

CITY OF SINTON, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Sinton, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the City of Sinton, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sinton, Texas, as of September 30, 2015, 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.

Change in Accounting Principle

As discussed in Note H to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68 Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employees Retirement System Information on pages 3-13 and 54-56 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sinton, Texas' basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non major fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual non major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
June 21, 2016

Management's Discussion and Analysis

As management of the City of Sinton, Texas, we offer readers of the City of Sinton, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Sinton, Texas for the fiscal year ended September 30, 2015.

Financial Highlights

The assets of the City of Sinton, Texas exceeded its liabilities at the close of the most recent fiscal year by \$14,130,672 (net assets). Of this amount, \$1,192,645 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$121,563. The primary reason for the decrease was a decrease in EMS revenues of \$109,059.

As of the close of the current fiscal year, the City of Sinton, Texas' governmental funds reported combined ending fund balances of \$4,272,986, a decrease of \$1,518,934 in comparison with the prior year. Approximately 13% of this total amount, \$539,839, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$539,839, or 14 percent of total general fund expenditures.

The City of Sinton, Texas' total debt decreased by \$935,179 (14 percent) during the current fiscal year. The key factor in this decrease was the bond payments of \$760,002.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Sinton, Texas' basic financial statements. The City of Sinton, Texas' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City of Sinton, Texas' finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Sinton, Texas' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sinton, Texas is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City of Sinton, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Sinton, Texas include general administration, public safety, public transportation, capital projects, and culture and recreation. The business-type activities of the City of Sinton, Texas include a Water and Sewer fund.

The government-wide financial statements include only the City of Sinton, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sinton, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sinton, Texas can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sinton, Texas maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the interest and sinking fund, the 2014 tax note street improvement fund, and the economic development fund all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Sinton, Texas adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary funds: The City of Sinton, Texas maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Sinton, Texas uses enterprise funds to account for its Water and Sewer activities. The Internal Service Funds for the City of Sinton, Texas, consist solely of the Self-Insurance Fund. This fund was created to provide physical damage coverage for accidental damages incurred by City vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund which is considered to be a major fund of the City of Sinton, Texas. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statement.

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-53 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Sinton, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 54-56 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 57-58 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Sinton, Texas, assets exceeded liabilities by \$14,130,672 at the close of the most recent fiscal year.

The largest portion of the City of Sinton, Texas' net assets (70 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Sinton, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Sinton, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SINTON, TEXAS NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$2,050,544	\$2,423,726	\$2,346,687	\$2,232,319	\$4,397,231	\$4,656,045
Restricted Assets:	3,674,775	4,752,874	1,244,936	1,744,020	4,919,711	6,496,894
Capital Assets:	7,240,287	6,641,156	4,977,793	4,699,815	12,218,080	11,340,971
Total Assets	12,965,606	13,817,756	8,569,416	8,676,154	21,535,022	22,493,910
Total Deferred Outflows of Resources	290,972	230,015	77,627	61,365	368,599	291,380
Long-Term Liabilities	3,812,810	3,381,045	1,998,351	2,201,026	5,811,161	5,582,071
Other Liabilities	1,042,662	2,157,510	919,126	793,474	1,961,788	2,950,984
Total Liabilities	4,855,472	5,538,555	2,917,477	2,994,500	7,772,949	8,533,055
Invested in Capital Assets, Net of Related Debt	5,510,323	4,567,153	4,411,908	4,455,779	9,922,231	9,022,932
Restricted	2,850,452	3,531,289	165,344	137,680	3,015,796	3,668,969
Unrestricted	40,331	410,774	1,152,314	1,149,560	1,192,645	1,560,334
Total Net Position	\$8,401,106	\$8,509,216	\$5,729,566	\$5,743,019	\$14,130,672	\$14,252,235

An additional portion of the City of Sinton, Texas' net assets (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,192,645) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, the City of Sinton, Texas reported a positive balance in the governmental activities and a positive balance in the business-type activities. For the prior fiscal year, the City of Sinton, Texas reported positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

There was a decrease of \$653,173 in restricted net assets reported in connection with the City of Sinton, Texas' government-type and business-type activities. This decrease resulted mainly from capital expenditures.

The government's total net assets decreased by \$121,563. The primary reason for the decrease was a decrease in EMS revenues of \$109,059.

Governmental activities:

Governmental activities decreased the City of Sinton, Texas' net assets by \$108,110, thereby accounting for 89 percent of the total decline in the net assets of the City of Sinton, Texas. This decrease is attributable to a decrease in EMS revenues of \$109,059.

**CITY OF SINTON, TEXAS
CHANGE IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$1,024,971	\$1,125,102	\$1,854,083	\$1,800,284	\$2,879,054	\$2,925,386
Capital Grants and Contributions	0	858,334	0	0	0	858,334
General Revenues:						
Maintenance and Operations Taxes	1,091,543	1,041,453			1,091,543	1,041,453
Sales Taxes	1,035,404	1,057,860			1,035,404	1,057,860
Franchise Taxes	240,845	237,537			240,845	237,537
Other Taxes	38,604	41,375			38,604	41,375
Unrestricted investment Earnings	5,435	20,690	990	15,806	6,425	36,496
Miscellaneous	553,346	434,680			553,346	434,680
Total Revenue	<u>3,990,148</u>	<u>4,817,031</u>	<u>1,855,073</u>	<u>1,816,090</u>	<u>5,845,221</u>	<u>6,633,121</u>
Expenses:						
General Administration	738,138	1,425,576			738,138	1,425,576
Public Safety	2,434,436	2,159,109			2,434,436	2,159,109
Public Transportation	447,677	465,385			447,677	465,385
Culture and Recreation	601,662	573,017			601,662	573,017
Interest and Fiscal Charges	134,062	94,202			134,062	94,202
Water and Sewer			1,610,809	1,413,726	1,610,809	1,413,726
Total Expenses	<u>4,355,975</u>	<u>4,717,289</u>	<u>1,610,809</u>	<u>1,413,726</u>	<u>5,966,784</u>	<u>6,131,015</u>
Increase in Net Position Before Transfers and Special Items	(365,827)	99,742	244,264	402,364	(121,563)	502,106
Transfers	<u>257,717</u>	<u>557,409</u>	<u>(257,717)</u>	<u>(557,409)</u>	<u>0</u>	<u>0</u>
Increase in Net Position	(108,110)	657,151	(13,453)	(155,045)	(121,563)	502,106
Net Position at 09/30/2014 - Restated	<u>8,509,216</u>	<u>7,852,065</u>	<u>5,743,019</u>	<u>5,898,064</u>	<u>14,252,235</u>	<u>13,750,129</u>
Net Position at 09/30/2015	<u>\$8,401,106</u>	<u>\$8,509,216</u>	<u>\$5,729,566</u>	<u>\$5,743,019</u>	<u>\$14,130,672</u>	<u>\$14,252,235</u>

Total revenues decreased by \$826,883 (17 percent) during the year. Total expenses decreased by \$361,314 or 8%. The largest expense decrease was in general administration which decreased by \$687,438 which was mainly the result of an decrease in grant expenses. The largest decrease in revenues was in capital grants which decreased by \$858,334. The largest increase in expenses was in public safety which increased by \$275,327.

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Government Activities:			
General Administration	\$738,138	\$49,773	\$0
Public Safety	2,434,436	915,910	
Public Transportation	447,677	49,109	
Culture and Recreation	601,662	10,179	
Interest and Fiscal Charges	134,062		
Total Government Activities:	<u>\$4,355,975</u>	<u>\$1,024,971</u>	<u>\$0</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$1,024,971	26%
Capital Grants and Contributions	0	0%
Maintenance and Operations Taxes	1,091,543	27%
Sales Taxes	1,035,404	26%
Franchise Taxes	240,845	6%
Other Taxes	38,604	1%
Unrestricted Investment Earnings	5,435	0%
Miscellaneous	553,346	14%
	<u>\$3,990,148</u>	<u>100%</u>

For the most part, increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities:

Business-type activities decreased the City of Sinton, Texas' net assets by \$13,453, thereby accounting for 11 percent of the total decline in the net assets of the City of Sinton, Texas.

