

CITY OF SINTON, TEXAS

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

CITY OF SINTON
PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

EDWARD ADAMS

CITY COUNCIL

PATRICIA GARCIA VARGAS

NATHAN LINDEMAN

DANNY DAVILA

MARY SPEIDEL

CITY MANAGER

JOHN HOBSON

CITY OF SINTON
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Sinton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Sinton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Sinton's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, business-type activities each major fund, and the aggregate remaining fund information of the City of Sinton, as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sinton's financial statements as a whole. The comparative and combining fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 on our consideration of City of Sinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sinton's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

January 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Sinton's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

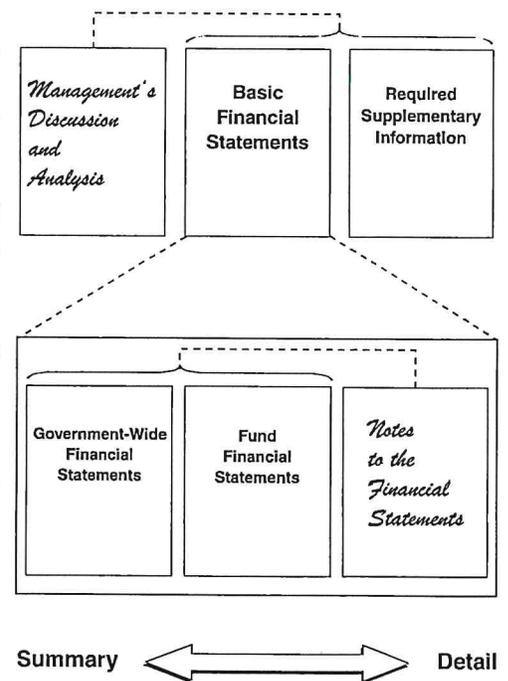
- The City's total combined net position was \$16.1 million at September 30, 2021.
- The City's governmental expenses were \$1.6 million less than the \$5.0 million generated in general and program revenues (and administrative transfers from the utility fund) for governmental activities. Governmental expenses decreased 4%.
- The City's business-type expenses were \$108 thousand less than the \$3.2 million generated in charges for services and other revenues (before transfers). The total cost of the City's business-type activities decreased 2%, primarily from repairs and depreciation.
- The general fund reported a fund balance of \$3.4 million, an increase of \$904 thousand.
- No new debt was issued during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

The City has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s combined net position was \$16.1 million at September 30, 2021. (See Table A-1).

Table A-1

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<i>Assets:</i>						
Current Assets	\$ 10,128,760	\$ 8,005,962	\$ 2,325,779	\$ 2,160,177	\$ 12,454,539	\$ 10,166,139
Other Assets	132,883	130,100	-	-	132,883	130,100
Capital Assets (net)	6,499,776	6,504,019	6,169,248	6,361,590	12,669,024	12,865,609
Total Assets	16,761,419	14,640,081	8,495,027	8,521,767	25,256,446	23,161,848
<i>Deferred Outflows:</i>	158,647	144,542	61,197	55,335	219,844	199,877
<i>Liabilities:</i>						
Current Liabilities	1,045,661	353,843	819,195	683,879	1,864,856	1,037,722
Long-Term Liabilities	4,121,922	4,308,261	2,872,960	3,080,226	6,994,882	7,388,487
Total Liabilities	5,167,583	4,662,104	3,692,155	3,764,105	8,859,738	8,426,209
<i>Deferred Inflows:</i>	337,541	350,164	147,670	152,917	485,211	503,081
<i>Net Position:</i>						
Net Invested in Capital Assets	4,924,655	4,783,665	3,926,287	3,928,599	8,850,942	8,712,264
Restricted	5,590,102	5,020,017	-	-	5,590,102	5,020,017
Unrestricted	900,185	(31,327)	790,112	731,481	1,690,297	700,154
Total Net Position	\$ 11,414,942	\$ 9,772,355	\$ 4,716,399	\$ 4,660,080	\$ 16,131,341	\$ 14,432,435

Governmental Activities

- Property tax rates remained the same for the fiscal year ending September 30, 2021. However, new property and increasing valuations added \$133 thousand to revenues.
- Sales tax collections remained strong despite the pandemic.
- Costs decreased, primarily from outsourced EMS services.

Business-Type Activities

- Expenses decreased 2% (for repairs and depreciation) while charges for services decreased 4%.
- The customer base is largely stable.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<i>Program Revenues:</i>						
Charges for Services	\$ 710,698	\$ 763,204	\$ 3,185,431	\$ 3,057,917	\$ 3,896,129	\$ 3,821,121
Operating Grants and Contributions	213,293	273,202	-	-	213,293	273,202
Capital Contributions	-	-	3,300	265,855	3,300	265,855
<i>General Revenues:</i>						
Taxes	3,758,445	3,257,080	-	-	3,758,445	3,257,080
Interest Earnings	5,162	3,747	-	946	5,162	4,693
Industrial District Agreement	180,000	-	-	-	180,000	-
Miscellaneous	111,271	162,301	-	-	111,271	162,301
TOTAL REVENUES	4,978,869	4,459,534	3,188,731	3,324,718	8,167,600	7,784,252
<i>Program Expenses:</i>						
Administration	774,109	783,116	-	-	774,109	783,116
Police	1,044,369	1,034,158	-	-	1,044,369	1,034,158
Fire	96,545	89,705	-	-	96,545	89,705
Animal Control	91,278	78,736	-	-	91,278	78,736
Municipal Court	79,090	92,881	-	-	79,090	92,881
Streets	485,106	482,767	-	-	485,106	482,767
Parks	265,457	284,695	-	-	265,457	284,695
Emergency Services	181,704	297,728	-	-	181,704	297,728
Inspections	44,088	28,863	-	-	44,088	28,863
Library	266,137	283,001	-	-	266,137	283,001
Utilities	-	-	3,080,583	3,131,640	3,080,583	3,131,640
Interest on Debt	60,228	65,264	-	-	60,228	65,264
TOTAL EXPENSES	3,388,111	3,520,914	3,080,583	3,131,640	6,468,694	6,652,554
Transfers	51,829	98,273	(51,829)	(98,273)	-	-
Change in Net Position	1,642,587	1,036,893	56,319	94,805	1,698,906	1,131,698
Net Position at Beginning of Year	9,772,355	8,735,462	4,660,080	4,565,275	14,432,435	13,300,737
Net Position at End of Year	<u>\$ 11,414,942</u>	<u>\$ 9,772,355</u>	<u>\$ 4,716,399</u>	<u>\$ 4,660,080</u>	<u>\$ 16,131,341</u>	<u>\$ 14,432,435</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General fund increased its fund balance by \$904 thousand. Sales tax collections and Property Taxes increased.
- Both the Economic Development and Debt Service funds added to their fund balance by \$395 and \$101 thousand respectively.

