



**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**

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, 2022

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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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Sinton as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Sinton's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sinton, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sinton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sinton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Sinton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Sinton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

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

### *Supplementary Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023 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.*

Armstrong, Vaughan & Associates, P.C.

February 13, 2023

## 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, 2022. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

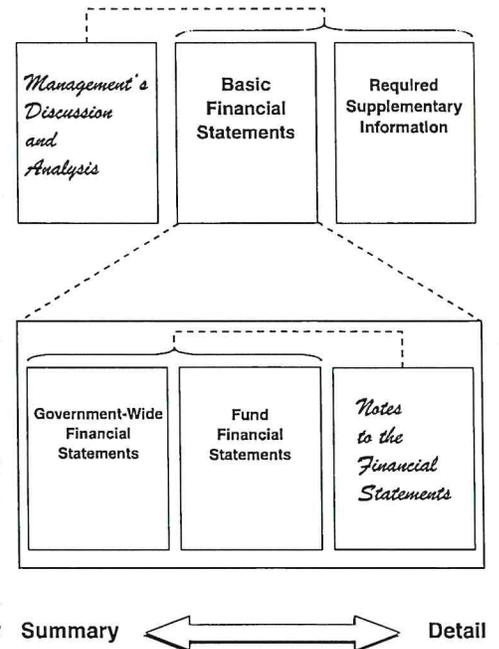
- The City’s total combined net position was \$19.6 million at September 30, 2022.
- The City’s governmental expenses were \$2.9 million less than the \$7.0 million generated in general and program revenues generated for governmental activities. Revenues increased from utilization of the American Rescue Plan grant. Governmental expenses increased 22% for a fully staffed police force and professional services for large school district building permits.
- The City’s business-type expenses were \$572 thousand less than the \$3.6 million generated in charges for services and other revenues. The total cost of the City’s business-type activities decreased less than 1%.
- The general fund reported a fund balance of \$5.1 million, an increase of \$1.7 million.
- 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 \$19.6 million at September 30, 2022. (See Table A-1).

Table A-1  
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<i>Assets:</i>						
Current Assets	\$ 11,342,431	\$ 10,128,760	\$ 2,679,884	\$ 2,325,779	\$ 14,022,315	\$ 12,454,539
Other Assets	100,995	132,883	-	-	100,995	132,883
Capital Assets (net)	7,754,923	6,499,776	6,425,522	6,169,248	14,180,445	12,669,024
<i>Total Assets</i>	<u>19,198,349</u>	<u>16,761,419</u>	<u>9,105,406</u>	<u>8,495,027</u>	<u>28,303,755</u>	<u>25,256,446</u>
<i>Deferred Outflows:</i>	241,600	158,647	85,172	61,197	326,772	219,844
<i>Liabilities:</i>						
Current Liabilities	452,506	1,045,661	1,075,683	819,195	1,528,189	1,864,856
Long-Term Liabilities	3,685,380	4,121,922	2,720,844	2,872,960	6,406,224	6,994,882
<i>Total Liabilities</i>	<u>4,137,886</u>	<u>5,167,583</u>	<u>3,796,527</u>	<u>3,692,155</u>	<u>7,934,413</u>	<u>8,859,738</u>
<i>Deferred Inflows:</i>	1,000,385	337,541	105,738	147,670	1,106,123	485,211
<i>Net Position:</i>						
Net Invested in Capital Assets	6,332,145	4,924,655	4,375,226	3,926,287	10,707,371	8,850,942
Restricted	4,780,998	5,590,102	-	-	4,780,998	5,590,102
Unrestricted	3,188,535	900,185	913,087	790,112	4,101,622	1,690,297
<i>Total Net Position</i>	<u>\$ 14,301,678</u>	<u>\$ 11,414,942</u>	<u>\$ 5,288,313</u>	<u>\$ 4,716,399</u>	<u>\$ 19,589,991</u>	<u>\$ 16,131,341</u>

## Governmental Activities

- Property tax rates remained the same for the fiscal year ending September 30, 2022. However, new property and increasing valuations added \$189 thousand to revenues.
- The City utilized the American Rescue Plan Act grant money for revenue loss.
- Expenses increased primarily from a fully staff police department and plan review services on large school district permits (which were offset by permit revenues).