Demand for services for business-type activities increased by 4 percent or \$53,799.

The amount of transfer to the general fund decreased by \$299,692 or 54%.

Total expenses increased by \$197,083 or 14%. The increase in expenses closely paralleled inflation and an increase in the demand for services.

Expenses and Program Revenues - Business Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water and Sewer	\$1,610,809	\$1,854,083	\$0
Total Business-Type Activities	\$1,610,809	\$1,854,083	\$0

Revenues by Source - Business-Type Activities

	REVENUES	%
Charges for Services	\$1,854,083	100%
Unrestricted Investment Earnings	990	0%
	\$1,855,073	100%

Financial Analysis of the Government's Funds

As noted earlier, the City of Sinton, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of the City of Sinton, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sinton, Texas' financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Sinton, Texas' governmental funds reported combined ending fund balances of \$4,272,986, a decrease of \$1,518,934 in comparison with the prior year. Key factors in this decrease are as follows:

A decrease in capital expenditures of \$858,426, a decrease in debt service of \$372,223, and \$299,692.

Approximately 13 percent of this total amount (\$539,839) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or non-spendable.

The general fund is the chief operating fund of the City of Sinton, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$539,839, while total fund balance reached \$549,695. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total general fund expenditures, while total fund balance represents 14 percent of that same amount.

The fund balances of the City of Sinton, Texas' general fund decreased by \$401,928, during the current fiscal year. Key factors in this decrease are as follows:

- . The revenues decreased by \$784,765.
- . The expenditures decreased by \$434,166.
- . The net transfers in decreased by \$134,095.

At the end of the current fiscal year, unassigned fund balance of the interest and sinking fund was \$-0-, while total fund balance was \$707,719. As a measure of the interest and sinking fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 00 percent of total interest and sinking fund expenditures, while total fund balance represents 125 percent of that same amount.

The fund balances of the City of Sinton, Texas' interest and sinking fund decreased by \$473,560, during the current fiscal year. Key factors in this decrease are as follows: Continued transfers from the utility fund declined.

At the end of the current fiscal year, unassigned fund balance of the economic development fund was \$-0-, while total fund balance was \$1,989,474. As a measure of the economic development fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 00 percent of total economic development fund expenditures, while total fund balance represents 683 percent of that same amount.

The fund balances of the City of Sinton, Texas' economic development fund increased by \$292,385, during the current fiscal year. Key factors in this increase are as follows: This increase resulted mainly from a decrease in building activity and an increase in sales tax income.

At the end of the current fiscal year, unassigned fund balance of the 2014 Tax Note Street Improvement fund was \$-0-, while total fund balance was \$307,533. There is no analysis of the 2014 Tax Note Street Improvement fund because it is a construction fund and any analysis would be meaningless.

Proprietary funds:

The City of Sinton, Texas' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Utility fund at the end of the year amounted to \$1,152,314. The decrease in net assets was \$13,453. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Sinton, Texas' business-type activities.

General Fund Budgetary Highlights

There was no change between the original budget and the final amended budget in the general fund. Overall, actual expenditures in the general fund of \$3,755,232 were more than the budgeted expenditures of \$3,567,634 by \$187,598.

Capital Asset and Debt Administration

Capital assets:

The City of Sinton, Texas' investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$12,218,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Sinton, Texas' investment in capital assets for the current fiscal year was a 9 percent increase (a 10 percent increase for governmental activities and a 6 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

The City had street improvements and sewer facility improvements during the year which were financed by a 2014 bond.

**CITY OF SINTON, TEXAS
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$62,250	\$62,250	\$4,000	\$4,000	\$66,250	\$66,250
Construction in Progress	1,022,573	90,438	565,886	72,354	1,588,459	162,792
Building and Improvements	3,903,114	4,013,862	0	0	3,903,114	4,013,862
Machinery, Equipment and Vehicles	218,854	308,868	84,821	134,431	303,675	443,299
Intangible Assets	2,033,496	2,081,527	0	1,238	2,033,496	2,082,765
Infrastructure	0	3,775	4,323,086	4,487,792	4,323,086	4,491,567
Total	<u>\$7,240,287</u>	<u>\$6,560,720</u>	<u>\$4,977,793</u>	<u>\$4,699,815</u>	<u>\$12,218,080</u>	<u>\$11,260,535</u>

Additional information on the City of Sinton, Texas' capital assets can be found in note IV C on page 38-39 of this report.

Long-term debt:

At the end of the current fiscal year, the City of Sinton, Texas had total bonded debt outstanding of \$4,130,000. Of this amount, \$4,130,000 comprises debt backed by the full faith and credit of the City of Sinton, Texas. The remainder of the City of Sinton, Texas' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF SINTON, TEXAS
Outstanding Debt
Certificates of Obligation, Tax Notes, and Revenue Bonds

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Certificates of Obligation	\$2,520,000	\$3,076,970			\$2,520,000	\$3,076,970
Revenue Bonds			1,610,000	1,813,032	1,610,000	1,813,032
Total	\$2,520,000	\$3,076,970	\$1,610,000	\$1,813,032	\$4,130,000	\$4,890,002

The City of Sinton, Texas' total debt decreased by \$935,179 (14 percent) during the current fiscal year. The key factor in this decrease was the bond payments of \$975,002.

The City of Sinton, Texas and its Utility fund both maintain a "AA" rating from Standard & Poor's and Fitch and a "AA2" rating from Moody's for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 25 percent of its total assessed valuation. The current debt limitation for the City of Sinton, Texas is \$40,438,574, which is significantly in excess of the City of Sinton, Texas' outstanding general obligation debt.

Additional information on the City of Sinton, Texas' long-term debt can be found in note IV F on pages 41-42 of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of Sinton, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Department, P.O. Box 1395, Sinton, Texas, 78387.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SINTON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents	\$1,276,432	\$2,046,177	\$3,322,609
Receivables (net of allowance for uncollectibles)	764,256	265,651	1,029,907
Inventories	9,856	34,859	44,715
Restricted Assets:			
Cash and Cash Equivalents	3,674,775	1,244,936	4,919,711
Receivables (net of allowance for uncollectibles)	0		0
Capital Assets Not Being Depreciated:			
Land	62,250	4,000	66,250
Construction in Progress	1,022,573	565,886	1,588,459
Total Capital Assets Being Depreciated, Net			
Building and Improvements	3,903,114	4,323,086	8,226,200
Machinery and Equipment	218,854	84,821	303,675
Infrastructure	2,033,496		2,033,496
Intangible Assets	0	0	0
Total Assets	\$12,965,606	\$8,569,416	\$21,535,022
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources-Contributions (after 12/31/14)	268,850	71,725	340,575
Deferred Outflow-Investment Experience	14,131	3,770	17,901
Deferred Outflow-Actual Experience vs. Assumption	7,991	2,132	10,123
Total Deferred Inflows of Resources	290,972	77,627	368,599
LIABILITIES			
Accounts Payable	\$175,432	\$85,609	\$261,041
Accrued Wages	89,039	14,080	103,119
Accrued Interest Payable	12,621	9,169	21,790
Consumer Meter Deposit		249,644	249,644
Unearned Revenue	765,570	560,624	1,326,194
Noncurrent Liabilities			
Due Within One Year	245,501	77,588	323,089
Due in More Than One Year	3,567,309	1,920,763	5,488,072
Total Liabilities	4,855,472	2,917,477	7,772,949
NET POSITION			
Invested in Capital Assets, Net of Related Debt	5,510,323	4,411,908	9,922,231
Restricted for:			
Debt Service	707,719		707,719
Construction	0	165,344	165,344
Economic Development	1,989,474		1,989,474
Public Safety	153,259		153,259
Unrestricted	40,331	1,152,314	1,192,645
Total Net Position	\$8,401,106	\$5,729,566	\$14,130,672

The accompanying notes are an integral part of this statement.

