025

	Utility Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,351,729
Receivables (net of allowances for uncollectibles)	496,654
<i>Total Current Assets</i>	3,848,383
 <i>Other Assets:</i>	
Property and Equipment (net)	13,079,352
<i>Total Other Assets</i>	13,079,352
TOTAL ASSETS	16,927,735
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	230,748
OPEB Related Deferred Outflows	33,149
TOTAL DEFERRED OUTFLOWS	263,897
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	329,819
Accrued Wages	14,937
Accrued Interest	7,287
Deposits and Unearned Revenue	354,623
Current Portion of Accrued Compensated Absences	12,494
Current Portion of Long-Term Debt	213,250
Current Portion of Total OPEB Liabilities	5,004
<i>Total Current Liabilities</i>	937,414
 <i>Long-term Liabilities:</i>	
Long-term Debt (Net of Current Portion)	1,218,295
Accrued Compensated Absences (Net of Current Portion)	37,482
Total OPEB Liabilities (Net of Current Portion)	577,026
Net Pension Liability	193,845
<i>Total Long-term Liabilities</i>	2,026,648
TOTAL LIABILITIES	2,964,062
 DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferred Inflows	99,499
OPEB Related Deferred Inflows	245,149
TOTAL DEFERRED INFLOWS	344,648
 NET POSITION	
Net Investment In Capital Assets	11,647,807
Unrestricted	2,235,115
TOTAL NET POSITION	\$ 13,882,922

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2025

	Utility Fund
OPERATING REVENUES	
Water Service	\$ 1,700,234
Sewer Service	1,096,156
Garbage Service	992,592
Miscellaneous Charges	188,228
TOTAL OPERATING REVENUES	3,977,210
OPERATING EXPENSES	
Personnel	826,908
Administrative	95,086
Water and Sewer Maintenance and Operations	1,166,958
Garbage Contractor	996,439
Depreciation	577,412
TOTAL OPERATING EXPENSES	3,662,803
OPERATING INCOME (LOSS)	314,407
NONOPERATING REVENUES (EXPENSES)	
Grants	308,740
Interest Expense	(45,859)
TOTAL NONOPERATING	262,881
Transfers from Governmental Activities	119,297
CHANGE IN NET POSITION	696,585
BEGINNING NET POSITION	13,203,827
Prior Period Adjustment - Change in Accounting Principle	(17,490)
ENDING NET POSITION	\$ 13,882,922

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Utility Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 3,946,585
Cash Paid to Employees for Services	(842,979)
Cash Paid to Suppliers for Goods and Services	(2,107,169)
Net Cash Provided (Used) by Operating Activities	996,437
 Cash Flows From Capital and Related Financing Activities:	
Capital Grants and Contributions	308,740
Purchase of Capital Assets	(407,671)
Principal Payments on Long-Term Debt	(208,250)
Interest Paid	(49,029)
Net Cash Provided (Used) by Capital and Related Financing Activities	(356,210)
 Cash Flows From Noncapital Financing Activities:	
Debt Service Transfer	119,297
Net Cash Provided (Used) by Noncapital Financing Activities	119,297
 Net Increase (Decrease) in Cash and Cash Equivalents	 759,524
 Beginning Cash and Cash Equivalents	 2,592,205
 Ending Cash and Cash Equivalents	 \$ 3,351,729

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Utility Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$	314,407
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		577,412
(Increase) Decrease in:		
Accounts Receivable (net)		(43,560)
Pension Related Deferred Outflows		(36,058)
OPEB Related Deferred Outflows		(27,437)
Increase (Decrease) in Current Liabilities:		
Accounts Payable		151,314
Accrued Wages		(1,615)
Accrued Compensated Absences		6,838
Deposits and Unearned Revenue		12,935
Total OPEB Liabilities		54,682
Net Pension Liability		62,317
Pension Related Deferred Inflows		(36,204)
OPEB Related Deferred Inflows		(38,594)
Total Adjustments to Reconcile Operating Activities		682,030
 Net Cash Provided (Used) by Operating Activities	 \$	 996,437

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

	<u>Somerset PID</u>
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	<u>\$ 2,209,797</u>
TOTAL ASSETS	<u>2,209,797</u>
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
 NET POSITION	
Restricted for Debt Service	<u>2,209,797</u>
TOTAL NET POSITION	<u><u>\$ 2,209,797</u></u>

See accompanying notes to basic financial statements.

CITY OF SINTON
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Somerset PID
ADDITIONS	
Special Assessments	\$ 1,897,687
Interest Earnings	112,533
TOTAL ADDITIONS	2,010,220
 DEDUCTIONS	
Administrative Costs	90,073
Developer Reimbursements	1,014,986
Debt Service	799,281
TOTAL DEDUCTIONS	1,904,340
CHANGE IN NET POSITION	105,880
 BEGINNING NET POSITION	
Prior Period Adjustment	87,979
ENDING NET POSITION	\$ 2,209,797

See accompanying notes to basic financial statements.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sinton, Texas (“City”) was incorporated in 1916 under the provisions of the State of Texas and operates under the Manager-Council form of government. The City provides the following primary services: police protection, emergency medical services, public works, street maintenance, parks, library and utility (water, sewer and garbage) service. The City is governed by a mayor and four council members.

The financial statements of the City 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 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, 2025, the City had the following component units:

City of Sinton Economic Development Corporation

The City exerts significant control over the Economic Development Corporation (EDC), a legally separate entity. The EDC uses the taxing authority of the City and provides services almost exclusively to the City and its constituents. This poses a significant benefit to the City. City Council appoints all members of the Board, approves the Budget, and is charged with hiring and firing of EDC employees, of which there are currently none. In addition, management of the City has operational responsibility for the component unit. This qualifies the EDC as a component unit, which is recorded as a separate fund of the City, using the blended method described in the previous paragraph. The EDC collects sales tax to promote economic growth in the City of Sinton. The EDC does not issue separate financial statements.

In addition, the City is affiliated with the following organizations:

Sinton Volunteer Fire Department (VFD)

The VFD is a legally separate entity over which the City Council has no control. The City provides financial support to supplement the other resources of the VFD. The City also allows the VFD to operate City fire vehicles and equipment. However, the City has no appointment or oversight abilities over the affairs of the VFD. As such, the financial statements of the VFD are not included in these financial statements. Financial information of the VFD may be obtained by writing to 317 E Market, Sinton, TX 78387.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

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 City. 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 and proprietary funds. The General Fund, Economic Development Fund, and Utility Fund meet the criteria as *major funds*.

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 unavailable revenue.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

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

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 City 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.

Economic Development Fund is used to account for the sales taxes collected to support economic development activities in the City.