Budgetary Highlights

- General Fund revenues overall exceeded the budget by \$568 thousand, mostly from stronger sales tax than expected.
- General Fund expenditures were \$530 thousand under budget. Most of the savings was found in capital outlay that did not happen as expected.
- The General Fund balance increased \$904 thousand, which was a swing of \$1.1 million from the budgeted decrease in fund balance of \$165 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the City had invested \$22.1 million in a broad range of capital assets, including land, equipment, buildings, and infrastructure. Significant changes in fiscal year 2021 included completion of the new water meters for the utility fund. (See Table A-4)

Table A-4
City's Capital Assets
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 62	\$ 62	\$ 4	\$ 4	\$ 66	\$ 66
Buildings and Improvements	5,683	5,634	-	-	5,683	5,634
Infrastructure	3,812	3,811	9,465	12,278	13,277	16,089
Equipment	2,544	2,371	408	868	2,952	3,239
Construction in Progress	79	-	-	116	79	116
Totals at Historical Cost	12,180	11,878	9,877	13,266	22,057	25,144
Total Accumulated Depreciation	(5,680)	(5,375)	(3,708)	(6,904)	(9,388)	(12,279)
Net Capital Assets	<u>\$ 6,500</u>	<u>\$ 6,503</u>	<u>\$ 6,169</u>	<u>\$ 6,362</u>	<u>\$12,669</u>	<u>\$12,865</u>

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

Long Term Debt

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

Table A-5
City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds Payable	\$ 1,575	\$ 1,720	\$ 2,243	\$ 2,433	\$ 3,818	\$ 4,153
Total Long-Term Debt	<u>\$ 1,575</u>	<u>\$ 1,720</u>	<u>\$ 2,243</u>	<u>\$ 2,433</u>	<u>\$ 3,818</u>	<u>\$ 4,153</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2021-2022 year, the City kept the overall property tax rate of \$0.7593. The City intends to maintain current service levels to the citizens, while containing and reducing overall operational costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Saint-John
TEXAS

BASIC FINANCIAL STATEMENTS

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

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

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

TEXAS

CITY OF SINTON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 9,431,068	\$ 1,960,886	\$ 11,391,954
Ad Valorem Tax Receivable (Net)	194,244	-	194,244
Other Receivables (Net)	491,772	364,893	856,665
Inventory	11,676	-	11,676
Notes Receivable	132,883	-	132,883
Capital Assets (net)	6,499,776	6,169,248	12,669,024
TOTAL ASSETS	<u>16,761,419</u>	<u>8,495,027</u>	<u>25,256,446</u>
DEFERRED OUTFLOWS			
Deferred Pension Related Outflows	133,438	52,073	185,511
Deferred OPEB Related Outflows	25,209	9,124	34,333
TOTAL DEFERRED OUTFLOWS	<u>158,647</u>	<u>61,197</u>	<u>219,844</u>
LIABILITIES			
Accounts Payable	70,670	242,717	313,387
Accrued Wages	10,523	3,116	13,639
Accrued Interest	9,967	11,471	21,438
Other Liabilities	21,975	-	21,975
Accrued Compensated Absences	109,045	31,134	140,179
Deposits and Unearned Revenue	671,138	338,092	1,009,230
<i>Long-term Debt</i>			
Long-term Debt Due in One Year	152,343	192,665	345,008
Long-term Debt Due in More than One Year	1,422,778	2,050,296	3,473,074
Total OPEB Liabilities	1,860,235	747,004	2,607,239
Net Pension Liability	838,909	75,660	914,569
TOTAL LIABILITIES	<u>5,167,583</u>	<u>3,692,155</u>	<u>8,859,738</u>
DEFERRED INFLOWS			
Deferred Pension Related Inflows	325,383	144,026	469,409
Deferred OPEB Related Inflows	12,158	3,644	15,802
TOTAL DEFERRED INFLOWS	<u>337,541</u>	<u>147,670</u>	<u>485,211</u>
NET POSITION			
Net Investment in Capital Assets	4,924,655	3,926,287	8,850,942
Restricted for:			
Debt Service	1,672,870	-	1,672,870
Economic Development	3,266,315	-	3,266,315
Police Department	856	-	856
Tourism Development	138,423	-	138,423
EMS Services	3,545	-	3,545
Municipal Court	71,616	-	71,616
Street Maintenance	171,447	-	171,447
Fire Equipment Replacement	265,030	-	265,030
Unrestricted	900,185	790,112	1,690,297
TOTAL NET POSITION	<u>\$ 11,414,942</u>	<u>\$ 4,716,399</u>	<u>\$ 16,131,341</u>

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 774,109	\$ 106,935	\$ -	\$ -
Police	1,044,369	42,005	60,126	-
Fire	96,545	21,545	77,299	-
Animal Control	91,278	3,575	-	-
Municipal Court	79,090	60,160	-	-
Streets	485,106	49,481	-	-
Parks	265,457	309,075	-	-
Emergency Services	181,704	11,647	74,868	-
Inspections	44,088	97,817	-	-
Library	266,137	8,458	1,000	-
Interest on Long-term Debt	60,228	-	-	-
<i>Total Governmental Activities</i>	<u>3,388,111</u>	<u>710,698</u>	<u>213,293</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Utilities	<u>3,080,583</u>	<u>3,185,431</u>	<u>-</u>	<u>3,300</u>
<i>Total Business-Type Activities</i>	<u>3,080,583</u>	<u>3,185,431</u>	<u>-</u>	<u>3,300</u>
Total Primary Government	<u><u>\$ 6,468,694</u></u>	<u><u>\$ 3,896,129</u></u>	<u><u>\$ 213,293</u></u>	<u><u>\$ 3,300</u></u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Other Taxes				
Interest and Investment Earnings				
Industrial District Agreement				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (667,174)		\$ (667,174)
(942,238)		(942,238)
2,299		2,299
(87,703)		(87,703)
(18,930)		(18,930)
(435,625)		(435,625)
43,618		43,618
(95,189)		(95,189)
53,729		53,729
(256,679)		(256,679)
(60,228)		(60,228)
(2,464,120)		(2,464,120)
	\$ 108,148	108,148
	108,148	108,148
		(2,355,972)
1,732,177	-	1,732,177
1,681,704	-	1,681,704
344,564	-	344,564
5,162	-	5,162
180,000	-	180,000
111,271	-	111,271
4,054,878	-	4,054,878
51,829	(51,829)	-
1,642,587	56,319	1,698,906
9,772,355	4,660,080	14,432,435
\$ 11,414,942	\$ 4,716,399	\$ 16,131,341

CITY OF SINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Major Funds		
	General Fund	Economic Development	Debt Service
ASSETS			
Cash and Cash Equivalents	\$ 3,702,854	\$ 3,181,254	\$ 1,658,831
Ad Valorem Taxes Receivable (Net)	170,238	-	24,006
Other Receivables (Net)	373,706	110,464	-
Inventory	11,676	-	-
Notes Receivable	-	-	-
TOTAL ASSETS	\$ 4,258,474	\$ 3,291,718	\$ 1,682,837
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 31,916	\$ 25,403	\$ -
Other Liabilities	21,975	-	-
Unearned American Rescue Plan Revenue	671,138	-	-
Accrued Wages	10,523	-	-
<i>Total Liabilities</i>	<u>735,552</u>	<u>25,403</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Property Tax Revenue	170,238	-	24,006
<i>Total Deferred Inflows of Resources</i>	<u>170,238</u>	<u>-</u>	<u>24,006</u>
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	11,676	-	-
Notes Receivable	-	-	-
Restricted for:			
Debt Service	-	-	1,658,831
Economic Development	-	3,266,315	-
Police Department	856	-	-
Tourism Development	-	-	-
EMS Services	3,545	-	-
Municipal Court	30,718	-	-
Street Maintenance	-	-	-
Fire Equipment Replacement	-	-	-
Committed for:			
Affordable Housing	-	-	-
Unassigned	3,305,889	-	-
<i>Total Fund Balances</i>	<u>3,352,684</u>	<u>3,266,315</u>	<u>1,658,831</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,258,474	\$ 3,291,718	\$ 1,682,837

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ 888,128	\$ 9,431,067
-	194,244
7,602	491,772
-	11,676
132,883	132,883
<u>\$ 1,028,613</u>	<u>\$ 10,261,642</u>