## Business-Type Activities

- Expenses decreased less than 1% while charges for services increased 3.5%.
- The customer base is largely stable and revenue fluctuates based on consumption patterns.

**Table A-2**  
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<i>Program Revenues:</i>						
Charges for Services	\$ 1,126,894	\$ 710,698	\$ 3,298,305	\$ 3,185,431	\$ 4,425,199	\$ 3,896,129
Operating Grants and Contributions	164,748	213,293	-	-	164,748	213,293
Capital Contributions	100,000	-	337,441	3,300	437,441	3,300
<i>General Revenues:</i>						
Taxes	3,862,005	3,758,445	-	-	3,862,005	3,758,445
Interest Earnings	14,103	5,162	-	-	14,103	5,162
Industrial District Agreement	240,000	180,000	-	-	240,000	180,000
General Grants	1,327,957	-	-	-	1,327,957	-
Miscellaneous	212,508	111,271	-	-	212,508	111,271
<b>TOTAL REVENUES</b>	<b>7,048,215</b>	<b>4,978,869</b>	<b>3,635,746</b>	<b>3,188,731</b>	<b>10,683,961</b>	<b>8,167,600</b>
<i>Program Expenses:</i>						
Administration	790,355	774,109	-	-	790,355	774,109
Police	1,298,577	1,044,369	-	-	1,298,577	1,044,369
Fire	129,507	96,545	-	-	129,507	96,545
Animal Control	85,967	91,278	-	-	85,967	91,278
Municipal Court	95,784	79,090	-	-	95,784	79,090
Streets	625,237	485,106	-	-	625,237	485,106
Parks	258,277	265,457	-	-	258,277	265,457
Emergency Services	184,954	181,704	-	-	184,954	181,704
Inspections	372,856	44,088	-	-	372,856	44,088
Library	265,001	266,137	-	-	265,001	266,137
Utilities	-	-	3,063,832	3,080,583	3,063,832	3,080,583
Interest on Debt	54,964	60,228	-	-	54,964	60,228
<b>TOTAL EXPENSES</b>	<b>4,161,479</b>	<b>3,388,111</b>	<b>3,063,832</b>	<b>3,080,583</b>	<b>7,225,311</b>	<b>6,468,694</b>
Transfers	-	51,829	-	(51,829)	-	-
<b>Change in Net Position</b>	<b>2,886,736</b>	<b>1,642,587</b>	<b>571,914</b>	<b>56,319</b>	<b>3,458,650</b>	<b>1,698,906</b>
Net Position at Beginning of Year	11,414,942	9,772,355	4,716,399	4,660,080	16,131,341	14,432,435
<b>Net Position at End of Year</b>	<b>\$ 14,301,678</b>	<b>\$ 11,414,942</b>	<b>\$ 5,288,313</b>	<b>\$ 4,716,399</b>	<b>\$ 19,589,991</b>	<b>\$ 16,131,341</b>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General fund increased its fund balance by \$1.7 million as it was the recipient of the American Rescue Plan grant.
- The Economic Development fund is continuing a sewer infrastructure project to encourage development in the area. It reduced its fund balance by \$411 thousand.
- Debt Service added \$108 thousand to fund balance as management anticipates paying off a bond early.

### Budgetary Highlights

- General Fund revenues overall exceeded the budget by \$1.7 million, mostly from the American Rescue Plan grant.
- General Fund expenditures were \$24 thousand under budget.
- The General Fund balance increased \$1.8 million compared to a budgeted decreased of \$98 thousand.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2022, the City had invested \$23 million in a broad range of capital assets, including land, equipment, buildings, and infrastructure. Significant changes in fiscal year 2022 included a new fire truck, street sweeper and continued improvements to the sewer system. (See Table A-4)