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 City's Proprietary Fund is the utility fund.

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 City. 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 City, these balances generally consist of proceeds from bonds for construction.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

5. INVESTMENTS

State statutes authorize the City 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.

The City's investments may 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, 2024 and past due after January 31, 2025. 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 credit losses 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 City (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."

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

9. NOTES RECEIVABLE

The City's affordable housing program lends financial resources to individuals in the City to purchase homes. The notes require escrowed taxes and insurance payments and are issued at favorable interest rate. The unpaid balance of the notes and any required escrow amounts are recorded as Notes Receivable on the Balance Sheet and Statement of Net Position. Because these notes are secured by a lien on the property, no allowance for credit losses has been recorded.

10. INVENTORY

Inventory consists of unleaded and diesel fuels available for City and County use. The County is billed monthly for their consumption. The fuel is carried at the lower of cost or market based on a first in- first out method.

11. 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.

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 unavailable 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.

12. 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 City-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.

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

12. CAPITAL ASSETS (Continued)

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 50 years
Streets, Utilities and Infrastructure	20 to 50 years
Furniture, Fixtures, Vehicles	5 to 20 years

13. COMPENSATED ABSENCES

Full-time employees earn vacation leave at varying rates depending on length of service. Accumulated vacation leave is paid on termination. In addition, employees accrue sick leave up to a maximum of 90 days. Unused sick leave is not paid upon termination.

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 based on an estimate of the leave more likely than not to be paid out or taken as time off. The City uses the first in first out flows assumption in determining the liability.

14. 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 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.

15. 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.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

16. 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. The total OPEB liability and OPEB expense related to retiree insurance, has been determined on the same basis of an actuarial study projecting retirement rates and health care cost trend rates.

17. 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 City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

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

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

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

18. 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 City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

19. 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 non-operating.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

20. 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.

21. 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.

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The City'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 City's agent bank approved pledge securities in an amount sufficient to protect City 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, 2025, the carrying amount of the City's deposits were fully covered by a combination of pledged collateral and FDIC insurance.

2. Investments

The City had no investments at September 30, 2025.

3. Analysis of Specific Deposit and Investment Risks

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE C -- PROPERTY TAX CALENDAR

The City’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 City. Assessed values are established by the San Patricio 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, 2024, upon which the fiscal 2025 levy was based, was \$365 million (i.e., market value less exemptions). The estimated market value was \$502 million, making the taxable value 73% of the estimated market value.

The City 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, 2025, was \$0.759300 per \$100 of assessed value, which means that the City has a tax margin of \$0.7407 for each \$100 value and could increase its annual tax levy by approximately \$2.7 million based upon the present assessed valuation before the limit is reached. However, the City may not increase property tax rates more than 3% each year without voter approval.

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2025 are as follows:

	General Fund	Economic Development	Total Nonmajor	Utility Fund
Sales and Mixed Beverage Tax	\$ 204,910	\$ 122,572	\$ -	\$ -
Franchise Fees	36,645	-	-	-
Hotel Occupancy Tax	-	-	5,858	-
Customer Charges	20,377	-	-	646,907
Leases	-	361,349	-	-
Grants and Intergovernmental	93,701	-	-	50,108
Allowance for Credit Losses	-	-	-	(200,361)
Total Other Receivables	<u>\$ 355,633</u>	<u>\$ 483,921</u>	<u>\$ 5,858</u>	<u>\$ 496,654</u>

NOTE E -- INTERFUND TRANSACTIONS

Interfund transfers during the year ending September 30, 2025 were as follows:

Transfer From	Transfer to	Amount	Purpose
Economic Development	General	\$ 72,000	<i>In support of administration</i>
Nonmajor Governmental	Utility Fund	119,297	<i>Debt service paid on behalf of</i>
		<u>\$ 191,297</u>	

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE F -- LEASES

The Economic Development Corporation leases space in the community center to two tenants. The leases have fixed payments with no variable components.

	<u>Lease 1</u>	<u>Lease 2</u>
Current Term Ends	March 2027	June 2032
Extension Options End	March 2037	June 2032
Termination Option	None	None
Total Inflows		
Lease Revenue	\$ 61,718	\$ 39,085
Interest Revenue	3,940	3,163
Variable and Other Payments	-	-

The City's general fund has short-term leases for RV park spaces and park facilities. These leases are typically 30 days or less in length.

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

<u>Governmental Activities</u>	<u>Balance</u> 10/1/2024	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> 9/30/2025
Land	\$ 62,250	\$ -	\$ -	\$ 62,250
Buildings and Improvements	5,782,270	91,037	(188,393)	5,684,914
Infrastructure	25,808,273	511,065	-	26,319,338
Vehicles and Equipment	3,605,674	407,186	(495,781)	3,517,079
	<u>35,258,467</u>	<u>1,009,288</u>	<u>(684,174)</u>	<u>35,583,581</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,838,657)	(265,399)	188,393	(2,915,663)
Vehicles and Equipment	(2,146,000)	(271,603)	495,781	(1,921,822)
Infrastructure	(1,979,388)	(723,986)	-	(2,703,374)
	<u>(6,964,045)</u>	<u>(1,260,988)</u>	<u>684,174</u>	<u>(7,540,859)</u>
Capital Assets, Net	<u>\$ 28,294,422</u>	<u>\$ (251,700)</u>	<u>\$ -</u>	<u>\$ 28,042,722</u>

Land is not depreciated.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$	35,717
Police		96,461
Fire		57,165
Animal Control		3,317
Streets		797,656
Parks		208,774
Library		<u>61,898</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,260,988</u>

<i>Business-Type Activities</i>	Balance 10/1/2024	Additions	Disposals/ Transfers	Balance 9/30/2025
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Infrastructure	17,104,405	-	(39,174)	17,065,231
Vehicles and Equipment	482,604	98,931	(17,000)	564,535
Construction in Progress	-	308,740	-	308,740
	<u>17,591,009</u>	<u>407,671</u>	<u>(56,174)</u>	<u>17,942,506</u>
Less Accumulated Depreciation				
Vehicles and Equipment	(313,408)	(57,775)	17,000	(354,183)
Infrastructure	(4,028,508)	(519,637)	39,174	(4,508,971)
	<u>(4,341,916)</u>	<u>(577,412)</u>	<u>56,174</u>	<u>(4,863,154)</u>
Capital Assets, Net	<u>\$ 13,249,093</u>	<u>\$ (169,741)</u>	<u>\$ -</u>	<u>\$ 13,079,352</u>

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE H -- LONG-TERM LIABILITIES

	Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due in One Year
<i>Governmental Activities</i>					
Bonds/Notes Payable and Premiums	\$ 1,106,783	\$ -	\$ (168,644)	\$ 938,139	\$ 171,750
Net Pension Liability	634,527	1,576,334	(1,374,622)	836,239	-
Accrued Compensated Absences	244,273	-	(15,662)	228,611	57,153
Total OPEB Liabilities:					
Retiree Death Benefit	102,204	8,157	(13,216)	97,145	3,638
Retiree Health Insurance	1,026,947	197,905	(35,803)	1,189,049	20,501
<i>Total Governmental Activities</i>	<u>\$ 3,114,734</u>	<u>\$ 1,782,396</u>	<u>\$ (1,607,947)</u>	<u>\$ 3,289,183</u>	<u>\$ 253,042</u>
<i>Business-Type Activities</i>					
Bonds Payable and Premiums	\$ 1,642,083	\$ -	\$ (210,538)	\$ 1,431,545	\$ 213,250
Net Pension Liability	131,528	326,751	(264,434)	193,845	-
Accrued Compensated Absences	43,138	6,838	-	49,976	12,494
Total OPEB Liabilities:					
Retiree Death Benefit	23,772	1,691	(2,739)	22,724	754
Retiree Health Insurance	503,577	63,151	(7,422)	559,306	4,250
<i>Total Business-Type Activities</i>	<u>\$ 2,344,098</u>	<u>\$ 398,431</u>	<u>\$ (485,133)</u>	<u>\$ 2,257,396</u>	<u>\$ 230,748</u>

The change in compensated absences is a net figure. The beginning balances in compensated absences has been updated to reflect the change in accounting principal noted in Note R.

NOTE I – BONDS AND TAX NOTES PAYABLE

Combination Tax and Limited Pledged Revenue Certificates of Obligation, Series 2007

The City issued \$1,500,000 in certificates in March, 2007 for the construction of a community center. The debt service is funded by a pledge of economic development sales taxes. The City may also levy a property tax to pay the debt service. The bonds mature serially through September 1, 2027 and bear interest at 4.27%.

Combination Tax and Limited Pledged Revenue Certificates of Obligation, Series 2014

The City issued \$3,000,000 in certificates in June, 2014 for replacing water meters. The debt service is funded by a combination of utility system revenues (55%) and property taxes (45%). The bonds mature serially through September 1, 2034 and bear interest at 2-4%.

Combination Tax and Limited Pledged Revenue Certificates of Obligation, Series 2019

The City issued \$1,240,000 in certificates in June, 2019 for automatic water meters. The debt service is funded by utility system revenues (and backed by property taxes if necessary). The bonds mature serially through September 1, 2029 and bear interest at 1.1-2.4%.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE I – BONDS AND TAX NOTES PAYABLE (Continued)

Tax Notes, Series 2023

The City issued \$1,750,000 in tax notes in May, 2023 for street improvements. The notes mature in 2024 with a single payment from debt service fund balance.

All three bond series and tax notes 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.

Changes in Bonds and Tax Notes Payable

	Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
2007 Series	\$ 315,000	\$ -	\$ (100,000)	\$ 215,000	\$ 105,000
2014 Series	780,975	-	(66,750)	714,225	66,750
Unamortized Premiums	10,808	-	(1,894)	8,914	-
<i>Total Governmental Activities</i>	<u>\$ 1,106,783</u>	<u>\$ -</u>	<u>\$ (168,644)</u>	<u>\$ 938,139</u>	<u>\$ 171,750</u>
<i>Business-Type Activities</i>					
Bonds Payable:					
2019 Series	\$ 655,000	\$ -	\$ (125,000)	\$ 530,000	\$ 130,000
2014 Series	974,025	-	(83,250)	890,775	83,250
Unamortized Premiums	13,058	-	(2,288)	10,770	-
<i>Total Business-Type Activities</i>	<u>\$ 1,642,083</u>	<u>\$ -</u>	<u>\$ (210,538)</u>	<u>\$ 1,431,545</u>	<u>\$ 213,250</u>

The annual requirements to amortize all bonded debt and tax notes outstanding as of September 30, 2025, including interest payments, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 171,750	\$ 33,839	\$ 213,250	\$ 43,720	\$ 462,559
2027	178,975	26,869	216,025	37,906	459,775
2028	73,425	21,672	226,575	31,457	353,129
2029	75,650	18,690	229,350	24,786	348,476
2030	80,100	15,575	99,900	19,425	215,000
2031-2034	349,325	28,703	435,675	35,797	849,500
	<u>\$ 929,225</u>	<u>\$ 145,348</u>	<u>\$ 1,420,775</u>	<u>\$ 193,091</u>	<u>\$ 2,688,439</u>

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

The City participates as one of 938 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 Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS retirement system.

Benefits Provided

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

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

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

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	33
Active employees	44
	111

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City 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 for the City were required to contribute 7% of their annual gross earnings and the City matches 2 to 1. The City also offers updated service credits and cost of living allowances. The contribution rates for the City were 13.35% and 10.6% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$288,398 and matched the required contributions.

In 2025, the employee deposit rate was increased to 8%.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.6%-11.85% including inflation
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

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.

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).

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35%	7.10%
Core Fixed Income	6%	5.00%
Non-Core Fixed Income	6%	6.80%
Hedge Funds	5%	6.40%
Private Equity	13%	8.50%
Private Debt	13%	8.20%
Real Estate	12%	6.70%
Infrastructure	6%	6.00%
Other Private Markets	4%	7.30%
	<u>100%</u>	

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.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2024:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	\$ 11,430,314	\$ 10,664,259	\$ 766,055
Changes for the year:			
Service Cost	344,685	-	344,685
Interest	768,178	-	768,178
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	782,950	-	782,950
Changes of Assumptions	-	-	-
Contributions - Employer	-	341,479	(341,479)
Contributions - Employee	-	190,500	(190,500)
Net Investment Income	-	1,107,077	(1,107,077)
Benefit Payments, Including Refunds of Employee Contributions	(444,481)	(444,481)	-
Administrative Expense	-	(7,106)	7,106
Other Changes	-	(166)	166
Net Changes	<u>1,451,332</u>	<u>1,187,303</u>	<u>264,029</u>
Balance at December 31, 2024	<u>\$ 12,881,646</u>	<u>\$ 11,851,562</u>	<u>\$ 1,030,084</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower 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)	\$ 2,977,270	\$ 1,030,084	\$ (555,568)

Pension Plan Fiduciary Net Position

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

For the year ended September 30, 2025, the City recognized pension income of \$279,124. Also as of September 30, 2025, the City 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	\$ 480,652	\$ 255,042
Changes in Actuarial Assumptions	-	38,241
Differences Between Projected and Actual Investment Earnings	-	113,231
Contributions Subsequent to the Measurement Date	211,972	-
	\$ 692,624	\$ 406,514