\$ 13,351	\$ 70,670
-	21,975
-	671,138
-	10,523
<u>13,351</u>	<u>774,306</u>

-	194,244
<u>-</u>	<u>194,244</u>

-	11,676
132,883	132,883
-	1,658,831
-	3,266,315
-	856
138,423	138,423
-	3,545
40,898	71,616
171,447	171,447
265,030	265,030
266,581	266,581
-	3,305,889
<u>1,015,262</u>	<u>9,293,092</u>

<u>\$ 1,028,613</u>	<u>\$ 10,261,642</u>
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Southwest
TEXAS

CITY OF SINTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 9,293,092
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,499,776
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		194,244
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(109,045)
Long-term liabilities, including capital leases and related accrued interest, are not due and payable in the current period and, therefore not reported in the funds.		(1,585,087)
Net pension and total other post-employment liabilities (and related deferred outflows and inflows of resources) do not consume or create current financial resources and are not reported in the funds.		
Net Pension Liability	(838,909)	
Pension Related Deferred Outflows	133,438	
Pension Related Deferred Inflows	(325,383)	
Total OPEB Obligation	(1,860,235)	
OPEB Related Deferred Outflows	25,209	
OPEB Related Deferred Inflows	(12,158)	(2,878,038)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 11,414,942

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Major Funds		
	General Fund	Economic Development	Debt Service
REVENUES			
Ad Valorem Taxes	\$ 1,529,216	\$ -	\$ 195,466
Sales Taxes	1,051,065	630,639	-
Other Taxes	246,186	-	-
Licenses and Permits	98,347	-	-
Grants and Donations	255,298	-	-
Emergency Services	11,647	-	-
Rental Income	309,074	57,943	-
Fines and Penalties	59,710	-	-
Interest Income	3,681	1,481	-
Industrial District Agreement	180,000	-	-
Miscellaneous	191,289	-	-
TOTAL REVENUES	<u>3,935,513</u>	<u>690,063</u>	<u>195,466</u>
EXPENDITURES			
<i>Current:</i>			
Administration	688,375	32,609	-
Police	1,010,280	-	-
Fire	76,255	-	-
Animal Control	106,753	-	-
Municipal Court	78,906	-	-
Streets	382,867	-	-
Parks	231,679	-	-
Emergency Services	137,954	-	-
Inspections	44,088	-	-
Library	224,806	-	-
Capital Outlay	173,752	79,000	-
<i>Debt Service:</i>			
Principal	-	85,000	57,850
Interest and Fiscal Charges	-	26,707	36,804
TOTAL EXPENDITURES	<u>3,155,715</u>	<u>223,316</u>	<u>94,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	779,798	466,747	100,812
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	123,829	(72,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,829</u>	<u>(72,000)</u>	<u>-</u>
Net Change in Fund Balance	903,627	394,747	100,812
Fund Balances at Beginning of Year	2,449,057	2,871,568	1,558,019
Fund Balances at End of Year	<u>\$ 3,352,684</u>	<u>\$ 3,266,315</u>	<u>\$ 1,658,831</u>

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 1,724,682
-	1,681,704
98,377	344,563
-	98,347
-	255,298
-	11,647
-	367,017
-	59,710
6,404	11,566
-	180,000
45,104	236,393
<u>149,885</u>	<u>4,970,927</u>
65,652	786,636
-	1,010,280
-	76,255
-	106,753
-	78,906
-	382,867
-	231,679
-	137,954
-	44,088
-	224,806
-	252,752
-	142,850
-	63,511
<u>65,652</u>	<u>3,539,337</u>
84,233	1,431,590
-	51,829
<u>-</u>	<u>51,829</u>
84,233	1,483,419
931,029	7,809,673
<u>\$ 1,015,262</u>	<u>\$ 9,293,092</u>

See accompanying notes to basic financial statements.

Sanford
TEXAS

CITY OF SINTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,483,419

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

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

Capital Outlay	301,085	
Depreciation	<u>(305,328)</u>	(4,243)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 7,494

Governmental funds report proceeds from the sale of capital assets that are financial in nature. Government-wide financials report the difference between consideration received and the net book value of the capital assets exchanged.

Services Received for Capital Assets		(43,751)
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Governmental funds report required contributions to employee pensions and other post-employment benefits (OPEB) as expenditures. However in the Statement of Activities the cost of these benefits are recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded (fell short of) the actuarially determined expense.

Pension Plan	198,458	
Other Post-employment Benefits	<u>(137,733)</u>	60,725

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

Principal Payments	<u>142,850</u>	142,850
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences	(7,190)	
Amortization of Bond Premiums	2,383	
Change in Accrued Interest	<u>900</u>	<u>(3,907)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,642,587

CITY OF SINTON
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2021

	Utility Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 1,960,886
Receivables (net of allowances for uncollectibles)	364,893
<i>Total Current Assets</i>	2,325,779
 <i>Other Assets:</i>	
Property and Equipment (net)	6,169,248
<i>Total Other Assets</i>	6,169,248
TOTAL ASSETS	8,495,027
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	52,073
OPEB Related Deferred Outflows	9,124
TOTAL DEFERRED OUTFLOWS	61,197
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	242,717
Accrued Wages	3,116
Accrued Interest	11,471
Accrued Compensated Absences	31,134
Deposits and Unearned Revenue	338,092
Current Portion of Long-Term Debt	192,665
<i>Total Current Liabilities</i>	819,195
 <i>Long-term Liabilities:</i>	
Long-term Debt (Net of Current Portion)	2,050,296
Total OPEB Liabilities	747,004
Net Pension Liability	75,660
<i>Total Long-term Liabilities</i>	2,872,960
TOTAL LIABILITIES	3,692,155
 DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferred Inflows	144,026
OPEB Related Deferred Inflows	3,644
TOTAL DEFERRED INFLOWS	147,670
 NET POSITION	
Net Investment In Capital Assets	3,926,287
Unrestricted	790,112
TOTAL NET POSITION	\$ 4,716,399

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2021

	Utility Fund
OPERATING REVENUES	
Water Service	\$ 1,422,547
Sewer Service	747,839
Garbage Service	906,095
Miscellaneous Charges	108,950
TOTAL OPERATING REVENUES	3,185,431
OPERATING EXPENSES	
Personnel	730,649
Administrative	95,214
Water and Sewer Maintenance and Operations	956,862
Garbage Contractor	905,009
Depreciation	326,937
TOTAL OPERATING EXPENSES	3,014,671
OPERATING INCOME (LOSS)	170,760
NONOPERATING REVENUES (EXPENSES)	
Grants	3,300
Interest Expense	(65,912)
TOTAL NONOPERATING	(62,612)
INCOME (LOSS) BEFORE TRANSFERS	108,148
TRANSFERS	
Transfers Out	(51,829)
CHANGE IN NET POSITION	56,319
BEGINNING NET POSITION	4,660,080
ENDING NET POSITION	\$ 4,716,399

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Utility Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 3,190,511
Cash Paid to Employees for Services	(776,143)
Cash Paid to Suppliers for Goods and Services	(1,821,375)
Net Cash Provided (Used) by Operating Activities	592,993
Cash Flows From Noncapital Financing Activities:	
Transfers to Other Funds	(51,829)
Net Cash Provided (Used) by Noncapital Financing Activities	(51,829)
Cash Flows From Capital and Related Financing Activities:	
Capital Grants	3,300
Purchase of Capital Assets	(134,595)
Principal Payments on Long-Term Debt	(187,150)
Interest Paid	(68,792)
Net Cash Provided (Used) by Capital and Related Financing Activities	(387,237)
Net Increase (Decrease) in Cash and Cash Equivalents	153,927
Beginning of Year:	
Cash and Cash Equivalents	1,806,959
Total Beginning of Year	1,806,959
End of Year:	
Cash and Cash Equivalents	1,960,886
Total End of Year	\$ 1,960,886

See accompanying notes to basic financial statements.