CITY OF SINTON, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Business-type Activities	Net (Expense)	Net (Expense)
		Charges for Services	Capital Grants and Contributions			Revenue and Changes in	Revenue and Changes in
Primary government							
Government Activities:							
General Administration	\$738,138	\$49,773	0	(688,365)			(\$688,365)
Public Safety	2,434,436	915,910		(1,518,526)			(1,518,526)
Public Transportation	447,677	49,109		(398,568)			(398,568)
Culture and Recreation	601,662	10,179		(591,483)			(591,483)
Interest and Fiscal Charges	134,062			(134,062)			(134,062)
Total Government Activities	<u>4,355,975</u>	<u>1,024,971</u>	<u>0</u>	<u>(3,331,004)</u>	<u>0</u>	<u>0</u>	<u>(3,331,004)</u>
Business-Type Activities:							
Water and Sewer	1,610,809	1,854,083			243,274		243,274
Total Business-Type Activities	<u>1,610,809</u>	<u>1,854,083</u>	<u>0</u>	<u>0</u>	<u>243,274</u>	<u>243,274</u>	<u>243,274</u>
Total Primary Government	<u>\$5,966,784</u>	<u>\$2,879,054</u>	<u>\$0</u>	<u>(3,331,004)</u>	<u>243,274</u>	<u>(3,087,730)</u>	
General Revenues							
Property Taxes, Levies for General Purposes				1,091,543			1,091,543
Sales Taxes				1,035,404			1,035,404
Franchise Taxes				240,845			240,845
Other Taxes				38,604			38,604
Unrestricted Investment Earnings				5,435	990		6,425
Miscellaneous				553,346			553,346
Transfers				257,717	(257,717)		0
Total General Revenues and Transfers				<u>3,222,894</u>	<u>(256,727)</u>		<u>2,966,167</u>
Change in Net Position				(108,110)	(13,453)		(121,563)
Net Position - Beginning - Restated				8,509,216	5,743,019		14,252,235
Net Position - Ending				<u>\$8,401,106</u>	<u>\$5,729,566</u>		<u>\$14,130,672</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF SINTON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Interest and Sinking Fund	Economic Development Fund	2014 Tax Note Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$936,958	\$0	\$0	\$0	\$197,137	\$1,134,095
Receivables (net of allowance for uncollectibles)	699,269					699,269
Inventories	9,856					9,856
Restricted Assets						
Cash and Cash Equivalents		707,719	1,989,474	424,768	552,814	3,674,775
Receivables (net of allowance for uncollectibles)						0
Total Assets	\$1,646,083	\$707,719	\$1,989,474	\$424,768	\$749,951	\$5,517,995
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$26,811			\$117,235	\$31,386	\$175,432
Accrued Wages	89,039					89,039
Deferred Revenue	765,570					765,570
Total Liabilities	881,420	0	0	117,235	31,386	1,030,041
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	214,968					214,968
Fund Balances:						
Non-Spendable						
Inventories	9,856					9,856
Restricted						
Debt Service		707,719				707,719
Construction				307,533	524,490	832,023
Economic Development			1,989,474			1,989,474
Public Safety					153,259	153,259
Committed						
Construction					40,816	40,816
Unassigned	539,839					539,839
Total Fund Balance	549,695	707,719	1,989,474	307,533	718,565	4,272,986
Total Liabilities and Fund Balances	\$1,646,083	\$707,719	\$1,989,474	\$424,768	\$749,951	\$5,517,995

The accompanying notes are an integral part of this statement.

CITY OF SINTON, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total Fund Balances - governmental funds balance sheet

Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	\$4,272,986
Capital assets used in governmental activities are not reported in the funds.	7,240,287
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	214,968
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	64,987
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,812,810)
Payables for bond interest are not reported in the funds.	(12,621)
Deferred Outflow of Resources-Contribution.	268,850
Deferred Outflow-Investment Experience.	14,131
Deferred Outflow-Actual Experience vs. Assumption.	7,991
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>142,337</u>
Net Position of governmental activities - statement of Net Position	<u><u>\$8,401,106</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SINTON, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Interest and Sinking Fund	Economic Development Fund	2014 Tax Note Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$1,063,471	\$0	\$0	\$0	\$0	\$1,063,471
Sales	517,702		517,702			1,035,404
Franchise	240,845					240,845
Other	38,604					38,604
Licenses and Permits	5,185					5,185
Charges for Services	946,417				44,359	990,776
Fines and Forfeitures	45,633					45,633
Interest	602	1,031	892	2,490	349	5,364
Miscellaneous	470,827		65,254		17,265	553,346
Total Revenues	3,329,286	1,031	583,848	2,490	61,973	3,978,628
EXPENDITURES						
Current:						
General Administration	582,529				0	582,529
Public Safety	2,254,263				0	2,254,263
Public Transportation	406,753					406,753
Culture and Recreation	511,687					511,687
Capital Projects -						
Capital Outlay and Other			85,463	1,000,294		1,085,757
Debt Service						
Principal Retirement	63,650	558,321	150,000			771,971
Interest and Fiscal Charges	79,445	6,874	56,000			142,319
Total Expenditures	3,898,327	565,195	291,463	1,000,294	0	5,755,279
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	(569,041)	(564,164)	292,385	(997,804)	61,973	(1,776,651)
OTHER FINANCING SOURCES (USES):						
Other Financing Sources - Bond Proceeds						0
Other Financing Sources - Bond Premium						0
Operating Transfers In	431,000	90,604			0	521,604
Operating Transfers Out	(263,887)					(263,887)
Total Other Financing Sources (Uses)	167,113	90,604	0	0	0	257,717
Net Changes in Fund Balances	(401,928)	(473,560)	292,385	(997,804)	61,973	(1,518,934)
Fund Balances - Beginning - Restated	951,623	1,181,279	1,697,089	1,305,337	656,592	5,791,920
Fund Balances - Ending	\$549,695	\$707,719	\$1,989,474	\$307,533	\$718,565	\$4,272,986

The accompanying notes are an integral part of this statement.

CITY OF SINTON, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2015

Net Changes in Fund Balances - total governmental funds (\$1,518,934)