Deferred outflows of resources in the amount of \$211,972 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year ended September 30,	
2026	\$ 44,345
2027	276,951
2028	(169,711)
2029	(77,447)
	\$ 74,138

NOTE K -- OTHER POSTEMPLOYMENT BENEFIT – SUPPLEMENTAL DEATH BENEFIT

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

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

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, 2024, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	8
Active employees	44
	69

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

For the Plan Year Ended December 31,	Total Rate	Retiree Portion
2024	0.36%	0.19%
2025	0.37%	0.22%

The assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.6% to 11.85% including Inflation
Discount Rate	4.08%
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.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

The changes in the City’s Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended December 31, 2024, were as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ 125,976
Changes for the year:	
Service Cost	5,086
Interest	4,762
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(5,668)
Changes of Assumptions	(5,895)
Benefit Payments	(4,392)
Net Changes	(6,107)
Balance at December 31, 2024	\$ 119,869

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 City, calculated using the discount rate of 3.77% as well as what the City’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 3.08%	Discount Rate 4.08%	Discount Rate 5.08%
Total OPEB Liability	\$ 140,190	\$ 119,869	\$ 103,396

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense of (\$59). Also as of September 30, 2025, the City 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	\$ 935	\$ 14,531
Changes in Actuarial Assumptions	6,097	28,735
Contributions Subsequent to the Measurement Date	4,399	-
	\$ 11,431	\$ 43,266

Deferred outflows of resources in the amount of \$4,399 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 fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year ending September 30,	
2026	\$ (13,400)
2027	(15,191)
2028	(6,890)
2029	(753)
2030	-
	\$ (36,234)

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE L -- OTHER POSTEMPLOYMENT BENEFIT – RETIREE INSURANCE

Eligible retirees of the City may participate in the health insurance plan of the City. The City covers the premiums for the retiree. Eligibility is reserved for employees with 25 years of continuous service with the City regardless of age and the employee must be retired from the Texas Municipal Retirement System. Benefits continue until death. Membership in the plan at September 30, 2023, the valuation date, consisted of:

Active employees	43
Inactive employees eligible for benefits	0
Retired employees drawing benefits	4
	47
	47

This City does not maintain a separate trust for this plan and is not accumulating assets to service the other post-employment benefit. Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern benefit costs of the City. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The assumptions are summarized below:

Actuarial Valuation Date	September 30, 2025
Actuarial Method	Individual Entry Age Normal
	Level Percentage of Projected Salary
Discount Rate	4.50%
Mortality Table	RP-2014 Total with Projection MP-2021
Health Cost Trend	Level 4.5% (2.69% for Medicare Part B)
Disability	None
Coverage Assumption	Employees will continue with same plan
Turnover	Rates varying based on gender, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE L -- OTHER POSTEMPLOYMENT BENEFIT - RETIREE INSURANCE (Continued)

The changes in the City’s Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended September 30, 2025, were as follows:

	Total OPEB Liability
Balance at October 1, 2024	\$ 1,530,524
Changes for the year:	
Service Cost	55,308
Interest	76,627
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(18,474)
Changes of Assumptions	129,121
Benefit Payments	(24,751)
Net Changes	217,831
 Balance at September 30, 2025	 \$ 1,748,355

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 TOL of the City is calculated using a discount rate of 4.5% and a health care cost trend rate of 4.5%. The following table shows what the City’s TOL would be if it were calculated using a discount rate (and healthcare cost trend rate) that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate		
	3.50%	4.50%	5.50%
Total OPEB Liability (Asset)	\$ 2,171,020	\$ 1,748,355	\$ 1,426,830
	Health Care Cost Trend Rate		
	3.50%	4.50%	5.50%
Total OPEB Liability (Asset)	\$ 1,395,799	\$ 1,748,355	\$ 2,224,321

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE L -- OTHER POSTEMPLOYMENT BENEFIT - RETIREE INSURANCE (Continued)

For the year ended September 30, 2025, the City recognized OPEB expense of (\$14,222). Also as of September 30, 2025, the City 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	\$ -	\$ 225,042
Changes in Actuarial Assumptions	114,107	794,719
Contributions Subsequent to the Measurement Date	-	-
	\$ 114,107	\$ 1,019,761

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year ended September 30,	
2026	\$ (146,157)
2027	(146,157)
2028	(146,157)
2029	(146,157)
2030	(146,157)
Thereafter	(174,869)
	\$ (905,654)

NOTE M -- RISK MANAGEMENT

The City 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 City 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 City is generally limited to the contributed amounts for losses up to \$1,000,000.

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE N -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City’s liability in these cases, if decided adversely to the City, will not have a material effect on the City’s financial position.

Commitments

In December 2019, the City contracted with Allegiance Mobile Health to provide emergency services to citizens of Sinton. The agreement requires quarterly installments from the City for \$43,750. Payments commenced January 1, 2021. The term of the agreement is for five years with three optional three year renewal periods. However, the contract allows the City to terminate the contract at any time with 90 days notice.

Further, the City has obtained a grant for a comprehensive plan and has engaged a firm to manage the grant and perform the plan for \$300,000. As of September 30, 2025, \$127,500 had been incurred on that contract, leaving an estimated commitment of \$172,500. The entire cost is expected to be covered by the grant.

Further, the City has obtained a grant for water and sewer improvements. An engineering contract is underway for an estimated total of \$636,528. Through September 30, 2025, \$61,343 had been incurred leaving an estimated commitment of \$575,185. The entire cost is expected to be covered by the grant.

NOTE O -- INDUSTRIAL DISTRICT AGREEMENT

In December 2019, the City signed an industrial district agreement with a business just outside the City’s extraterritorial jurisdiction (ETJ). The agreement annexed the business into the ETJ, but precludes the City from annexing the property into the City. The Agreement is for 15 years and in exchange the City will receive the following annual payments in lieu of taxes (PILOT) as follows:

<u>Calendar Year</u>	<u>Annual PILOT</u>	<u>Calendar Year</u>	<u>Annual PILOT</u>
2026	\$ 360,000	2031	\$ 420,000
2027	360,000	2032	480,000
2028	360,000	2033	600,000
2029	420,000	2034	720,000
2030	420,000	2035	720,000

NOTE P -- DEVELOPMENT AGREEMENT

In July 2024, the City signed a development agreement in conjunction with the creation of Sinton Ranch Municipal Utility District (“MUD”) in the City’s extraterritorial jurisdiction (ETJ). The City agrees not to annex the property until all of the infrastructure has been completed and the developer has recovered their development costs. The Agreement is for 45 years and in exchange the City will receive an annual payment in lieu of taxes (PILOT) of \$100 per lot beginning in 2025.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE Q -- PUBLIC IMPROVEMENT DISTRICT AND TAX INCREMENT REINVESTMENT ZONE

The City issued special assessment bonds in the amount of \$11.735 million to construct infrastructure in a section of the City referred to as Somerset. The City has no responsibility for the bonds, which will be paid by a special assessment on the property in the District. Accordingly, this debt is not reported in these financial statements. The City will collect the special assessments and distribute them for debt service in a custodial fiduciary fund. Infrastructure from the project was completed and accepted by the City in 2023.