CITY OF SINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Utility Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$	170,760
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		326,937
(Increase) Decrease in:		
Accounts Receivable (net)		(11,675)
Pension Related Deferred Outflows		(1,725)
OPEB Related Deferred Outflows		(4,137)
Increase (Decrease) in Current Liabilities:		
Accounts Payable		135,710
Accrued Wages		(19,611)
Accrued Compensated Absences		(173)
Deposits and Unearned Revenue		16,755
Total OPEB Liabilities		60,960
Net Pension Liability		(75,561)
Pension Related Deferred Inflows		(5,191)
OPEB Related Deferred Inflows		(56)
Total Adjustments to Reconcile Operating Activities		422,233
 Net Cash Provided (Used) by Operating Activities	 \$	 592,993

See accompanying notes to basic financial statements.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. REPORTING ENTITY

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2021, the City had the following component units:

City of Sinton Economic Development Corporation

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

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

Sinton Volunteer Fire Department (VFD)

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Economic Development Fund, Debt Service Fund and Utility Fund meet the criteria as *major funds*.

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

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

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

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

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

Cash is reported as restricted only if the restriction on the cash is narrower than the purpose of the fund as a whole. For the City, these balances generally consist of proceeds from bonds for construction.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

5. INVESTMENTS

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

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

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2020 and past due after January 31, 2021. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are not shown net of an allowance for uncollectibles as management believes all outstanding amounts will be collected.

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

7. PREPAID ITEMS

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

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

9. NOTES RECEIVABLE

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

10. INVENTORY

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

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

12. CAPITAL ASSETS

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

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

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

12. CAPITAL ASSETS (Continued)

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

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	10 to 50 years
Streets, Utilities and Infrastructure	20 to 50 years
Furniture, Fixtures, Vehicles	5 to 20 years

13. COMPENSATED ABSENCES

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

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

14. LONG-TERM OBLIGATIONS

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

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

15. PENSIONS

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The total OPEB liability (and related deferred inflows and outflows of resources) and OPEB expense of the TMRS supplemental death benefits fund, have been determined on the same basis as they are reported by TMRS. The total OPEB liability and OPEB expense related to retiree insurance, has been determined on the same basis of an actuarial study projecting retirement rates and health care cost trend rates.

17. FUND BALANCES

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

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

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

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

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

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

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

18. NET POSITION

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

19. OPERATING REVENUES AND EXPENSES

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

20. INTERFUND TRANSFERS

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

21. USE OF ESTIMATES

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

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2021, the carrying amount of the City's deposits exceeded a combination of federal deposit insurance (FDIC) and securities pledged by \$287,401.

2. Investments

The City had no investments at September 30, 2021.

3. Analysis of Specific Deposit and Investment Risks

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

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the San Patricio County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2020, upon which the fiscal 2021 levy was based, was \$221 million (i.e., market value less exemptions). The estimated market value was \$262 million, making the taxable value 84% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$1.50 per \$100 of taxable assessed valuation for all governmental purposes. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2021, was \$0.759300 per \$100 of assessed value, which means that the City has a tax margin of \$0.7407 for each \$100 value and could increase its annual tax levy by approximately \$1.6 million based upon the present assessed valuation before the limit is reached. However, the City may not increase property tax rates more than 3% each year without voter approval.

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2021 are as follows:

	General Fund	Economic Development	Total Nonmajor	Utility Fund
Sales and Mixed Beverage Tax	\$ 184,106	\$ 110,464	\$ -	\$ -
Franchise Fees	36,645	-	-	-
Hotel Occupancy Tax	-	-	7,602	-
Customer Charges	13,121	-	-	515,082
Other	139,834	-	-	-
Allowance for Uncollectibles	-	-	-	(150,189)
Total Other Receivables	<u>\$ 373,706</u>	<u>\$ 110,464</u>	<u>\$ 7,602</u>	<u>\$ 364,893</u>

NOTE E -- INTERFUND TRANSACTIONS

Interfund transfers during the year ending September 30, 2021 were as follows:

Transfer From	Transfer to	Amount	Purpose
Utility	General	\$ 51,829	<i>In support of administration</i>
Economic Development	General	72,000	<i>In support of administration</i>
		<u>\$ 123,829</u>	

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE F – NOTES RECEIVABLE

The City has three outstanding notes for affordable housing as follows:

	Issue Date	Original Amount	Balance 9/30/21	Monthly Payment	Interest Rate
Note 1	8/1/2002	\$ 55,000	\$ 26,466	\$ 305	3.00%
Note 2	12/1/2010	71,000	59,842	394	3.00%
Note 3	12/1/2010	81,000	46,575	449	3.00%
		<u>\$ 207,000</u>	<u>\$ 132,883</u>	<u>\$ 1,148</u>	

Future minimum payments (not counting escrow payments for taxes and insurance) are as follows:

Fiscal Year Ending September 30,	Future Note Payments
2022	\$ 13,776
2023	13,776
2024	13,776
2025	13,776
2026	11,434
Thereafter	<u>79,696</u>
Gross Amounts	146,234
Less: Amounts Representing Interest	<u>(13,351)</u>
	<u>\$ 132,883</u>

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2020	Additions	Disposals/ Transfers	Balance 9/30/2021
Land	\$ 62,250	\$ -	\$ -	\$ 62,250
Buildings and Improvements	5,634,366	48,902	-	5,683,268
Infrastructure	3,811,464	-	-	3,811,464
Vehicles and Equipment	2,370,961	173,183	-	2,544,144
Construction in Progress	-	79,000	-	79,000
	<u>11,879,041</u>	<u>301,085</u>	<u>-</u>	<u>12,180,126</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,215,634)	(152,863)	-	(2,368,497)
Vehicles and Equipment	(2,214,814)	(71,700)	-	(2,286,514)
Infrastructure	(944,574)	(80,765)	-	(1,025,339)
	<u>(5,375,022)</u>	<u>(305,328)</u>	<u>-</u>	<u>(5,680,350)</u>
Capital Assets, Net	<u>\$ 6,504,019</u>	<u>\$ (4,243)</u>	<u>\$ -</u>	<u>\$ 6,499,776</u>
<u>Business-Type Activities</u>	Balance 10/1/2020	Additions	Disposals/ Transfers	Balance 9/30/2021
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Infrastructure	12,277,659	-	(2,812,004)	9,465,655
Vehicles and Equipment	867,579	121,656	(581,313)	407,922
Construction in Progress	116,458	12,939	(129,397)	-
	<u>13,265,696</u>	<u>134,595</u>	<u>(3,522,714)</u>	<u>9,877,577</u>
Less Accumulated Depreciation				
Vehicles and Equipment	(739,233)	(54,987)	581,313	(212,907)
Infrastructure	(6,164,873)	(271,950)	2,941,401	(3,495,422)
	<u>(6,904,106)</u>	<u>(326,937)</u>	<u>3,522,714</u>	<u>(3,708,329)</u>
Capital Assets, Net	<u>\$ 6,361,590</u>	<u>\$ (192,342)</u>	<u>\$ -</u>	<u>\$ 6,169,248</u>

Land and Construction in Progress are not depreciated.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$	25,587
Police		69,302
Fire		17,500
Streets		87,054
Parks		48,437
Animal Control		2,770
Library		54,678
Total Depreciation Expense - Governmental Activities		\$ 305,328