**Table A-4**  
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 62,250	\$ 62,250	\$ 4,000	\$ 4,000	\$ 66,250	\$ 66,250
Buildings and Improvements	5,726,773	5,683,268	-	-	5,726,773	5,683,268
Infrastructure	3,953,756	3,811,464	9,685,268	9,465,655	13,639,024	13,277,119
Equipment	2,501,199	2,544,144	403,457	407,922	2,904,656	2,952,066
Construction in Progress	1,057,705	79,000	324,267	-	1,381,972	79,000
Totals at Historical Cost	13,301,683	12,180,126	10,416,992	9,877,577	23,718,675	22,057,703
Accumulated Depreciation	(5,546,760)	(5,680,350)	(3,991,470)	(3,708,329)	(9,538,230)	(9,388,679)
Net Capital Assets	<u>\$ 7,754,923</u>	<u>\$ 6,499,776</u>	<u>\$ 6,425,522</u>	<u>\$ 6,169,248</u>	<u>\$ 14,180,445</u>	<u>\$ 12,669,024</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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds Payable	\$ 1,422,778	\$ 1,575,121	\$ 2,050,296	\$ 2,242,961	\$ 3,473,074	\$ 3,818,082
Total Long-Term Debt	\$ 1,422,778	\$ 1,575,121	\$ 2,050,296	\$ 2,242,961	\$ 3,473,074	\$ 3,818,082

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2022-2023 year, the City kept the overall property tax rate of \$0.7593, which will generate more revenue with increasing valuations and new properties. 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](http://www.sintontexas.org).

## BASIC FINANCIAL STATEMENTS

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

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

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



CITY OF SINTON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,398,756	\$ 2,048,710	\$ 12,447,466
Ad Valorem Tax Receivable (Net)	220,613	-	220,613
Other Receivables (Net)	708,892	631,174	1,340,066
Inventory	14,170	-	14,170
Notes Receivable	100,995	-	100,995
Capital Assets (net)	7,754,923	6,425,522	14,180,445
<b>TOTAL ASSETS</b>	<u>19,198,349</u>	<u>9,105,406</u>	<u>28,303,755</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Pension Related Outflows	218,488	76,654	295,142
Deferred OPEB Related Outflows	23,112	8,518	31,630
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>241,600</u>	<u>85,172</u>	<u>326,772</u>
<b>LIABILITIES</b>			
Accounts Payable	139,151	493,347	632,498
Accrued Wages	17,087	5,023	22,110
Accrued Interest	9,021	9,875	18,896
Accrued Compensated Absences	128,409	23,438	151,847
Deposits and Unearned Revenue	6,538	346,300	352,838
<i>Long-term Debt</i>			
Long-term Debt Due in One Year	152,300	197,700	350,000
Long-term Debt Due in More than One Year	1,270,478	1,852,596	3,123,074
Total OPEB Liabilities	2,007,998	794,987	2,802,985
Net Pension Liability	406,904	73,261	480,165
<b>TOTAL LIABILITIES</b>	<u>4,137,886</u>	<u>3,796,527</u>	<u>7,934,413</u>
<b>DEFERRED INFLOWS</b>			
Deferred Pension Related Inflows	604,120	102,129	706,249
Deferred OPEB Related Inflows	12,039	3,609	15,648
Lease Inflows	384,226	-	384,226
<b>TOTAL DEFERRED INFLOWS</b>	<u>1,000,385</u>	<u>105,738</u>	<u>1,106,123</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,332,145	4,375,226	10,707,371
Restricted for:			
Debt Service	1,758,339	-	1,758,339
Economic Development	2,761,807	-	2,761,807
Police Department	856	-	856
Tourism Development	184,628	-	184,628
EMS Services	3,545	-	3,545
Municipal Court	71,823	-	71,823
Unrestricted	3,188,535	913,087	4,101,622
<b>TOTAL NET POSITION</b>	<u>\$ 14,301,678</u>	<u>\$ 5,288,313</u>	<u>\$ 19,589,991</u>

See accompanying notes to basic financial statements.