In addition, the City established a Tax Increment Reinvestment Zone (TIRZ) on the same area. The City will use 50% of the incremental maintenance and operations property tax revenues to reimburse the developer for actual infrastructure costs up to \$21,654,086. The last year of the TIRZ is expected to be 2050. For the year ending September 30, 2025, the City rebated \$45,353 in property taxes, leaving a maximum future commitment of \$21,586,355.

NOTE R -- CHANGE IN ACCOUNTING PRINCIPLE AND ERROR CORRECTION

The City implemented GASB Statement 101 related to compensated absences as of October 1, 2024. The statement required that accrue employee leave that is not paid on termination but that is more likely than not to be taken as leave in the future to be included in the leave liability. The change captured a portion of the City's sick leave that had previously been excluded. The change required restating the beginning liability in the governmental and business-type activities.

In addition, additional escrow accounts for the PID described in Note Q were not previously reported in the fiduciary activities as they should have been. This resulted in an increase to beginning net position in fiduciary activities.

The changes to beginning net position were as follows:

	Governmental Activities	Business Type Activities	Fiduciary Activities
Beginning Net Position, Previously Reported	\$ 35,730,497	\$13,203,827	\$ 87,979
<i>Change in Accounting Principle:</i>			
GASB 101 Compensated Absences	(79,373)	(17,490)	-
<i>Error Correction:</i>			
Unrecorded PID Escrow Accounts	-	-	2,015,938
Beginning Net Position, Restated	<u>\$ 35,651,124</u>	<u>\$13,186,337</u>	<u>\$ 2,103,917</u>



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 Benefits Fund
- Schedule of Changes – Total OPEB Liability – Retiree Health Insurance

CITY OF SINTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 2,736,714	\$ 2,736,714	\$ 2,463,659	\$ (273,055)
Sales Taxes	1,170,957	1,170,957	1,281,113	110,156
Other Taxes	251,177	251,177	266,676	15,499
Licenses and Permits	162,949	162,949	202,849	39,900
Grants and Donations	225,657	225,657	571,027	345,370
Lease Income	129,890	129,890	110,508	(19,382)
Fines and Penalties	120,859	120,859	202,611	81,752
Interest Income	11,015	11,015	11,718	703
Industrial District Agreement	360,000	360,000	360,000	-
Miscellaneous	127,171	127,171	193,592	66,421
TOTAL REVENUES	<u>5,296,389</u>	<u>5,296,389</u>	<u>5,663,753</u>	<u>367,364</u>
EXPENDITURES				
<i>Current:</i>				
Administration	1,194,590	1,194,590	1,038,338	156,252
Police	1,411,780	1,411,780	1,384,013	27,767
Fire	160,300	160,300	109,037	51,263
Animal Control	207,686	207,686	137,212	70,474
Municipal Court	125,239	125,239	116,141	9,098
Streets	633,120	633,120	588,267	44,853
Parks	415,220	415,220	267,112	148,108
Emergency Services	175,000	175,000	175,000	-
Inspections	92,636	92,636	88,643	3,993
Library	273,818	273,818	262,095	11,723
Capital Outlay	698,000	698,000	507,824	190,176
TOTAL EXPENDITURES	<u>5,387,389</u>	<u>5,387,389</u>	<u>4,673,682</u>	<u>713,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(91,000)</u>	<u>(91,000)</u>	<u>990,071</u>	<u>1,081,071</u>
OTHER FINANCING SOURCES				
Sales of Assets	-	-	25,000	25,000
Transfers In	90,000	90,000	72,000	(18,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>90,000</u>	<u>90,000</u>	<u>97,000</u>	<u>7,000</u>
Net Change in Fund Balance	(1,000)	(1,000)	1,087,071	1,088,071
Beginning Fund Balance	<u>6,671,393</u>	<u>6,671,393</u>	<u>6,671,393</u>	<u>-</u>
Ending Fund Balance	<u>\$ 6,670,393</u>	<u>\$ 6,670,393</u>	<u>\$ 7,758,464</u>	<u>\$ 1,088,071</u>

CITY OF SINTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Sales Taxes	\$ 439,961	\$ 439,961	\$ 766,438	\$ 326,477
Lease Income	100,000	100,000	154,408	54,408
Interest Income	1,000	1,000	9,618	8,618
TOTAL REVENUES	<u>540,961</u>	<u>540,961</u>	<u>930,464</u>	<u>389,503</u>
EXPENDITURES				
<i>Current:</i>				
Administration	37,500	37,500	84,797	(47,297)
Capital Outlay	-	-	91,037	(91,037)
<i>Debt Service:</i>				
Principal	-	-	100,000	(100,000)
Interest	-	-	9,042	(9,042)
TOTAL EXPENDITURES	<u>37,500</u>	<u>37,500</u>	<u>284,876</u>	<u>(247,376)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>503,461</u>	<u>503,461</u>	<u>645,588</u>	<u>142,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(58,000)	(58,000)	(72,000)	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(58,000)</u>	<u>(58,000)</u>	<u>(72,000)</u>	<u>(14,000)</u>
Net Change in Fund Balance	445,461	445,461	573,588	128,127
Beginning Fund Balance	<u>3,310,657</u>	<u>3,310,657</u>	<u>3,310,657</u>	<u>-</u>
Ending Fund Balance	<u>\$ 3,756,118</u>	<u>\$ 3,756,118</u>	<u>\$ 3,884,245</u>	<u>\$ 128,127</u>



CITY OF SINTON
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL
SEPTEMBER 30, 2025

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City 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 City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Economic Development Corporation 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 City does not use encumbrances.