NOTE H -- LONG-TERM LIABILITIES

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021
<i>Governmental Activities</i>				
Bonds Payable and Premiums	\$ 1,720,354	\$ -	\$ (145,233)	\$ 1,575,121
Net Pension Liability	1,020,727	223,572	(405,390)	838,909
Accrued Compensated Absences	101,855	11,513	(4,323)	109,045
Total OPEB Liabilities:				
Retiree Death Benefit	118,332	21,331	(2,726)	136,937
Retiree Health Insurance	1,594,081	137,009	(7,792)	1,723,298
<i>Total Governmental Activities</i>	\$4,555,349	\$ 393,425	\$ (565,464)	\$4,383,310
 <i>Business-Type Activities</i>				
Bonds Payable and Premiums	\$2,432,991	\$ -	\$ (190,030)	\$2,242,961
Net Pension Liability	95,821	46,911	(67,072)	75,660
Accrued Compensated Absences	31,307	1,079	(1,252)	31,134
Total OPEB Liabilities:				
Retiree Death Benefit	26,122	10,181	(1,169)	35,134
Retiree Health Insurance	656,491	58,718	(3,339)	711,870
<i>Total Business-Type Activities</i>	\$3,242,732	\$ 116,889	\$ (262,862)	\$3,096,759

Historically, the General Fund has been used to pay for governmental accrued compensated absences, pension and other post-employment benefits.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE I -- BONDS PAYABLE

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

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

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

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

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

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

All three bond series were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

Changes in Bonds Payable

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
2007 Series	\$ 675,000	\$ -	\$ (85,000)	\$ 590,000	\$ 90,000
2014 Series	1,025,725	-	(57,850)	967,875	60,075
Unamortized Premiums	19,629	-	(2,383)	17,246	2,268
<i>Total Governmental Activities</i>	<u>\$ 1,720,354</u>	<u>\$ -</u>	<u>\$ (145,233)</u>	<u>\$ 1,575,121</u>	<u>\$ 152,343</u>
<i>Business-Type Activities</i>					
Bonds Payable:					
2019 Series	\$ 1,130,000	\$ -	\$ (115,000)	\$ 1,015,000	\$ 115,000
2014 Series	1,279,275	-	(72,150)	1,207,125	74,925
Unamortized Premiums	23,716	-	(2,880)	20,836	2,740
<i>Total Business-Type Activities</i>	<u>\$ 2,432,991</u>	<u>\$ -</u>	<u>\$ (190,030)</u>	<u>\$ 2,242,961</u>	<u>\$ 192,665</u>

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE I – BONDS PAYABLE (Continued)

The annual requirements to amortize all bonded debt outstanding as of September 30, 2021, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
<i>Governmental Activities</i>			
2022	\$ 150,075	\$ 57,882	\$ 207,957
2023	152,300	52,203	204,503
2024	159,525	46,351	205,876
2025	166,750	40,219	206,969
2026	171,750	33,839	205,589
2027-2031	490,475	95,133	585,608
2032-2034	267,000	16,376	283,376
	<u>\$ 1,557,875</u>	<u>\$ 342,003</u>	<u>\$ 1,899,878</u>
<i>Business-Type Activities</i>			
2022	\$ 189,925	\$ 64,106	\$ 254,031
2023	197,700	59,247	256,947
2024	205,475	54,195	259,670
2025	208,250	49,005	257,255
2026	213,250	43,720	256,970
2027-2031	874,525	128,947	1,003,472
2032-2034	333,000	20,424	353,424
	<u>\$ 2,222,125</u>	<u>\$ 419,644</u>	<u>\$ 2,641,769</u>

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS retirement system.

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Benefits Provided

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

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

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

	2020
Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	53
Active employees	43
	123

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings and the City matches 2 to 1. The City also offers updated service credits and cost of living allowances. The contribution rates for the City were 12.87% and 12.29% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$227,467 and matched the required contributions.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.5%-11.5% including inflation
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30%	5.30%
Core Fixed Income	10%	1.00%
Non-Core Fixed Income	20%	4.14%
Real Return	10%	3.85%
Real Estate	10%	4.00%
Absolute Return	10%	3.48%
Private Equity	10%	7.75%
	<u>100%</u>	

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Discount Rate

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 9,812,124	\$ 8,640,176	\$ 1,171,948
Changes for the year:			
Service Cost	264,624	-	264,624
Interest	659,309	-	659,309
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(193,648)	-	(193,648)
Changes of Assumptions	-	-	-
Contributions - Employer	-	214,472	(214,472)
Contributions - Employee	-	121,547	(121,547)
Net Investment Income	-	656,055	(656,055)
Benefit Payments, Including Refunds of Employee Contributions	(353,803)	(353,803)	-
Administrative Expense	-	(4,244)	4,244
Other Changes	-	(166)	166
Net Changes	<u>376,482</u>	<u>633,861</u>	<u>(257,379)</u>
Balance at December 31, 2020	<u>\$ 10,188,606</u>	<u>\$ 9,274,037</u>	<u>\$ 914,569</u>

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 2,473,091	\$ 914,569	\$ (343,995)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension income of \$49,315. Also as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 225,651
Changes in Actuarial Assumptions	14,204	-
Differences Between Projected and Actual Investment Earnings	-	243,758
Contributions Subsequent to the Measurement Date	171,307	-
	\$ 185,511	\$ 469,409

Deferred outflows of resources in the amount of \$171,307 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022.

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

For the Fiscal Year ended September 30,		
2022	\$	(218,245)
2023		(66,747)
2024		(155,646)
2025		(14,567)
	<u>\$</u>	<u>(455,205)</u>

NOTE K -- OTHER POSTEMPLOYMENT BENEFIT – SUPPLEMENTAL DEATH BENEFIT

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2020, the valuation and measurement date, consisted of:

	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	8
Active employees	43
	<u>68</u>

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

For the Plan Year Ended December 31,	Total Rate	Retiree Portion
2021	0.23%	0.13%
2020	0.21%	0.07%

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

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

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Discount Rate	2.00%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

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

The changes in the City's Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended December 31, 2020, were as follows:

	Total OPEB Liability
Balance at December 31, 2019	\$ 144,924
Changes for the year:	
Service Cost	6,425
Interest	4,057
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(4,521)
Changes of Assumptions	22,402
Benefit Payments	(1,216)
Net Changes	27,147
 Balance at December 31, 2020	 \$ 172,071

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

The following presents the TOL of the City, calculated using the discount rate of 2.00% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (1.00%) and 1-percentage point higher (3.00%) than the current rate:

	Discount Rate 1.00%	Discount Rate 2.00%	Discount Rate 3.00%
Total OPEB Liability	\$ 209,400	\$ 172,071	\$ 143,217

For the year ended September 30, 2021, the City recognized OPEB expense of \$14,147. Also as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 15,802
Changes in Actuarial Assumptions	33,145	-
Contributions Subsequent to the Measurement Date	1,188	-
	\$ 34,333	\$ 15,802

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

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

Deferred outflows of resources in the amount of \$1,188 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year ending September 30,		
2022	\$	3,665
2023		3,004
2024		3,519
2025		5,324
2026		1,831
		17,343
	\$	17,343

NOTE L -- OTHER POSTEMPLOYMENT BENEFIT – RETIREE INSURANCE

Eligible retirees of the City may participate in the health insurance plan of the City. The City covers the premiums for the retiree. Eligibility is reserved for employees with 25 years of continuous service with the City regardless of age and the employee must be retired from the Texas Municipal Retirement System. Benefits continue until death. Membership in the plan at September 30, 2020, the valuation date, consisted of:

Active employees	2020
Inactive employees eligible for benefits	36
Retired employees drawing benefits	0
	2
	38

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

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

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

The assumptions are summarized below:

Actuarial Valuation Date	September 30, 2020
Actuarial Method	Entry Age Normal
	Level Percentage of Projected Salary
Discount Rate	2.25%
Mortality Table	RP-2014 Total with Projection MP-2019
Health Cost Trend	Level 4.5% (2.69% for Medicare Part B)
Disability	None
Coverage Assumption	Employees will continue with same plan
Turnover	Rates varying based on gender, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