CITY OF SINTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<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>
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
Administration	\$ 790,355	\$ 150,711	\$ -	\$ -
Police	1,298,577	48,720	21,713	-
Fire	129,507	26,932	61,772	-
Animal Control	85,967	3,270	-	-
Municipal Court	95,784	100,652	-	-
Streets	625,237	47,177	-	100,000
Parks	258,277	182,933	-	-
Emergency Services	184,954	-	80,258	-
Inspections	372,856	560,174	-	-
Library	265,001	6,325	1,005	-
Interest on Long-term Debt	54,964	-	-	-
<i>Total Governmental Activities</i>	<u>4,161,479</u>	<u>1,126,894</u>	<u>164,748</u>	<u>100,000</u>
<i>Business-Type Activities:</i>				
Utilities	3,063,832	3,298,305	-	337,441
<i>Total Business-Type Activities</i>	<u>3,063,832</u>	<u>3,298,305</u>	<u>-</u>	<u>337,441</u>
<b>Total Primary Government</b>	<u>\$ 7,225,311</u>	<u>\$ 4,425,199</u>	<u>\$ 164,748</u>	<u>\$ 437,441</u>
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Other Taxes				
Interest and Investment Earnings				
Industrial District Agreement				
General Grants				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Position				
<b>Net Position at Beginning of Year</b>				
<b>Net Position at End of Year</b>				

See accompanying notes to basic financial statements.

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

Governmental Activities	Business-Type Activities	Total
\$ (639,644)		\$ (639,644)
(1,228,144)		(1,228,144)
(40,803)		(40,803)
(82,697)		(82,697)
4,868		4,868
(478,060)		(478,060)
(75,344)		(75,344)
(104,696)		(104,696)
187,318		187,318
(257,671)		(257,671)
(54,964)		(54,964)
(2,769,837)		(2,769,837)
	\$ 571,914	571,914
	571,914	571,914
		(2,197,923)
1,921,362	-	1,921,362
1,598,533	-	1,598,533
342,110	-	342,110
14,103	-	14,103
240,000	-	240,000
1,327,957	-	1,327,957
212,508	-	212,508
5,656,573	-	5,656,573
2,886,736	571,914	3,458,650
11,414,942	4,716,399	16,131,341
\$ 14,301,678	\$ 5,288,313	\$ 19,589,991

CITY OF SINTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General Fund	Economic Development	Debt Service		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$4,886,811	\$ 2,766,416	\$1,765,259	\$ 980,271	\$ 10,398,757
Ad Valorem Taxes Receivable (Net)	196,873	-	23,740	-	220,613
Other Receivables (Net)	227,429	474,804	-	6,660	708,893
Inventory	14,170	-	-	-	14,170
Notes Receivable	-	-	-	100,995	100,995
<b>TOTAL ASSETS</b>	<u>\$ 5,325,283</u>	<u>\$ 3,241,220</u>	<u>\$ 1,788,999</u>	<u>\$ 1,087,926</u>	<u>\$ 11,443,428</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ 35,467	\$ 95,187	\$ -	\$ 8,496	\$ 139,150
Unearned EMS Subsidy	6,538	-	-	-	6,538
Accrued Wages	17,087	-	-	-	17,087
<i>Total Liabilities</i>	<u>59,092</u>	<u>95,187</u>	<u>-</u>	<u>8,496</u>	<u>162,775</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Property Tax Revenue	179,445	-	21,639	-	201,084
Lease Inflows	-	384,226	-	-	384,226
<i>Total Deferred Inflows</i>	<u>179,445</u>	<u>384,226</u>	<u>21,639</u>	<u>-</u>	<u>585,310</u>
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	14,170	-	-	-	14,170
Notes Receivable	-	-	-	100,995	100,995
Restricted for:					
Debt Service	-	-	1,767,360	-	1,767,360
Economic Development	-	2,761,807	-	-	2,761,807
Police Department	856	-	-	-	856
Tourism Development	-	-	-	184,628	184,628
EMS Services	3,545	-	-	-	3,545
Municipal Court	30,925	-	-	40,898	71,823
Committed for:					
Street Maintenance	-	-	-	194,816	194,816
Fire Equipment Replacement	-	-	-	237,019	237,019
Affordable Housing	-	-	-	321,074	321,074
Unassigned	5,037,250	-	-	-	5,037,250
<i>Total Fund Balances</i>	<u>5,086,746</u>	<u>2,761,807</u>	<u>1,767,360</u>	<u>1,079,430</u>	<u>10,695,343</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 5,325,283</u>	<u>\$ 3,241,220</u>	<u>\$ 1,788,999</u>	<u>\$ 1,087,926</u>	<u>\$ 11,443,428</u>

See accompanying notes to basic financial statements.