CITY OF SINTON
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN PLAN (CALENDAR) YEARS

	Total Pension Liability			
	2015	2016	2017	2018
Service Cost	\$ 339,180	\$ 340,258	\$ 336,274	\$ 326,906
Interest (on the Total Pension Liability)	531,734	555,308	575,209	612,641
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	81,947	(212,614)	61,618	(287,727)
Change of Assumptions	5,560	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(297,806)	(358,952)	(413,288)	(414,455)
Net Change	660,615	324,000	559,813	237,365
Total Pension Liability - Beginning	7,575,510	8,236,125	8,560,125	9,119,938
Total Pension Liability - Ending	<u>\$ 8,236,125</u>	<u>\$ 8,560,125</u>	<u>\$ 9,119,938</u>	<u>\$ 9,357,303</u>
	Plan Fiduciary Net Position			
	2015	2016	2017	2018
Contributions - Employer	\$ 296,695	\$ 278,890	\$ 276,867	\$ 269,484
Contributions - Employee	164,309	157,319	153,450	149,663
Net Investment Income	8,942	420,850	931,463	(229,595)
Benefit Payments, Including Refunds of Employee Contributions	(297,806)	(358,952)	(413,288)	(414,455)
Administrative Expense	(5,446)	(4,752)	(4,826)	(4,436)
Other	(269)	(256)	(245)	(232)
Net Change	166,425	493,099	943,421	(229,571)
Beginning Plan Fiduciary Net Position	6,059,667	6,226,092	6,719,191	7,662,612
Ending Plan Fiduciary Net Position	<u>\$ 6,226,092</u>	<u>\$ 6,719,191</u>	<u>\$ 7,662,612</u>	<u>\$ 7,433,041</u>
Net Pension Liability (Asset) - Ending	\$ 2,010,033	\$ 1,840,934	\$ 1,457,326	\$ 1,924,262
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.59%	78.49%	84.02%	79.44%
Covered Payroll	\$ 2,347,267	\$ 2,247,414	\$ 2,192,141	\$ 2,138,037
Net Pension Liability as a Percentage of Covered Payroll	85.63%	81.91%	66.48%	90.00%

Total Pension Liability					
2019	2020	2021	2022	2023	2024
\$ 313,235	\$ 264,624	\$ 279,410	\$ 294,607	\$ 294,474	\$ 344,685
630,470	659,309	685,856	732,737	778,403	768,178
-	-	-	-	-	-
(178,397)	(193,648)	159,482	120,273	(718,756)	782,950
36,748	-	-	-	(107,773)	-
(347,235)	(353,803)	(334,971)	(540,643)	(401,391)	(444,481)
454,821	376,482	789,777	606,974	(155,043)	1,451,332
9,357,303	9,812,124	10,188,606	10,978,383	11,585,357	11,430,314
<u>\$ 9,812,124</u>	<u>\$ 10,188,606</u>	<u>\$ 10,978,383</u>	<u>\$ 11,585,357</u>	<u>\$ 11,430,314</u>	<u>\$ 12,881,646</u>

Plan Fiduciary Net Position					
2019	2020	2021	2022	2023	2024
\$ 266,599	\$ 214,472	\$ 226,663	\$ 245,047	\$ 251,674	\$ 341,479
145,016	121,547	129,101	137,667	138,065	190,500
1,149,442	656,055	1,208,945	(766,216)	1,107,655	1,107,077
(347,235)	(353,803)	(334,971)	(540,643)	(401,391)	(444,481)
(6,493)	(4,244)	(5,594)	(6,631)	(7,050)	(7,106)
(194)	(166)	37	7,913	(49)	(166)
1,207,135	633,861	1,224,181	(922,863)	1,088,904	1,187,303
7,433,041	8,640,176	9,274,037	10,498,218	9,575,355	10,664,259
<u>\$ 8,640,176</u>	<u>\$ 9,274,037</u>	<u>\$ 10,498,218</u>	<u>\$ 9,575,355</u>	<u>\$ 10,664,259</u>	<u>\$ 11,851,562</u>

\$ 1,171,948	\$ 914,569	\$ 480,165	\$ 2,010,002	\$ 766,055	\$ 1,030,084
88.06%	91.02%	95.63%	82.65%	93.30%	92.00%
\$ 2,071,661	\$ 1,736,381	\$ 1,844,293	\$ 1,966,672	\$ 1,972,364	\$ 2,311,773
56.57%	52.67%	26.04%	102.20%	38.84%	44.56%

CITY OF SINTON
SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFIT
LAST EIGHT PLAN (CALENDAR) YEARS

	Total OPEB Liability			
	2017	2018	2019	2020
Service Cost	\$ 6,576	\$ 7,269	\$ 5,593	\$ 6,425
Interest (on the Total OPEB Liability)	4,401	4,486	4,581	4,057
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	(12,838)	(9,346)	(4,521)
Change of Assumptions	9,293	(8,329)	24,340	22,402
Benefit Payments	(1,315)	(1,710)	(1,864)	(1,215)
Net Change in Total OPEB Liability	18,955	(11,122)	23,304	27,148
Total OPEB Liability - Beginning	113,787	132,742	121,620	144,924
Total OPEB Liability - Ending	<u>\$ 132,742</u>	<u>\$ 121,620</u>	<u>\$ 144,924</u>	<u>\$ 172,072</u>
 Covered Payroll	 \$ 2,192,141	 \$ 2,138,037	 \$ 2,071,661	 \$ 1,736,381
 Total OPEB Liability as a Percentage of Covered Payroll	 6.06%	 5.69%	 7.00%	 9.91%
 Discount Rate	 3.78%	 3.31%	 3.71%	 2.75%
	Total OPEB Liability			
	2021	2022	2023	2024
Service Cost	\$ 9,221	\$ 8,063	\$ 2,959	\$ 5,086
Interest (on the Total OPEB Liability)	3,510	3,394	4,719	4,762
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(5,610)	(18,635)	1,459	(5,668)
Change of Assumptions	5,302	(54,466)	3,871	(5,895)
Benefit Payments	(2,398)	(3,343)	(4,142)	(4,392)
Net Change in Total OPEB Liability	10,025	(64,987)	8,866	(6,107)
Total OPEB Liability - Beginning	172,072	182,097	117,110	125,976
Total OPEB Liability - Ending	<u>\$ 182,097</u>	<u>\$ 117,110</u>	<u>\$ 125,976</u>	<u>\$ 119,869</u>
 Covered Payroll	 \$ 1,844,293	 \$ 1,966,672	 \$ 1,972,364	 \$ 2,311,773
 Total OPEB Liability as a Percentage of Covered Payroll	 9.87%	 5.95%	 6.39%	 5.19%
 Discount Rate	 1.84%	 4.05%	 3.77%	 4.08%

Information is being accumulated until 10 years are presented.