Amounts reported for governmental activities in the statement of Net Position
 ("SNA") 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. This is the amount by which capital outlays exceeded depreciation in the current period.	599,131
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	38,835
Deferred Outflow-Investment Experience. This is the change in these amounts this year.	14,131
Deferred Outflow-Actual Experience vs. Assumption. This is the change in these amounts this year.	7,991
Increase in loan principal are receipts in the funds but not revenue in the SOA.	0
(Increase) decrease in bond premium from beginning of period to end of period.	1,546
(Increase) decrease in accrued interest from beginning of period to end of period.	6,712
(Increase) decrease in compensated absences from beginning of period to end of period.	(8,675)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(16,623)
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of internal service funds is reported with governmental activities.	71
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	28,072
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(32,337)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	771,970
Change in Net Position of governmental activities - statement of activities	<u><u>(\$108,110)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SINTON, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,096,700	\$1,096,700	\$1,063,471	(\$33,229)
Sales	470,000	470,000	517,702	47,702
Franchise	267,000	267,000	240,845	(26,155)
Other	35,000	35,000	38,604	3,604
Licenses and Permits	9,100	9,100	5,185	(3,915)
Charges for Services	964,700	964,700	946,417	(18,283)
Fines and Forfeitures	90,000	90,000	45,633	(44,367)
Interest	30,000	30,000	602	(29,398)
Miscellaneous	397,900	397,900	470,827	72,927
Total Revenues	<u>3,360,400</u>	<u>3,360,400</u>	<u>3,329,286</u>	<u>(31,114)</u>
EXPENDITURES				
Current:				
General Administration				
General administration	567,806	567,806	582,529	(14,723)
Public Safety				
Animal Control	69,114	69,114	74,283	(5,169)
EMS	891,701	891,701	1,028,998	(137,297)
Fire Department	77,360	77,360	89,829	(12,469)
Inspection	8,220	8,220	4,496	3,724
Municipal Court	67,879	67,879	78,474	(10,595)
Police Department	901,829	901,829	978,183	(76,354)
Public Transportation				
Streets	418,105	418,105	406,753	11,352
Culture and Recreation				
Parks	344,800	344,800	306,925	37,875
Library	220,820	220,820	204,762	16,058
Total Expenditures	<u>3,567,634</u>	<u>3,567,634</u>	<u>3,755,232</u>	<u>(187,598)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(207,234)</u>	<u>(207,234)</u>	<u>(425,946)</u>	<u>(218,712)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	431,000	431,000	431,000	0
Transfers Out	(213,575)	(213,575)	(263,887)	(50,312)
Total Other Financing Sources (Uses)	<u>217,425</u>	<u>217,425</u>	<u>167,113</u>	<u>(50,312)</u>
Net Changes in Fund Balances - Budgetary Basis	<u>\$10,191</u>	<u>\$10,191</u>	<u>(258,833)</u>	<u>(\$259,024)</u>
Reconciliation from cash basis to modified accrual:				
Debt Service				
Principal Retirement			(63,650)	
Interest Retirement			(79,445)	
Net Changes in Fund Balances-Modified Accrual Basis			<u>(401,928)</u>	
Fund Balances - Beginning			951,623	
Fund Balances - Ending			<u>\$549,695</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF SINTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERN- MENTAL
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR	INTERNAL SERVICE FUND
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$2,046,177	\$1,937,161	\$2,046,177	\$142,337
Accounts Receivables (net of allowance for uncollectibles)	265,651	260,299	265,651	
Inventories	34,859	34,859	34,859	
Cash and Cash Equivalents for Restricted Current Liabilities	1,244,936	1,744,020	1,244,936	
Total Current Assets	<u>3,591,623</u>	<u>3,976,339</u>	<u>3,591,623</u>	<u>142,337</u>
Noncurrent Assets				
Capital Assets				
Land	4,000	4,000	4,000	
Construction in Progress	565,886	72,354	565,886	
Buildings and Improvements	9,548,368	9,548,368	9,548,368	
Machinery and Equipment	1,084,415	1,084,415	1,084,415	
Intangible Assets	6,190	6,190	6,190	
Total Capital Assets	11,208,859	10,715,327	11,208,859	0
Less Accumulated Depreciation	(6,231,066)	(6,015,512)	(6,231,066)	
Total Capital Assets (net of accumulated depreciation)	<u>4,977,793</u>	<u>4,699,815</u>	<u>4,977,793</u>	<u>0</u>
Total Noncurrent Assets	<u>4,977,793</u>	<u>4,699,815</u>	<u>4,977,793</u>	<u>0</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of Resources-Contributions (after 12/31/13)		61,365	0	
Deferred Outflow of Resources-Contributions (after 12/31/14)	71,725		71,725	
Deferred Outflow-Investment Experience	3,770		3,770	
Deferred Outflow-Actual Experience vs. Assumption	2,132		2,132	
Total Deferred Outflow of Resources	<u>77,627</u>	<u>61,365</u>	<u>77,627</u>	
TOTAL ASSETS	<u>\$8,569,416</u>	<u>\$8,676,154</u>	<u>\$8,569,416</u>	<u>\$142,337</u>

(continued)

(continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERN- MENTAL
	UTILITY	UTILITY	TOTALS	ACTIVITIES-
	CURRENT	PRIOR	CURRENT	INTERNAL
	YEAR	YEAR	YEAR	SERVICE
				FUND
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$85,609	\$85,155	\$85,609	
Accrued Wages	14,080	10,590	14,080	
Accrued Interest Payable	9,169	13,524	9,169	
Compensated Absences	4,434	4,650	4,434	
Deferred Revenue	560,624	432,087	560,624	
Notes Payable - Current	10,236	10,236	10,236	
Revenue Bonds - Current	62,918	91,976	62,918	
Total Current Liabilities	<u>747,070</u>	<u>648,218</u>	<u>747,070</u>	<u>0</u>
Current Liabilities (Payable from Restricted Assets)				
Consumer Meter Deposits	249,644	252,118	249,644	
Total Current Liabilities	<u>249,644</u>	<u>252,118</u>	<u>249,644</u>	<u>0</u>
Payable from Restricted Assets				
Total Current Liabilities	<u>996,714</u>	<u>900,336</u>	<u>996,714</u>	<u>0</u>
Noncurrent Liabilities				
Compensated Absences	4,434	4,650	4,434	
Notes Payable	14,533	20,504	14,533	
Net Pension Liability	319,237	310,610	319,237	
Revenue Bonds Payable (net of unamortized premiums of \$35,477)	1,582,559	1,758,400	1,582,559	
Total Noncurrent Liabilities	<u>1,920,763</u>	<u>2,094,164</u>	<u>1,920,763</u>	<u>0</u>
Total Liabilities	<u>2,917,477</u>	<u>2,994,500</u>	<u>2,917,477</u>	<u>0</u>
Net Position				
Invested in Capital Assets, Net of Related Debt	4,411,908	4,455,779	4,411,908	0
Restricted for:				
Construction (Expendable)	165,344	137,680	165,344	
Unrestricted	1,152,314	1,149,560	1,152,314	142,337
Total Net Position	<u>\$5,729,566</u>	<u>\$5,743,019</u>	<u>\$5,729,566</u>	<u>\$142,337</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SINTON, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERN- MENTAL
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR	ACTIVITIES- INTERNAL SERVICE FUND
OPERATING REVENUES:				
Charges for Services - Water and Sewer	\$1,116,894	\$1,082,411	\$1,116,894	\$0
Charges for Services - Sewer	647,439	625,990	647,439	
Charges for Services - Other	85,646	86,892	85,646	
Miscellaneous	4,104	4,991	4,104	
Total Operating Revenues	1,854,083	1,800,284	1,854,083	0
OPERATING EXPENSES:				
Personal Services	728,222	630,041	728,222	
Supplies	102,571	91,773	102,571	
Other Services and Charges	529,954	435,035	529,954	0
Depreciation	215,553	250,022	215,553	
Total Operating Expenses	1,576,300	1,406,871	1,576,300	0
Operating Income (Loss)	277,783	393,413	277,783	0
NON-OPERATING REVENUES (EXPENSES):				
Intergovernmental	0	0	0	
Interest Income	990	15,806	990	71
Interest and Fiscal Charges	(34,509)	(6,855)	(34,509)	
Total Non-Operating Revenues (Expenses)	(33,519)	8,951	(33,519)	71
Income Before Transfers	244,264	402,364	244,264	71
Transfers In (Out)-Net	(257,717)	(557,409)	(257,717)	
Change in Net Position	(13,453)	(155,045)	(13,453)	71
Total Net Position - Beginning - Restated	5,743,019	5,898,064	5,743,019	142,266
Total Net Position - Ending	\$5,729,566	\$5,743,019	\$5,729,566	\$142,337

The notes to the financial statements are an integral part of this statement.