CITY OF SINTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 10,695,343
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,754,923
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		201,081
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(128,409)
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.		(1,431,799)
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	(406,904)	
Pension Related Deferred Outflows	218,488	
Pension Related Deferred Inflows	(604,120)	
Total OPEB Obligation	(2,007,998)	
OPEB Related Deferred Outflows	23,112	
OPEB Related Deferred Inflows	(12,039)	(2,789,461)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 14,301,678

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, 2022

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General Fund	Economic Development	Debt Service		
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 1,711,084	\$ -	\$ 203,439	\$ -	\$ 1,914,523
Sales Taxes	999,083	599,450	-	-	1,598,533
Other Taxes	260,303	-	-	81,808	342,111
Licenses and Permits	560,694	-	-	-	560,694
Grants and Donations	1,541,425	-	-	-	1,541,425
Lease Income	182,933	105,596	-	-	288,529
Fines and Penalties	99,938	-	-	-	99,938
Interest Income	4,626	8,488	-	22,605	35,719
Industrial District Agreement	240,000	-	-	-	240,000
Miscellaneous	257,846	-	-	50,302	308,148
<b>TOTAL REVENUES</b>	<u>5,857,932</u>	<u>713,534</u>	<u>203,439</u>	<u>154,715</u>	<u>6,929,620</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Administration	716,215	42,719	-	35,603	794,537
Police	1,255,893	-	-	-	1,255,893
Fire	103,980	-	-	-	103,980
Animal Control	83,086	-	-	-	83,086
Municipal Court	95,043	-	-	-	95,043
Streets	770,885	-	-	-	770,885
Parks	205,613	-	-	-	205,613
Emergency Services	184,954	-	-	-	184,954
Inspections	372,856	-	-	-	372,856
Library	209,274	-	-	-	209,274
Capital Outlay	308,127	990,970	-	54,944	1,354,041
<i>Debt Service:</i>					
Principal	-	90,000	60,075	-	150,075
Interest and Fiscal Charges	-	22,353	34,835	-	57,188
<b>TOTAL EXPENDITURES</b>	<u>4,305,926</u>	<u>1,146,042</u>	<u>94,910</u>	<u>90,547</u>	<u>5,637,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,552,006	(432,508)	108,529	64,168	1,292,195
<b>OTHER FINANCING SOURCES (USES)</b>					
Disposal of Fire Truck	110,056	-	-	-	110,056
Transfers In (Out)	72,000	(72,000)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>182,056</u>	<u>(72,000)</u>	<u>-</u>	<u>-</u>	<u>110,056</u>
Net Change in Fund Balance	1,734,062	(504,508)	108,529	64,168	1,402,251
Beginning Fund Balance	3,352,684	3,266,315	1,658,831	1,015,262	9,293,092
Ending Fund Balance	<u>\$ 5,086,746</u>	<u>\$ 2,761,807</u>	<u>\$ 1,767,360</u>	<u>\$ 1,079,430</u>	<u>\$ 10,695,343</u>

See accompanying notes to basic financial statements.