CITY OF SINTON
SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH INSURANCE
LAST SIX FISCAL YEARS

	Total OPEB Liability		
	2020	2021	2022
Service Cost	\$ 138,934	\$ 138,934	\$ 138,934
Interest (on the Total OPEB Liability)	49,711	53,831	57,917
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Change of Assumptions	-	-	-
Benefit Payments	(11,131)	(11,131)	(11,131)
Net Change in Total OPEB Liability	177,514	181,634	185,720
Total OPEB Liability - Beginning	2,076,020	2,253,534	2,435,168
Total OPEB Liability - Ending	<u>\$ 2,253,534</u>	<u>\$ 2,435,168</u>	<u>\$ 2,620,888</u>
Covered Payroll	\$ 1,827,173	\$ 1,808,312	\$ 1,808,312
Total OPEB Liability as a Percentage of Covered Payroll	123.33%	134.67%	144.94%
Discount Rate	2.25%	2.25%	2.25%
Health Care Cost Trend Rate	4.50%	4.50%	4.50%
	Total OPEB Liability		
	2023	2024	2025
Service Cost	\$ 142,060	\$ 142,060	\$ 55,308
Interest (on the Total OPEB Liability)	62,048	64,966	76,627
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(307,947)	-	(18,474)
Change of Assumptions	(1,172,557)	-	129,121
Benefit Payments	(10,497)	(10,497)	(24,851)
Net Change in Total OPEB Liability	(1,286,893)	196,529	217,731
Total OPEB Liability - Beginning	2,620,888	1,333,995	1,530,524
Total OPEB Liability - Ending	<u>\$ 1,333,995</u>	<u>\$ 1,530,524</u>	<u>\$ 1,748,255</u>
Covered Payroll	\$ 1,615,749	\$ 1,620,425	\$ 2,418,942
Total OPEB Liability as a Percentage of Covered Payroll	82.56%	94.45%	72.27%
Discount Rate	4.87%	4.87%	4.50%
Health Care Cost Trend Rate	4.50%	4.50%	4.50%

Information is being accumulated until 10 years are presented.



SUPPLEMENTARY INFORMATION

CITY OF SINTON
 COMPARATIVE BALANCE SHEETS – GENERAL FUND
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 7,588,495	\$ 6,562,672
Receivables (net of allowances for uncollectibles):		
Property Taxes	365,657	276,479
Other Receivables	355,633	250,226
Inventory	14,081	7,348
 TOTAL ASSETS	 \$ 8,323,866	 \$ 7,096,725
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 163,575	\$ 104,154
Accrued Wages	48,464	54,659
<i>Total Liabilities</i>	<i>212,039</i>	<i>158,813</i>
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	353,363	266,519
<i>Total Deferred Inflows of Resources</i>	<i>353,363</i>	<i>266,519</i>
 <i>Fund Balances:</i>		
Nonspendable		
Inventory	14,081	7,348
Restricted for		
Police Department	2,556	856
Tourism Development	2,062	-
EMS Services	3,545	3,545
Municipal Court	27,070	21,377
Fire Department	32,808	35,761
Unassigned	7,676,342	6,602,506
<i>Total Fund Balance</i>	<i>7,758,464</i>	<i>6,671,393</i>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 8,323,866	 \$ 7,096,725

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GENERAL FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
REVENUES		
Ad Valorem Taxes	\$ 2,463,659	\$ 2,270,529
Sales Taxes	1,281,113	1,191,068
Other Taxes	266,676	267,054
Licenses and Permits	202,849	435,168
Grants and Donations	571,027	385,308
Lease Income	110,508	122,628
Fines and Penalties	202,611	118,907
Interest Income	11,718	11,502
Industrial District Agreement	360,000	330,000
Miscellaneous	193,592	134,862
TOTAL REVENUES	5,663,753	5,267,026
 EXPENDITURES		
<i>Current:</i>		
Administration	1,038,338	983,294
Police	1,384,013	1,138,529
Fire	109,037	103,755
Animal Control	137,212	116,257
Municipal Court	116,141	112,857
Streets	588,267	559,386
Parks	267,112	259,160
Emergency Services	175,000	181,064
Inspections	88,643	261,736
Library	262,095	259,381
Capital Outlay	507,824	350,740
TOTAL EXPENDITURES	4,673,682	4,326,159
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 990,071	 940,867
 OTHER FINANCING SOURCES (USES)		
Sale of Assets	25,000	-
Transfers In	72,000	72,000
TOTAL OTHER FINANCING SOURCES (USES)	97,000	72,000
 Net Change in Fund Balance	 1,087,071	 1,012,867
 BEGINNING FUND BALANCE	 6,671,393	 5,658,526
ENDING FUND BALANCE	\$ 7,758,464	\$ 6,671,393

CITY OF SINTON
 COMPARATIVE BALANCE SHEETS – ECONOMIC DEVELOPMENT
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 3,786,958	\$ 3,202,372
Other Receivables	483,921	291,625
TOTAL ASSETS	\$ 4,270,879	\$ 3,493,997
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 22,945	\$ -
<i>Total Liabilities</i>	22,945	-
 <i>Deferred Inflows:</i>		
Lease Inflows	363,689	183,340
<i>Total Deferred Inflows</i>	363,689	183,340
 <i>Fund Balances:</i>		
Restricted for Economic Development	3,884,245	3,310,657
<i>Total Fund Balance</i>	3,884,245	3,310,657
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,270,879	\$ 3,493,997

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – ECONOMIC DEVELOPMENT
 FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
REVENUES		
Sales Taxes	\$ 766,438	\$ 711,977
Lease Income	154,408	147,013
Interest Income	9,618	8,656
TOTAL REVENUES	930,464	867,646
 EXPENDITURES		
<i>Current:</i>		
Administration	84,797	84,833
Capital Outlay	91,037	495,837
<i>Debt Service:</i>		
Principal	100,000	95,000
Interest and Fiscal Charges	9,042	13,609
TOTAL EXPENDITURES	284,876	689,279
 Excess (Deficiency) of Revenues Over (Under) Expenditures	645,588	178,367
 OTHER FINANCING SOURCES (USES)		
Transfers Out	(72,000)	(72,000)
TOTAL OTHER FINANCING SOURCES (USES)	(72,000)	(72,000)
 Net Change in Fund Balance	573,588	106,367
 BEGINNING FUND BALANCE	3,310,657	3,204,290
ENDING FUND BALANCE	\$ 3,884,245	\$ 3,310,657