CITY OF SINTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERN- MENTAL ACTIVITIES-
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR	INTERNAL SERVICE FUND
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$1,974,794	\$1,912,165	\$1,974,794	\$0
Payments to Suppliers	(636,426)	(540,199)	(636,426)	0
Payments to Employees	(732,799)	(622,745)	(732,799)	
Net Cash Provided (Used) By Operating Activities	605,569	749,221	605,569	0
Cash Flows from Non-Capital and Related Financing Activities				
Transfers Out	(257,717)	(557,409)	(257,717)	
State and Federal Grant Receipts	0	0	0	
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	(257,717)	(557,409)	(257,717)	0
Cash Flows from Capital and Related Financing Activities				
Principal Payment on Revenue Bonds, Notes and Capital Leases	(209,003)	(38,333)	(209,003)	
Amortization of Bond Issuance Premium	(1,866)		(1,866)	
Proceeds from Capital Debt	0	1,709,433	0	
Interest and Fiscal Charges	(34,509)	(6,855)	(34,509)	
Purchases of Capital Assets	(493,532)	(130,150)	(493,532)	
Net Cash Provided (Used) By Capital and Related Financing Activities	(738,910)	1,534,095	(738,910)	0
Cash Flows from Investing Activities				
Interest Received	990	15,806	990	71
Net Cash Provided (Used) by Investment Activities	990	15,806	990	71
Net Increase (Decrease) in Cash Equivalents	(390,088)	1,741,713	(390,088)	71
Cash and Cash Equivalents at Beginning of Year	3,681,181	1,939,468	3,681,181	142,266
Cash and Cash Equivalents at End of Year	\$3,291,113	\$3,681,181	\$3,291,113	\$142,337
Unrestricted Assets:				
Cash and Cash Equivalents	\$2,046,177	\$1,937,161	\$2,046,177	\$142,337
Restricted Assets:				
Cash and Cash Equivalents	1,244,936	1,744,020	1,244,936	0
Total	\$3,291,113	\$3,681,181	\$3,291,113	\$142,337

(continued)

(continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERN- MENTAL
	UTILITY	UTILITY	TOTALS	ACTIVITIES-
	CURRENT	PRIOR	CURRENT	INTERNAL
	YEAR	YEAR	YEAR	SERVICE
				FUND
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (Loss)	\$277,783	\$393,413	\$277,783	\$0
Adjustments to Reconcile to Net Cash Flow				
Non-Cash Items Included in Net Income				
Depreciation	215,553	250,022	215,553	0
Changes in Current Items				
Decrease (Increase) in Accounts Receivable	(5,352)	(27,093)	(5,352)	
Decrease (Increase) in Inventories	0	0	0	
Increase (Decrease) in Accounts Payable	454	(25,623)	454	
Increase (Decrease) in Accrued Wages	3,490	4,467	3,490	
Increase (Decrease) in Accrued Interest Payable	(4,355)	12,232	(4,355)	
Increase (Decrease) in Compensated Absences	(432)	2,829	(432)	
Increase (Decrease) in Deferred Revenue	128,537	128,391	128,537	
Increase (Decrease) in Consumer Meter Deposits	(2,474)	10,583	(2,474)	0
Decrease (Increase) Deferred Outflow of Resources-Contributions	(10,360)		(10,360)	
Decrease (Increase) Deferred Outflow-Investment Experience	(3,770)		(3,770)	
Decrease (Increase) Deferred Outflow-Actual Exp. vs. Assumption	(2,132)		(2,132)	
Increase (Decrease) in Net pension Liability	8,627		8,627	
Net Cash Provided (Used)				
By Operating Activities	\$605,569	\$749,221	\$605,569	\$0
Noncash Investing, Capital, and Financing Activities:				
Bond Issuance Proceeds	\$0	\$1,709,433	\$0	\$0
Total Noncash Investing, Capital, and Financing Activities:	\$0	\$1,709,433	\$0	\$0

The notes to the financial statements are an integral part of this statement.

CITY OF SINTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. Summary of significant accounting policies

A. Reporting entity

The City of Sinton, Texas, was incorporated by an election held on March 1, 1916. The City operates under a charter, Manager-Council type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, and general administrative services. The accounting policies of the City of Sinton, Texas, (the City) conform to generally accepted accounting principles. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

Blended Component Unit

The Sinton Economic Development Corporation is governed by a board appointed by the City Council who has the ability to impose their will on the Sinton Economic Development Corporation. Although they are legally separate from the City, the Sinton Economic Development Corporation is reported as if they are a part of the primary government because their primary purpose is to provide services to the citizens of the City. The general fund of this entity is reported as a special revenue fund of the City. Separate financial statements are not prepared for the blended component unit.

B. Government-wide and fund financial statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

C. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the Net Position and changes in Net Position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes and franchise taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund for the City of Sinton, Texas, consists of the 1995 Certificates of Obligation. This fund has been established to receive funds from a tax levy and other sources for the accumulation of funds to meet the annual principal and interest requirements on the outstanding general obligation debt of the City.

The economic development fund functions to bring businesses to the Sinton area.

The 2014 tax note street improvement used to administer monies collected for street improvement and sewer facility improvement.

D. Proprietary fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The government reports the following major proprietary funds:

The utility fund accounts for the activities of the government's water and sewer operations.

The internal service fund is used for self insurance purposes of the city.

E. Assets, liabilities, and net position or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury. Investments for the government are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 days is equal to 5 percent of outstanding utility billings at September 30, 2015, the trade accounts receivable allowance in excess of 60 days is equal to 10 percent of outstanding utility billings at September 30, 2015, the trade accounts receivable allowance in excess of 90 days is equal to 25 percent of outstanding utility billings at September 30, 2015, and the trade accounts receivable allowance in excess of 120 days is equal to 50 percent of outstanding utility billings at September 30, 2015. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2015, and 10 percent of delinquent outstanding property taxes at September 30, 2015.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

The restricted assets at September 30, 2015 were as follows:

	Interest and Sinking Fund	Economic Development Fund	2014 Tax Note Street Improvement Fund	Other Governmental Funds	Utility Fund	Total
Debt Service	\$707,719	\$530,673				\$1,238,392
Fire Safety				153,281		153,281
Future Projects		1,458,801				1,458,801
Construction			424,768	399,533	1,244,936	2,069,237
Total Restricted Assets	\$707,719	\$1,989,474	\$424,768	\$552,814	\$1,244,936	\$4,919,711

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City had street improvements and sewer facility improvements during the year which were financed by a 2014 bond.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Public Domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. Compensated absences are reported in the governmental funds only if they have matured with respect to terminated employees who have an unpaid balance of reimbursable unused leave. A liability for these amounts is reported in governmental funds.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

8. Fund Balances – Governmental Funds

As of September 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Unassigned — all other spendable amounts.

As of September 30, 2015, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Inventories	\$9,856
Restricted	
Debt Service	707,719
Construction	832,023
Economic Development	1,989,474
Public Safety	153,259
Committed	
Construction	40,816
Unassigned	539,839
Total Fund Balance	<u>\$4,272,986</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 20 to 25 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$3,812,810 difference are as follows:

Bonds Payable	\$2,520,000
Bond Premium	29,366
Net Pension Liability	1,196,606
Compensated Absences	66,838
	<u>\$3,812,810</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$7,240,287 difference are as follows:

Capital Assets Not Being Depreciated	\$1,084,823
Capital Assets Being Depreciated	10,498,836
Depreciation Expense	(4,343,372)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$7,240,287</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." Details of this \$214,968 difference are as follows:

Property Taxes Receivable	\$232,298
Allowance for Doubtful Accounts	(17,330)
Net	<u>\$214,968</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." Details of this \$64,987 difference are as follows:

Fines and Fees Receivable	\$141,558
Allowance for Doubtful Accounts	<u>(76,571)</u>
Net	<u>\$64,987</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$599,131 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$932,135
Capital Outlay - Additions - Being Depreciated	61,500
Capital Outlay - Deletions	(80,436)
Depreciation Expense	(314,068)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$599,131</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

The City Manager has been authorized by the council to prepare the budget. He is assisted by the City Office Manager and City Secretary. The budget is adopted on budgetary basis in conformity with generally accepted accounting principles. After the budget is prepared, it is reviewed by the City Council. The budget is adjusted by the City Council if desired. Then a final budget is prepared by the City Manager. A public hearing is held on the budget by the City Council. Department heads may appear. Before determining the final budget, the City Council may increase or decrease the amounts requested by the various departments or citizens. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Appropriations lapse at year end.