The changes in the City's Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended September 30, 2021, were as follows:

	Total OPEB Liability
Balance at October 1, 2020	<u>\$ 2,253,534</u>
Changes for the year:	
Service Cost	138,934
Interest	53,831
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	<u>(11,131)</u>
Net Changes	<u>181,634</u>
Balance at September 30, 2021	<u>\$ 2,435,168</u>

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

CITY OF SINTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

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

The TOL of the City is calculated using a discount rate of 2.25% and a health care cost trend rate of 4.5%. The following table shows what the City's TOL would be if it were calculated using a discount rate (and healthcare cost trend rate) that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate		
	1.25%	2.25%	3.25%
Total OPEB Liability (Asset)	\$ 3,183,975	\$ 2,435,168	\$ 811,837

	Health Care Cost Trend Rate		
	3.50%	4.50%	5.50%
Total OPEB Liability (Asset)	\$ 1,824,493	\$ 2,435,168	\$ 3,317,566

For the year ended September 30, 2021, the City recognized OPEB expense of \$188,645. Also as of September 30, 2021, the City reported no deferred outflows of resources or deferred inflows of resources related to this OPEB.

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

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

Commitments

In December 2019, the City contracted with Allegiance Mobile Health to provide emergency services to citizens of Sinton. The agreement requires quarterly installments from the City for \$43,750. The first year fees (2020 calendar year) were waived in exchange for the ambulances of the City. Payments commenced January 1, 2021. The term of the agreement is for five years with three optional three year renewal periods. However, the contract allows the City to terminate the contract at any time with 90 days notice.

Further, they entered into a construction contract in the amount of \$975,000 with work to commence in the 2021-2022 fiscal year. This is for improvements to the Wastewater treatment plant. In addition to this contract, there is an additional \$125,000 commitment, of which \$46,000 remains, for engineering and construction administration services.

CITY OF SINTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE N -- RISK MANAGEMENT

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

NOTE O -- INDUSTRIAL DISTRICT AGREEMENT

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

<u>Calendar Year</u>	<u>Annual PILOT</u>	<u>Calendar Year</u>	<u>Annual PILOT</u>	<u>Calendar Year</u>	<u>Annual PILOT</u>
2021	\$ 240,000	2026	\$ 360,000	2031	\$ 420,000
2022	240,000	2027	360,000	2032	480,000
2023	240,000	2028	360,000	2033	600,000
2024	360,000	2029	420,000	2034	720,000
2025	360,000	2030	420,000	2035	720,000

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability
- Schedule of Employer Pension Contributions
- Schedule of Changes – Total OPEB Liability – Supplemental Death Benefits Fund
- Schedule of Changes – Total OPEB Liability – Retiree Health Insurance

CITY OF SINTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 1,407,690	\$ 1,407,690	\$ 1,529,216	\$ 121,526
Sales Taxes	792,008	792,008	1,051,065	259,057
Other Taxes	271,657	271,657	246,186	(25,471)
Licenses and Permits	40,400	40,400	98,347	57,947
Grants and Donations	220,056	220,056	255,298	35,242
Emergency Services	25,000	25,000	11,647	(13,353)
Rental Income	293,150	293,150	309,074	15,924
Fines and Penalties	85,600	85,600	59,710	(25,890)
Interest Income	700	700	3,681	2,981
Industrial District Agreement	120,000	120,000	180,000	60,000
Miscellaneous	111,150	111,150	191,289	80,139
TOTAL REVENUES	<u>3,367,411</u>	<u>3,367,411</u>	<u>3,935,513</u>	<u>568,102</u>
EXPENDITURES				
<i>Current:</i>				
Administration	813,621	813,621	688,375	125,246
Police	1,033,390	1,033,390	1,010,280	23,110
Fire	111,150	111,150	76,255	34,895
Animal Control	116,244	116,244	106,753	9,491
Municipal Court	87,805	87,805	78,906	8,899
Streets	382,055	382,055	382,867	(812)
Parks	278,575	278,575	231,679	46,896
Emergency Services	175,000	175,000	137,954	37,046
Inspections	26,305	26,305	44,088	(17,783)
Library	240,262	240,262	224,806	15,456
Capital Outlay	421,000	421,000	173,752	247,248
TOTAL EXPENDITURES	<u>3,685,407</u>	<u>3,685,407</u>	<u>3,155,715</u>	<u>529,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(317,996)</u>	<u>(317,996)</u>	<u>779,798</u>	<u>1,097,794</u>
OTHER FINANCING SOURCES				
Transfers In	152,996	152,996	123,829	(29,167)
TOTAL OTHER FINANCING SOURCES (USES)	<u>152,996</u>	<u>152,996</u>	<u>123,829</u>	<u>(29,167)</u>
Net Change in Fund Balance	(165,000)	(165,000)	903,627	1,068,627
Beginning Fund Balance	<u>2,449,057</u>	<u>2,449,057</u>	<u>2,449,057</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,284,057</u>	<u>\$ 2,284,057</u>	<u>\$ 3,352,684</u>	<u>\$ 1,068,627</u>

CITY OF SINTON
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL
SEPTEMBER 30, 2021

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

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

The City does not use encumbrances.

CITY OF SINTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST SEVEN PLAN (CALENDAR) YEARS

	Total Pension Liability			
	2014	2015	2016	2017
Service Cost	\$ 242,487	\$ 339,180	\$ 340,258	\$ 336,274
Interest (on the Total Pension Liability)	496,612	531,734	555,308	575,209
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	81,947	(212,614)	61,618
Change of Assumptions	14,629	5,560	-	-
Benefit Payments, Including Refunds of Employee Contributions	(302,873)	(297,806)	(358,952)	(413,288)
Net Change	450,855	660,615	324,000	559,813
Total Pension Liability - Beginning	7,124,655	7,575,510	8,236,125	8,560,125
Total Pension Liability - Ending	<u>\$ 7,575,510</u>	<u>\$ 8,236,125</u>	<u>\$ 8,560,125</u>	<u>\$ 9,119,938</u>
	Plan Fiduciary Net Position			
	2014	2015	2016	2017
Contributions - Employer	\$ 255,224	\$ 296,695	\$ 278,890	\$ 276,867
Contributions - Employee	137,959	164,309	157,319	153,450
Net Investment Income	323,232	8,942	420,850	931,463
Benefit Payments, Including Refunds of Employee Contributions	(302,873)	(297,806)	(358,952)	(413,288)
Administrative Expense	(3,374)	(5,446)	(4,752)	(4,826)
Other	(277)	(269)	(256)	(245)
Net Change	409,891	166,425	493,099	943,421
Beginning Plan Fiduciary Net Position	5,649,776	6,059,667	6,226,092	6,719,191
Ending Plan Fiduciary Net Position	<u>\$ 6,059,667</u>	<u>\$ 6,226,092</u>	<u>\$ 6,719,191</u>	<u>\$ 7,662,612</u>
Net Pension Liability (Asset) - Ending	\$ 1,515,843	\$ 2,010,033	\$ 1,840,934	\$ 1,457,326
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.99%	75.59%	78.49%	84.02%
Covered Payroll	\$ 1,970,842	\$ 2,347,267	\$ 2,247,414	\$ 2,192,141
Net Pension Liability as a Percentage of Covered Payroll	76.91%	85.63%	81.91%	66.48%

Information is being accumulated until 10 years are presented.