CITY OF SINTON
 COMBINING BALANCE SHEETS – NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	Affordable Housing	Debt Service	Street Improvement
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 39,877	\$ 314,496
Ad Valorem Taxes Receivable (net)	-	27,627	-
Other Receivables	-	-	-
	-	-	-
TOTAL ASSETS	\$ -	\$ 67,504	\$ 314,496
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	-	-	-
 <i>Deferred Inflows of Resources:</i>			
Unavailable Property Taxes	-	26,698	-
	-	26,698	-
 <i>Fund Balances:</i>			
Restricted For:			
Tourism Development	-	-	-
Municipal Court	-	-	40,898
Debt Service	-	40,806	-
Committed For:			
Street Maintenance	-	-	273,598
Fire Equipment	-	-	-
<i>Total Fund Balances</i>	-	40,806	314,496
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 67,504	\$ 314,496

<u>Fire Equipment</u>	<u>Occupancy Tax</u>	<u>Total Nonmajor</u>
\$ 92,857	\$ 249,262	\$ 696,492
-	-	27,627
-	5,858	5,858
<u>\$ 92,857</u>	<u>\$ 255,120</u>	<u>\$ 729,977</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>26,698</u>
-	255,120	255,120
-	-	40,898
-	-	40,806
-	-	273,598
<u>92,857</u>	<u>-</u>	<u>92,857</u>
<u>92,857</u>	<u>255,120</u>	<u>703,279</u>
<u>\$ 92,857</u>	<u>\$ 255,120</u>	<u>\$ 729,977</u>

CITY OF SINTON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING SEPTEMBER 30, 2025

	<u>Affordable Housing</u>	<u>Debt Service</u>	<u>Street Improvement</u>
REVENUES			
Ad Valorem Taxes	\$ -	\$ 175,290	\$ -
Occupancy Taxes	-	-	-
Miscellaneous	-	-	23,940
TOTAL REVENUES	<u>-</u>	<u>175,290</u>	<u>23,940</u>
EXPENDITURES			
<i>Current:</i>			
Administration	13,512	-	-
Capital Outlay	417,534	-	93,456
<i>Debt Service:</i>			
Principal	-	66,750	-
Interest	-	29,353	-
TOTAL EXPENDITURES	<u>431,046</u>	<u>96,103</u>	<u>93,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(431,046)	79,187	(69,516)
OTHER FINANCING SOURCES (USES)			
Transfer Out	-	(119,297)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(119,297)</u>	<u>-</u>
Net Change in Fund Balance	(431,046)	(40,110)	(69,516)
Beginning Fund Balance	<u>431,046</u>	<u>80,916</u>	<u>384,012</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 40,806</u>	<u>\$ 314,496</u>

<u>Fire Equipment</u>	<u>Occupancy Tax</u>	<u>Total Nonmajor</u>
\$ -	\$ -	\$ 175,290
-	59,508	59,508
20,511	-	44,451
<u>20,511</u>	<u>59,508</u>	<u>279,249</u>
-	33,933	47,445
-	-	510,990
-	-	66,750
-	-	29,353
<u>-</u>	<u>33,933</u>	<u>654,538</u>
20,511	25,575	(375,289)
<u>-</u>	<u>-</u>	<u>(119,297)</u>
<u>-</u>	<u>-</u>	<u>(119,297)</u>
20,511	25,575	(494,586)
<u>72,346</u>	<u>229,545</u>	<u>1,197,865</u>
<u>\$ 92,857</u>	<u>\$ 255,120</u>	<u>\$ 703,279</u>

CITY OF SINTON
 COMPARATIVE STATEMENT OF NET POSITION – PROPRIETARY FUND
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 3,351,729	\$ 2,592,205
Receivables (net of allowances for uncollectibles)	496,654	453,094
<i>Total Current Assets</i>	3,848,383	3,045,299
Property and Equipment (net)	13,079,352	13,249,093
TOTAL ASSETS	16,927,735	16,294,392
 DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	230,748	194,690
OPEB Related Deferred Outflows	33,149	5,712
TOTAL DEFERRED OUTFLOWS	263,897	200,402
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	329,819	178,505
Accrued Wages	14,937	16,552
Accrued Interest	7,287	8,168
Deposits and Unearned Revenue	354,623	341,688
Current Accrued Compensated Absences	12,494	25,648
Current Total OPEB Liabilities	5,004	-
Current Portion of Long-Term Debt	213,250	208,250
<i>Total Current Liabilities</i>	937,414	778,811
 <i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	1,218,295	1,433,833
Accrued Compensated Absences (Net of Current)	37,482	-
Total OPEB Liabilities (Net of Current)	577,026	527,349
Net Pension Liability	193,845	131,528
<i>Total Long-term Liabilities</i>	2,026,648	2,092,710
TOTAL LIABILITIES	2,964,062	2,871,521
 DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	99,499	135,703
OPEB Related Deferred Inflows	245,149	283,743
TOTAL DEFERRED INFLOWS	344,648	419,446
 NET POSITION		
Net Investment In Capital Assets	11,647,807	11,607,010
Unrestricted	2,235,115	1,596,817
TOTAL NET POSITION	\$ 13,882,922	\$ 13,203,827

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 PROPRIETARY FUND
 FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Water Service	\$ 1,700,234	\$ 1,640,009
Sewer Service	1,096,156	979,570
Garbage Service	992,592	932,236
Miscellaneous Charges	188,228	183,772
TOTAL OPERATING REVENUES	3,977,210	3,735,587
OPERATING EXPENSES		
Personnel	826,908	713,055
Administrative	95,086	116,673
Water and Sewer Maintenance and Operations	1,166,958	1,153,787
Garbage Contractor	996,439	924,255
Depreciation	577,412	569,183
TOTAL OPERATING EXPENSES	3,662,803	3,476,953
OPERATING INCOME (LOSS)	314,407	258,634
NONOPERATING REVENUES (EXPENSES)		
Grants and Contributed Infrastructure	308,740	89,346
Interest Expense	(45,859)	(50,887)
TOTAL NONOPERATING REVENUES (EXPENSES)	262,881	38,459
INCOME (LOSS) BEFORE TRANSFERS	577,288	297,093
TRANSFERS		
Transfers In	119,297	118,978
TOTAL TRANSFERS	119,297	118,978
CHANGE IN NET POSITION	696,585	416,071
NET POSITION AT BEGINNING OF YEAR	13,203,827	12,787,756
Prior Period Adjustment - Change in Accounting Principle	(17,490)	-
NET POSITION AT END OF YEAR	\$ 13,882,922	\$ 13,203,827



COMPLIANCE SECTION



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 City Council of
City of Sinton, 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, each major fund and the aggregate remaining fund information of the City of Sinton as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Sinton's basic financial statements, and have issued our report thereon dated January 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Sinton'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 City of Sinton's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Sinton'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sinton'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 City'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 City'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.

January 30, 2026