The General fund is the only governmental fund that has legally adopted an annual budget.

When the budget is adopted by the City Council, the City Manager is responsible for monitoring the expenditures of the various departments of the City to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the City Council advised of the conditions of the various funds and accounts. The level of control is the department. Expenditures can exceed appropriations as long as they do not exceed available revenues and cash balances. The legal level of control (the level on which the City Council must approve over expenditures) is at the department level.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (ie., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2015.

B. Excess of expenditures over appropriations

There was no change between the original budget and the final amended budget in the general fund. Overall, actual expenditures in the general fund of \$3,755,232 were more than the budgeted expenditures of \$3,567,634 by \$187,598.

C. Deficit fund equity

The City had no deficit fund balances as of September 30, 2015.

IV. Detailed notes on all funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is not in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a formal policy for custodial credit risk. As of September 30, 2015, the government's bank balance of \$8,448,912 was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$9,419,503 and the FDIC coverage is \$250,000. The book amount of cash at September 30, 2015 is \$8,317,650.

B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Total
<u>Receivables</u>			
Property Taxes	\$232,298		\$232,298
Sales Taxes			0
EMS	2,411,688		2,411,688
Accounts	23,789	295,553	319,342
Fines	141,558		141,558
Other	67,299	150	67,449
Gross Receivables	2,876,632	295,703	3,172,335
Less: Allowance for Uncollectibles	2,112,376	30,052	2,142,428
Net Total Receivables	<u>\$764,256</u>	<u>\$265,651</u>	<u>\$1,029,907</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unearned Revenue
Library Damage Payments	\$ 36,512
Bulldozer account	147,094
School Zone Court Costs	41,130
Sinton Golf Assn. Lease Payments	67,500
8 Liner Receipts	159,922
Several immaterial accounts	<u>313,412</u>
Total deferred/unearned revenue for governmental funds	<u>\$765,570</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$62,250			\$62,250
Construction in Progress	90,438	932,135		1,022,573
Total capital assets not being depreciated:	152,688	932,135	0	1,084,823
Capital assets being depreciated:				
Building and Improvements	5,416,407			5,416,407
Machinery, Equipment and Vehicles	2,335,993	61,500		2,397,493
Infrastructure	2,666,062			2,666,062
Intangible Assets	18,874			18,874
Total capital assets being depreciated:	10,437,336	61,500	0	10,498,836
Less: Accumulated Depreciation for:				
Building and Improvements	1,402,545	110,748		1,513,293
Machinery, Equipment and Vehicles	2,027,125	151,514		2,178,639
Infrastructure	584,535	48,031		632,566
Intangible Assets	15,099	3,775		18,874
Total Accumulated Depreciation	4,029,304	314,068	0	4,343,372
Total Capital Assets Depreciated, Net	6,408,032	(252,568)	0	6,155,464
Governmental Activities capital assets, Net	\$6,560,720	\$679,567	\$0	\$7,240,287

Business-Type Activities:	Adjusted			Ending
Capital assets not being depreciated:	Beginning	Increases	Decreases	Balances
Land	\$4,000			\$4,000
Construction in Progress	72,354	493,532		565,886
Total capital assets not being depreciated:	76,354	493,532	0	569,886
Capital assets being depreciated:				
Building and Improvements	9,548,368			9,548,368
Machinery, Equipment and Vehicles	1,084,415			1,084,415
Intangible Assets	6,190			6,190
Total capital assets being depreciated:	10,638,973	0	0	10,638,973
Less: Accumulated Depreciation for:				
Building and Improvements	5,060,576	164,706		5,225,282
Machinery, Equipment and Vehicles	949,984	49,610		999,594
Intangible Assets	4,952	1,238		6,190
Total Accumulated Depreciation	6,015,512	215,554	0	6,231,066
Total Capital Assets Depreciated, Net	4,623,461	(215,554)	0	4,407,907
Business-Type Activities Capital Assets, Net	\$4,699,815	\$277,978	\$0	\$4,977,793

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Administration	\$1,638
Public Safety	164,704
Public Transportation	55,164
Culture and Recreation	<u>92,562</u>
Total Depreciation Expense - Governmental Activities	<u>\$314,068</u>
Business-Type Activities	
Water and Sewer	<u>\$215,553</u>
Total Depreciation Expense - Business-Type Activities	<u>\$215,553</u>

Construction during the year: The City had street improvements and sewer facility improvements during the year which were financed by a 2014 bond.

D. Interfund receivables, payables, and transfers

There were Due to/from other funds at September 30, 2015.

There were no advances at September 30, 2015.

The interfund fund transfers for the year ended September 30, 2015 were as follows:

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>
<u>GENERAL FUND</u>		
TRANSFER FROM WATER/SEWER FUND	\$400,000	CITY ADMINISTRATION
TRANSFER FROM WATER/SEWER FUND	31,000	STREET USE FEES
TRANSFER TO INTEREST AND SINKING FUND FUND	(263,887)	DEBT SERVICE
<u>WATER/SEWER FUND</u>		
TRANSFER TO GENERAL FUND	(400,000)	CITY ADMINISTRATION
TRANSFER TO GENERAL FUND	(31,000)	STREET USE FEES
TRANSFER FROM INTEREST AND SINKING FUND	173,283	DEBT SERVICE
<u>INTEREST AND SINKING FUND</u>		
TRANSFER TO WATER/SEWER FUND	(173,283)	DEBT SERVICE
TRANSFER FROM GENERAL FUND	263,887	DEBT SERVICE
	<u>\$0</u>	

All of the transfers were recurring.

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$9,622 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2016	\$ 7,482
2017	6,652
2018	3,492
2019	0
2020	0
Total	<u>\$17,626</u>

F. Long-term debt

Certificate of Obligation Bonds

The government issues Certificate of Obligation bonds to provide funds for the acquisition and constructions of major capital facilities. Certificate of Obligation bonds have been issued for both governmental and business-type activities. The original amount of the Certificate of Obligation bonds issued in prior years for the Governmental activities was \$3,145,000 and the original amount of Certificate of Obligation Bonds issued in prior years for the Business-type activities was \$500,000.

The government issued \$3,000,000 of Series 2014 bonds during the year 2015. Semi-annual payments are to be made starting in 2015 through the year 2034. The rate of interest varies from 2% to 4%.

The government also incurred a TCEQ environmental penalty of \$30,740. This penalty is to be paid off by monthly payments of \$853. There is no interest expense associated with this note. The balance at September 30, 2015 is \$24,769.

Certificates of Obligation bonds and tax notes issued for governmental activities are direct obligations and pledge the full faith and credit of the government and the Certificate of Obligation bonds issued for business-type activities are secured solely by specified revenue sources.

Certificate of Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities, Series 2014	2.0 - 4.0	\$ 1,295,000
Governmental activities, Series 2007	4.27	\$ 1,045,000
Governmental activities, Series 2009	3.0 - 4.5	\$ 180,000
Business-type activities, Series 2014	2.0 - 4.0	\$ 1,610,000

Annual debt service requirements to maturity for Certificates of Obligation bonds are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
September 30,				
2016	\$295,415	\$102,582	\$104,585	\$58,621
2017	298,748	91,164	106,252	55,454
2018	222,679	80,980	112,321	51,792
2019	131,597	74,294	68,405	48,871
2020	136,610	69,286	68,390	46,820
2021-2025	777,018	262,937	382,982	201,065
2026-2030	586,364	118,545	448,636	131,992
2031-2034	355,513	29,211	429,487	35,289
TOTALS	<u>\$2,803,946</u>	<u>\$828,999</u>	<u>\$1,721,056</u>	<u>\$629,904</u>

Annual debt service requirements to maturity for Tax Notes are as follows:

Year Ending	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
September 30,		
2016	\$10,236	
2017	10,236	
2018	4,297	
TOTALS	<u>\$24,769</u>	<u>\$0</u>