Total Pension Liability		
2018	2019	2020
\$ 326,906	\$ 313,235	\$ 264,624
612,641	630,470	659,309
-	-	-
(287,727)	(178,397)	(193,648)
-	36,748	-
(414,455)	(347,235)	(353,803)
237,365	454,821	376,482
9,119,938	9,357,303	9,812,124
<u>\$ 9,357,303</u>	<u>\$ 9,812,124</u>	<u>\$ 10,188,606</u>

Plan Fiduciary Net Position		
2018	2019	2020
\$ 269,484	\$ 266,599	\$ 214,472
149,663	145,016	121,547
(229,595)	1,149,442	656,055
(414,455)	(347,235)	(353,803)
(4,436)	(6,493)	(4,244)
(232)	(194)	(166)
(229,571)	1,207,135	633,861
7,662,612	7,433,041	8,640,176
<u>\$ 7,433,041</u>	<u>\$ 8,640,176</u>	<u>\$ 9,274,037</u>

\$ 1,924,262	\$ 1,171,948	\$ 914,569
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79.44%	88.06%	91.02%
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\$ 2,138,037	\$ 2,071,661	\$ 1,736,381
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90.00%	56.57%	52.67%
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CITY OF SINTON
SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFIT
LAST FOUR PLAN (CALENDAR) YEARS

	Total OPEB Liability			
	2017	2018	2019	2020
Service Cost	\$ 6,576	\$ 7,269	\$ 5,593	\$ 6,425
Interest (on the Total OPEB Liability)	4,401	4,486	4,581	4,057
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	(12,838)	(9,346)	(4,521)
Change of Assumptions	9,293	(8,329)	24,340	22,402
Benefit Payments	(1,315)	(1,710)	(1,864)	(1,216)
Net Change in Total OPEB Liability	18,955	(11,122)	23,304	27,147
Total OPEB Liability - Beginning	113,787	132,742	121,620	144,924
Total OPEB Liability - Ending	<u>\$ 132,742</u>	<u>\$ 121,620</u>	<u>\$ 144,924</u>	<u>\$ 172,071</u>
 Covered Payroll	 \$ 2,192,141	 \$ 2,138,037	 \$ 2,071,661	 \$ 1,736,381
 Total OPEB Liability as a Percentage of Covered Payroll	 6.06%	 5.69%	 7.00%	 9.91%

Notes to Schedule of Changes

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Discount Rate	2.00%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information

No assets are accumulated to meet future OPEB benefits.
Benefit Changes None

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

	Total OPEB Liability	
	2020	2021
Service Cost	\$ 138,934	\$ 138,934
Interest (on the Total OPEB Liability)	49,711	53,831
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	-
Change of Assumptions	-	-
Benefit Payments	(11,131)	(11,131)
Net Change in Total OPEB Liability	177,514	181,634
Total OPEB Liability - Beginning	2,076,020	2,253,534
Total OPEB Liability - Ending	\$ 2,253,534	\$ 2,435,168
 Covered Payroll	 \$ 1,588,625	 \$ 1,736,381
 Total OPEB Liability as a Percentage of Covered Payroll	 141.85%	 140.24%

Actuarial Assumptions:

Actuarial Valuation Date	September 30, 2020
Actuarial Method	Entry Age Normal
	Level Percentage of Projected Salary
Discount Rate	2.25%
Mortality Table	RP-2014 Total with Projection MP-2019
Health Cost Trend	Level 4.5% (2.69% for Medicare Part B)
Disability	None
Coverage Assumption	Employees will continue with same plan
Turnover	Rates varying based on gender, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

SUPPLEMENTARY INFORMATION

CITY OF SINTON
 COMPARATIVE BALANCE SHEETS – GENERAL FUND
 SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 3,702,854	\$ 2,307,125
Receivables (net of allowances for uncollectibles):		
Property Taxes	170,238	161,683
Other Receivables	373,706	208,429
Inventory	11,676	4,135
Prepaid Items	-	8,230
 TOTAL ASSETS	 \$ 4,258,474	 \$ 2,689,602
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 31,916	\$ 24,599
Other Liabilities	21,975	-
Unearned American Rescue Plan Revenue	671,138	-
Accrued Wages	10,523	54,263
<i>Total Liabilities</i>	<i>735,552</i>	<i>78,862</i>
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	170,238	161,683
<i>Total Deferred Inflows of Resources</i>	<i>170,238</i>	<i>161,683</i>
 <i>Fund Balances:</i>		
Nonspendable		
Inventory and Prepaid Items	11,676	12,365
Restricted for		
Police Department	856	361
EMS Services	3,545	3,545
Municipal Court	30,718	34,355
Unassigned	3,305,889	2,398,431
<i>Total Fund Balance</i>	<i>3,352,684</i>	<i>2,449,057</i>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 4,258,474	 \$ 2,689,602

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GENERAL FUND
 YEARS ENDING SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES		
Ad Valorem Taxes	\$ 1,529,216	\$ 1,384,382
Sales Taxes	1,051,065	833,702
Other Taxes	246,186	243,175
Licenses and Permits	98,347	60,264
Grants and Donations	255,298	331,590
Emergency Services	11,647	206,383
Rental Income	309,074	259,082
Fines and Penalties	59,710	88,596
Interest Income	3,681	1,817
Industrial District Agreement	180,000	-
Miscellaneous	191,289	203,645
TOTAL REVENUES	3,935,513	3,612,636
EXPENDITURES		
<i>Current:</i>		
Administration	688,375	658,664
Police	1,010,280	1,011,010
Fire	76,255	72,205
Animal Control	106,753	75,960
Municipal Court	78,906	87,657
Streets	382,867	374,850
Parks	231,679	226,488
Emergency Services	137,954	179,160
Inspections	44,088	28,863
Library	224,806	221,192
Capital Outlay	173,752	150,078
TOTAL EXPENDITURES	3,155,715	3,086,127
Excess (Deficiency) of Revenues Over (Under) Expenditures	779,798	526,509
OTHER FINANCING SOURCES (USES)		
Transfers In	123,829	144,999
TOTAL OTHER FINANCING SOURCES (USES)	123,829	144,999
Net Change in Fund Balance	903,627	671,508
BEGINNING FUND BALANCE	2,449,057	1,777,549
ENDING FUND BALANCE	\$ 3,352,684	\$ 2,449,057

CITY OF SINTON
 COMPARATIVE BALANCE SHEETS – ECONOMIC DEVELOPMENT
 SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 3,181,254	\$ 2,781,847
Sales Tax Receivable	110,464	97,559
TOTAL ASSETS	\$ 3,291,718	\$ 2,879,406
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 25,403	\$ 7,838
<i>Total Liabilities</i>	25,403	7,838
 <i>Fund Balances:</i>		
Restricted for Economic Development	3,266,315	2,871,568
<i>Total Fund Balance</i>	3,266,315	2,871,568
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,291,718	\$ 2,879,406

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – ECONOMIC DEVELOPMENT
 YEARS ENDING SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES		
Sales Taxes	\$ 630,639	\$ 500,221
Rental Income	57,943	54,353
Interest Income	1,481	1,321
TOTAL REVENUES	690,063	555,895
EXPENDITURES		
<i>Current:</i>		
Administration	32,609	72,201
Capital Outlay	79,000	-
<i>Debt Service:</i>		
Principal	85,000	80,000
Interest and Fiscal Charges	26,707	30,531
TOTAL EXPENDITURES	223,316	182,732
Excess (Deficiency) of Revenues Over (Under) Expenditures	466,747	373,163
OTHER FINANCING SOURCES (USES)		
Transfers Out	(72,000)	(72,000)
TOTAL OTHER FINANCING SOURCES (USES)	(72,000)	(72,000)
Net Change in Fund Balance	394,747	301,163
BEGINNING FUND BALANCE	2,871,568	2,570,405
ENDING FUND BALANCE	\$ 3,266,315	\$ 2,871,568

CITY OF SINTON
 COMPARATIVE BALANCE SHEETS – DEBT SERVICE
 SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,658,831	\$ 1,558,019
Property Tax Receivable (net)	24,006	25,067
TOTAL ASSETS	\$ 1,682,837	\$ 1,583,086
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax	24,006	25,067
<i>Total Deferred Inflows of Resources</i>	24,006	25,067
 <i>Fund Balances:</i>		
Restricted for Debt Service	1,658,831	1,558,019
<i>Total Fund Balance</i>	1,658,831	1,558,019
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,682,837	\$ 1,583,086

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – DEBT SERVICE
 YEARS ENDING SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES		
Property Taxes	\$ 195,466	\$ 201,355
Interest Income	-	254
TOTAL REVENUES	195,466	201,609
 EXPENDITURES		
<i>Debt Service:</i>		
Principal	57,850	55,625
Interest and Fiscal Charges	36,804	38,081
TOTAL EXPENDITURES	94,654	93,706
 Excess (Deficiency) of Revenues Over (Under) Expenditures	100,812	107,903
 BEGINNING FUND BALANCE	1,558,019	1,450,116
ENDING FUND BALANCE	\$ 1,658,831	\$ 1,558,019

CITY OF SINTON
 COMBINING BALANCE SHEETS – NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (WITH COMPARATIVE TOTALS FOR 2020)

	<u>Affordable Housing</u>	<u>Street Improvement</u>	<u>Fire Equipment</u>
ASSETS			
Cash and Cash Equivalents	\$ 279,932	\$ 212,345	\$ 265,030
Other Receivables	-	-	-
Notes Receivable	<u>132,883</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 412,815</u>	<u>\$ 212,345</u>	<u>\$ 265,030</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	<u>\$ 13,351</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>13,351</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Notes Receivable	132,883	-	-
Restricted For:			
Street Maintenance	-	171,447	-
Municipal Court	-	40,898	-
Fire Equipment	-	-	265,030
Tourism Development	-	-	-
Committed For:			
Affordable Housing	<u>266,581</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>399,464</u>	<u>212,345</u>	<u>265,030</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 412,815</u>	<u>\$ 212,345</u>	<u>\$ 265,030</u>

Occupancy Tax	Total Nonmajor Funds	
	2021	2020
\$ 130,821	\$ 888,128	\$ 799,480
7,602	7,602	10,638
-	132,883	130,100
<u>\$ 138,423</u>	<u>\$ 1,028,613</u>	<u>\$ 940,218</u>
\$ -	\$ 13,351	\$ 9,189
-	13,351	9,189
-	132,883	130,100
-	171,447	147,888
-	40,898	40,898
-	265,030	243,485
138,423	138,423	105,698
-	266,581	262,960
<u>138,423</u>	<u>1,015,262</u>	<u>931,029</u>
<u>\$ 138,423</u>	<u>\$ 1,028,613</u>	<u>\$ 940,218</u>

CITY OF SINTON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDING SEPTEMBER 30, 2021
 (WITH COMPARATIVE TOTALS FOR 2020)

	<u>Affordable Housing</u>	<u>Street Improvement</u>	<u>Fire Equipment</u>
REVENUES			
Occupancy Taxes	\$ -	\$ -	\$ -
Miscellaneous	-	23,559	21,545
Interest Income	6,404	-	-
TOTAL REVENUES	<u>6,404</u>	<u>23,559</u>	<u>21,545</u>
EXPENDITURES			
<i>Current:</i>			
General Government	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,404	23,559	21,545
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,404	23,559	21,545
Fund Balances at Beginning of Year	<u>393,060</u>	<u>188,786</u>	<u>243,485</u>
Fund Balances at End of Year	<u>\$ 399,464</u>	<u>\$ 212,345</u>	<u>\$ 265,030</u>

Occupancy Tax	Total Nonmajor Funds	
	2021	2020
\$ 98,377	\$ 98,377	\$ 80,424
-	45,104	49,213
-	6,404	3,966
<u>98,377</u>	<u>149,885</u>	<u>133,603</u>
<u>65,652</u>	<u>65,652</u>	<u>-</u>
<u>65,652</u>	<u>65,652</u>	<u>-</u>
32,725	84,233	133,603
<u>-</u>	<u>-</u>	<u>25,274</u>
<u>-</u>	<u>-</u>	<u>25,274</u>
32,725	84,233	158,877
<u>105,698</u>	<u>931,029</u>	<u>772,152</u>
<u>\$ 138,423</u>	<u>\$ 1,015,262</u>	<u>\$ 931,029</u>

CITY OF SINTON
 COMPARATIVE STATEMENT OF NET POSITION – PROPRIETARY FUND
 SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 1,960,886	\$ 1,806,959
Receivables (net of allowances for uncollectibles)	364,893	353,218
<i>Total Current Assets</i>	2,325,779	2,160,177
Property and Equipment (net)	6,169,248	6,361,590
TOTAL ASSETS	8,495,027	8,521,767
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	52,073	50,348
OPEB Related Deferred Outflows	9,124	4,987
TOTAL DEFERRED OUTFLOWS	61,197	55,335
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	242,717	107,007
Accrued Wages	3,116	22,727
Accrued Interest	11,471	11,471
Accrued Compensated Absences	31,134	31,307
Deposits and Unearned Revenue	338,092	321,337
Current Portion of Long-Term Debt	192,665	190,030
<i>Total Current Liabilities</i>	819,195	683,879
<i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	2,050,296	2,242,961
Total OPEB Liabilities	747,004	686,044
Net Pension Liability	75,660	151,221
<i>Total Long-term Liabilities</i>	2,872,960	3,080,226
TOTAL LIABILITIES	3,692,155	3,764,105
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	144,026	149,217
OPEB Related Deferred Inflows	3,644	3,700
TOTAL DEFERRED INFLOWS	147,670	152,917
NET POSITION		
Net Investment In Capital Assets	3,926,287	3,928,599
Unrestricted (Deficit)	790,112	731,481
TOTAL NET POSITION	\$ 4,716,399	\$ 4,660,080

CITY OF SINTON
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 PROPRIETARY FUND
 YEARS ENDING SEPTEMBER 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Water Service	\$ 1,422,547	\$ 1,378,229
Sewer Service	747,839	686,307
Garbage Service	906,095	903,713
Miscellaneous Charges	108,950	89,668
TOTAL OPERATING REVENUES	3,185,431	3,057,917
OPERATING EXPENSES		
Personnel	730,649	758,676
Administrative	95,214	136,151
Water and Sewer Maintenance and Operations	956,862	939,790
Garbage Contractor	905,009	907,588
Depreciation	326,937	318,661
TOTAL OPERATING EXPENSES	3,014,671	3,060,866
OPERATING INCOME (LOSS)	170,760	(2,949)
NONOPERATING REVENUES (EXPENSES)		
Grants	3,300	265,855
Interest Income	-	946
Interest Expense	(65,912)	(70,774)
TOTAL NONOPERATING REVENUES (EXPENSES)	(62,612)	196,027
INCOME (LOSS) BEFORE TRANSFERS	108,148	193,078
TRANSFERS		
Transfers Out	(51,829)	(98,273)
TOTAL TRANSFERS	(51,829)	(98,273)
CHANGE IN NET POSITION	56,319	94,805
NET POSITION AT BEGINNING OF YEAR	4,660,080	4,565,275
NET POSITION AT END OF YEAR	\$ 4,716,399	\$ 4,660,080

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COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Management, Mayor and City Council of
City of Sinton, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Sinton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Sinton's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain other matters that we have reported to management of the City in a separate letter dated January 31, 2022.

Purpose of this Report

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

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

January 31, 2022