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Bonds Payable	\$3,076,970		556,970	\$2,520,000	\$212,082	\$2,307,918
Bond Premium	30,912		1,546	29,366		29,366
Net Pension Liability	1,164,289	32,337		1,196,606	0	1,196,606
Tax Notes Payable	215,000		215,000	0	0	0
Total Bonds Payable	4,487,151	32,337	773,516	3,745,972	212,082	3,533,890
Compensated Absences Payable						
	58,163	66,838	58,163	66,838	33,419	33,419
	4,545,314	99,175	831,679	3,812,810	245,501	3,567,309
Business-Type Activities:						
Bonds Payable	1,813,032		203,032	1,610,000	62,918	1,547,082
Bond Premium	37,344		1,867	35,477		35,477
Net Pension Liability	310,610	8,627		319,237	0	319,237
TCEQ Note Payable	30,740		5,971	24,769	10,236	14,533
Total Bonds Payable	2,191,726	8,627	210,870	1,989,483	73,154	1,916,329
Compensated Absences Payable						
	9,300	8,868	9,300	8,868	4,434	4,434
	2,201,026	17,495	220,170	1,998,351	77,588	1,920,763
Grand Total	\$6,746,340	\$116,670	1,051,849	5,811,161	323,089	5,488,072

The general fund and the utility fund are used to service the compensated absences. The estimated amount due in the 2015-16 year is \$37,853. The City estimates that approximately half of the compensated absences will be used in the 2015-2016 year.

The government-wide statement of activities includes \$323,089 as "noncurrent liabilities, due within one year".

There was no interest capitalized. All of the interest was expensed.

The utility fund is used to service the revenue bonds. The general fund and the utility fund are used to service the series 2014 combination tax and revenue bonds which were originally issued for \$3,000,000 and have a year end balance of \$2,905,000. The economic development fund is used to service the series 2007 combination tax and revenue bonds which were originally issued for \$1,500,000 and have a year end balance of \$1,045,000 and the series 2009 refunding bonds which were originally issued for \$645,000 and have a year end balance of \$180,000. The utility fund is used to service the TCEQ penalty payments which have a year end balance of \$24,769.

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

Changes in accrued liabilities for these claims follow:

	Year ended <u>09/30/14</u>	Year ended <u>09/30/15</u>
Unpaid claims, beginning of fiscal year	\$ -0-	\$ -0-
Incurred claims (including IBNRs)		
Claim payments	<u>-0-</u>	<u>-0-</u>
Unpaid claims, end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

General Liability Insurance

The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined together with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

Property and Casualty Insurance

Property, casualty, mobile equipment, boiler and machinery insurance is provided by TML.

Workers' Compensation Insurance

The City insures against workers' compensation claims through TML.

Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

Unemployment Compensation Insurance

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

B. Other post employment benefits

Ref. Ordinance No. 1998-10, Chapter 32.5, Retiree's Medical Insurance adopted and approved by the Sinton City Council on the 15th day of September 1998.

The City of Sinton will pay full-time Retiree's Medical Health Insurance. The City Retiree must have at least twenty-five (25) years of credit service with Texas Municipal Retirement System (TMRS) and must be drawing a retirement check. This policy will go into affect with the passing of this ordinance and will not be retroactive, but starting from the time of passage. This is to be added to the "Employee Policy Manual" under Chapter 7.00 Benefits, Section 7.05 Employment Insurance.

Research of the past 40 years has shown that there have been 3 employees who had 25 or more years of service with the City of Sinton. Under the Ordinance, the City of Sinton has two (2) retired employee who has qualified for this benefit. As of October 1, 2013, the City of Sinton's monthly premium expense for this employee is \$415.36 monthly to TML and \$115.40 to Humana.

The City of Sinton currently has 56 employees who are contributing to TMRS.

1- 30 Yrs Service	Age = 53
1- 29 Yrs Service	Age = 58
1- 27 Yrs Service	Age = 48
1- 23 Yrs Service	Age = 61
1- 20 Yrs Service	Age = 58
1- 19 Yrs Service	Age = 42
Under 10 Yrs Service	Age = 43

With the high turn-over rate that the City has experienced in the past several years, it is anticipated that of those 48 employees who have 15 years or less of service, only 6% or approximately 3 employees will attain the required 25 year tenure.

A survey of the 6 employees have shown that 3 plan to continue working until the age of 66, and the other 3 employees working until the age of 62. This, of course, is assuming no unforeseen changes, such as health, employment status, etc., that would prohibit the employees from reaching each one's goal.

The City Sinton is currently insured thru the Texas Municipal League Intergovernmental Employee Benefits Pool. The monthly premium for the health insurance, including life/AD&D and dental, is \$529.35. Only the full time employees, those who are participating in TMRS, are eligible for the City's health insurance.

With the constant variance in factors, such as annual experience in claims, general adjustments in premiums, and the ever changing political climate, predicting what the City's insurance expense will be for the next fiscal year much less 5 or even 10 years into the future is anyone's guess. An educated guess would be that there will be increases, and those increases will be the determining factor as to whether the City of Sinton as well as other employers will be able to provide health insurance benefits and how much will be left to the employee to pay. Whatever those costs will be will also affect the benefits for the retired employees.

Based on the above we consider the expense amount to the City is considered immaterial and thus is not included in the City-wide financial statements either as an expense or a liability.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City was not a defendant in any lawsuit at September 30, 2015.

D. Subsequent Events

On October 20, 2015 the City accepted a bid from Frazer, Ltd. in the amount of \$141,825 for the purchase of an ambulance for Sinton EMS.

E. Related party transaction

Bill Moore, a Council Member-owns Moore's Pharmacy. The City EMS does purchase some supplies and in the fiscal year ended September 30, 2015 the City paid \$913.

F. Construction and other commitments

The City had street improvements and sewer facility improvements during the year which were financed by a 2014 bond.

G. Prior Period Adjustments

The City has determined that certain transactions were recorded incorrectly in a prior year.

The City had a prior period adjustment where by both governmental and business-type activities and Net Pension Liability were decreased by \$934,254 and \$249,245, respectively. The restatement was a result of the City implementing GASB 68.

Additionally, the City decreased beginning accounts receivable by \$19,830 in the governmental funds. This amount was on hand at the end of last year and should have been eliminated at September 30, 2014. The City also adjusted the beginning restricted assets to reflect a write-off of the \$75,330 reserve for the Series 1997 Revenue bonds.

These restatements had a corresponding effect on the beginning net assets.

	Net Assets, as Previously Reported	GASB 68 Restatement	Accounts Receivable Restatement	Net Assets As Restated
Governmental Activities:				
Net Assets	\$9,463,300	(\$934,254)	(\$19,830)	\$8,509,216
Total Governmental Activities	\$9,463,300	(\$934,254)	(\$19,830)	\$8,509,216

	Net Assets, as Previously Reported	GASB 68 Restatement	Bond Deposit Restatement	Net Assets As Restated
Business-Type Activities:				
Net Assets	\$6,067,594	(\$249,245)	(\$75,330)	\$5,743,019
Total Business-Type Activities	\$6,067,594	(\$249,245)	(\$75,330)	\$5,743,019

	Net Assets, as Previously Reported	Accounts Receivable Restatement	Net Assets As Restated
Governmental Funds			
Fund Balance	\$5,811,750	(\$19,830)	\$5,791,920
Total Governmental Funds	\$5,811,750	(\$19,830)	\$5,791,920

H. Defined Benefit Pension Plans

A. Plan Description

The City of Sinton participates as one of 860 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 comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments 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.

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD**

A. Total pension liability

1. Service Cost	\$	242,487
2. Interest (on the Total Pension Liability)		496,612
3. Changes of benefit terms		0
4. Difference between expected and actual experience		14,629
5. Changes of assumptions		0
6. Benefit payments, including refunds of employee contributions		(302,873)
7. Net change in total pension liability	\$	450,855
8. Total pension liability—beginning		<u>7,124,655</u>
9. Total pension liability—ending	\$	<u>7,575,510</u>

B. Plan fiduciary net position

1. Contributions - employer	\$	255,224
2. Contributions - employee		137,959
3. Net investment income		323,232
4. Benefit payments, including refunds of employee contributions		(302,873)
5. Administrative Expense		(3,374)
6. Other		(277)
7. Net change in plan fiduciary net position	\$	409,891
8. Plan fiduciary net position—beginning		<u>5,649,776</u>
9. Plan fiduciary net position—ending	\$	<u>6,059,667</u>

C. Net pension liability [A.9–B.9]

\$ 1,515,843

D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]

79.99%

E. Covered-employee payroll

\$ 1,970,842

F. Net pension liability as a percentage of covered employee payroll [C / E]

76.91%

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
\$2,688,721	\$1,515,843	\$569,853

Pension Plan Fiduciary Net Position

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

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$228,263.

SCHEDULE OF PENSION EXPENSE

1. Total Service Cost	\$ 242,487
2. Interest on the Total Pension Liability	496,612
3. Current Period Benefit Changes	0
4. Employee Contributions (Reduction of Expense)	(137,959)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(395,484)
6. Administrative Expense	3,374
7. Other Changes in Fiduciary Net Position	277
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	4,506
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets	14,450
10. Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	0
11. Amortization of Prior Year Outflows (inflows) of Resources-Assets	0
12. Total Pension Expense	\$ 228,263

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE

A.	Recognition Period (or amortization vrs)	Total (Inflow) or Outflow of Resources	2014 Recognized in current	Deferred (Inflow)/Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	3.2469	\$ 14,629	\$ 4,506	\$ 10,123
Difference in assumption changes [actuarial (gains) or losses]	3.2469	\$ 0	\$ 0	\$ 0
			<u>\$ 4,506</u>	<u>\$ 10,123</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ 72,252	\$ 14,450	\$ 57,802
			<u>\$ 14,450</u>	<u>\$ 57,802</u>
<u>Total:</u>				<u>\$ 67,925</u>

\$67,925 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

		Net deferred outflows (inflows) of resources
2015	\$	18,956
2016		18,956
2017		15,561
2018		14,452
2019		0
Thereafter		0
Total	\$	67,925

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017
Total pension liability				
Service Cost	\$ 242,487	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Interest (on the Total Pension Liability)	496,612	xxx,xxx	xxx,xxx	xxx,xxx
Changes of benefit terms	0	xxx,xxx	xxx,xxx	xxx,xxx
Difference between expected and actual experience	14,629	xxx,xxx	xxx,xxx	xxx,xxx
Change of assumptions	0	xxx,xxx	xxx,xxx	xxx,xxx
Benefit payments, including refunds of employee contributions	(302,873)	xxx,xxx	xxx,xxx	xxx,xxx
Net Change in Total Pension Liability	450,855	xxx,xxx	xxx,xxx	xxx,xxx
Total Pension Liability - Beginning	7,124,655	xxx,xxx	xxx,xxx	xxx,xxx
Total Pension Liability - Ending (a)	\$ 7,575,510	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Plan Fiduciary Net Position				
Contributions - Employer	\$ 255,224	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contributions - Employee	137,959	xxx,xxx	xxx,xxx	xxx,xxx
Net Investment Income	323,232	xxx,xxx	xxx,xxx	xxx,xxx
Benefit payments, including refunds of employee contributions	(302,873)	xxx,xxx	xxx,xxx	xxx,xxx
Administrative Expense	(3,374)	xxx,xxx	xxx,xxx	xxx,xxx
Other	(277)	xxx,xxx	xxx,xxx	xxx,xxx
Net Change in Plan Fiduciary Net Position	409,891	xxx,xxx	xxx,xxx	xxx,xxx
Plan Fiduciary Net Position - Beginning	5,649,776	xxx,xxx	xxx,xxx	xxx,xxx
Plan Fiduciary Net Position - Ending (b)	\$ 6,059,667	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Net Pension Liability - Ending (a) - (b)	\$ 1,515,843	xxx,xxx	xxx,xxx	xxx,xxx
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.99%	x.xx%	x.xx%	x.xx%
Covered Employee Payroll	\$ 1,970,842	xxx,xxx	xxx,xxx	xxx,xxx
Net Pension Liability as a Percentage of Covered Employee	76.91%	x.xx%	x.xx%	x.xx%
Payroll Notes to Schedule:				
<i>N/A</i>				

Note to City: GASB 68 requires 10 fiscal years of data to be provided in this schedule. GRS will provide the current year results. The employer will be required to build this schedule over the next 10-year period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contributions in relation to the actuarially determined contribution	\$ <u>xxx,xxx</u>	\$ <u>xxx,xxx</u>	\$ <u>xxx,xxx</u>	\$ <u>xxx,xxx</u>
Contribution deficiency (excess)	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Covered employee payroll	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contributions as a percentage of covered employee payroll	xx.xx%	xx.xx%	xx.xx%	xx.xx%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes

There were no benefit changes during the year.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF SINTON, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	SPECIAL REVENUE				CAPITAL PROJECTS				TOTAL NON-MAJOR GOVERNMENTAL FUND
	CRIMINAL JUSTICE PLANNING	FIRE EQUIPMENT AND REPLACEMENT	SINTON AFFORDABLE HOUSING	1986 GENERAL OBLIGATION IMPROVEMENT	2010 TAX NOTE STREET IMPROVEMENT	STREET IMPROVEMENT	MUNICIPAL BUILDING	FUND	
ASSETS									
Cash and Cash Equivalents	\$11,908	\$0	\$185,229	\$0	\$0	\$0	\$0	\$0	\$197,137
Restricted Assets:									
Cash and Cash Equivalents		153,281		34,840	153,290	170,587	40,816		552,814
TOTAL ASSETS	\$11,908	\$153,281	\$185,229	\$34,840	\$153,290	\$170,587	\$40,816		\$749,951
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	\$11,908	\$22	\$19,456	\$0	\$0	\$0	\$0	\$0	\$31,386
Total Liabilities	\$11,908	\$22	\$19,456	\$0	\$0	\$0	\$0	\$0	\$31,386
Fund Balances:									
Restricted			165,773			170,587			524,490
Construction					153,290				153,259
Public Safety		153,259							40,816
Committed									
Construction									
Total Fund Balances	0	153,259	165,773	34,840	153,290	170,587	40,816	40,816	718,565
TOTAL LIABILITIES AND FUND BALANCES	\$11,908	\$153,281	\$185,229	\$34,840	\$153,290	\$170,587	\$40,816	\$40,816	\$749,951

CITY OF SINTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	SPECIAL REVENUE		CAPITAL PROJECTS				TOTAL NON-MAJOR GOVERN- MENTAL FUND
	CRIMINAL JUSTICE PLANNING	FIRE EQUIPMENT AND REPLACEMENT	1985 GENERAL OBLIGATION IMPROVEMENT	2010 TAX NOTE/STREET IMPROVEMENT FUND	STREET IMPROVEMENT FUND	MUNICIPAL BUILDING FUND	
REVENUES:							
Charges for Services		\$21,230			\$23,129		\$44,359
Interest		71	17	77	79	20	349
Miscellaneous		17,265					17,265
Total Revenues	0	21,301	17	77	23,208	20	61,973
EXPENDITURES:							
Current							
General Administration							0
Public Safety							0
Capital Projects -							
Capital Outlay and Other							0
Total Expenditures	0	0	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	21,301	17	77	23,208	20	61,973
OTHER FINANCING SOURCES (USES)							
Operating Transfers In							
Net change in fund balances	0	21,301	17	77	23,208	20	61,973
Fund Balance at Beginning of Year	0	131,958	34,823	152,213	147,379	40,736	656,592
Fund Balance at End of Year	\$0	\$153,259	\$34,840	\$153,290	\$170,587	\$40,816	\$718,565