CITY OF SINTON  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,402,251

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

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

Capital Outlay	1,612,484	
Depreciation	<u>(357,337)</u>	1,255,147

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 6,840

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	238,314	
Other Post-employment Benefits	<u>(149,741)</u>	88,573

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>150,075</u>	150,075
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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	(19,364)	
Amortization of Bond Premiums	2,268	
Change in Accrued Interest	<u>946</u>	<u>(16,150)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,886,736

CITY OF SINTON  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2022

	Utility Fund
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 2,048,710
Receivables (net of allowances for uncollectibles)	631,174
<i>Total Current Assets</i>	2,679,884
 <i>Other Assets:</i>	
Property and Equipment (net)	6,425,522
<i>Total Other Assets</i>	6,425,522
<b>TOTAL ASSETS</b>	<b>9,105,406</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Deferred Outflows	76,654
OPEB Related Deferred Outflows	8,518
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>85,172</b>
 <b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	493,347
Accrued Wages	5,023
Accrued Interest	9,875
Accrued Compensated Absences	23,438
Deposits and Unearned Revenue	346,300
Current Portion of Long-Term Debt	197,700
<i>Total Current Liabilities</i>	1,075,683
 <i>Long-term Liabilities:</i>	
Long-term Debt (Net of Current Portion)	1,852,596
Total OPEB Liabilities	794,987
Net Pension Liability	73,261
<i>Total Long-term Liabilities</i>	2,720,844
<b>TOTAL LIABILITIES</b>	<b>3,796,527</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Deferred Inflows	102,129
OPEB Related Deferred Inflows	3,609
<b>TOTAL DEFERRED INFLOWS</b>	<b>105,738</b>
 <b>NET POSITION</b>	
Net Investment In Capital Assets	4,375,226
Unrestricted	913,087
<b>TOTAL NET POSITION</b>	<b>\$ 5,288,313</b>

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, 2022

	Utility Fund
<b>OPERATING REVENUES</b>	
Water Service	\$ 1,502,390
Sewer Service	816,323
Garbage Service	872,189
Miscellaneous Charges	107,403
<b>TOTAL OPERATING REVENUES</b>	3,298,305
 <b>OPERATING EXPENSES</b>	
Personnel	610,134
Administrative	107,850
Water and Sewer Maintenance and Operations	1,095,867
Garbage Contractor	865,556
Depreciation	324,604
<b>TOTAL OPERATING EXPENSES</b>	3,004,011
 <b>OPERATING INCOME (LOSS)</b>	294,294
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Grants	337,441
Interest Expense	(59,821)
<b>TOTAL NONOPERATING</b>	277,620
 <b>CHANGE IN NET POSITION</b>	571,914
 <b>BEGINNING NET POSITION</b>	4,716,399
<b>ENDING NET POSITION</b>	\$ 5,288,313

See accompanying notes to basic financial statements.

CITY OF SINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 3,040,232
Cash Paid to Employees for Services	(636,246)
Cash Paid to Suppliers for Goods and Services	(1,818,643)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>585,343</b>
 <b>Cash Flows From Capital and Related Financing Activities:</b>	
Capital Grants	337,441
Purchase of Capital Assets	(580,878)
Principal Payments on Long-Term Debt	(189,925)
Interest Paid	(64,157)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(497,519)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>87,824</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>1,960,886</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,048,710</b>

See accompanying notes to basic financial statements.

CITY OF SINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Utility Fund
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$	294,294
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		324,604
(Increase) Decrease in:		
Accounts Receivable (net)		(266,281)
Pension Related Deferred Outflows		(24,581)
OPEB Related Deferred Outflows		606
Increase (Decrease) in Current Liabilities:		
Accounts Payable		250,630
Accrued Wages		1,907
Accrued Compensated Absences		(7,696)
Deposits and Unearned Revenue		8,208
Total OPEB Liabilities		47,983
Net Pension Liability		(2,399)
Pension Related Deferred Inflows		(41,897)
OPEB Related Deferred Inflows		(35)
<b>Total Adjustments to Reconcile     Operating Activities</b>		<b>291,049</b>
 <b>Net Cash Provided (Used) by Operating Activities</b>	 <b>\$</b>	 <b>585,343</b>

See accompanying notes to basic financial statements.

CITY OF SINTON  
 STATEMENT OF FIDUCIARY NET POSITION  
 SEPTEMBER 30, 2022

	<u>Somerset PID</u>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	<u>\$ 14,312</u>
<b>TOTAL ASSETS</b>	<u>14,312</u>
 <b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>
 <b>NET POSITION</b>	
Restricted for Debt Service	<u>14,312</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 14,312</u></u>

See accompanying notes to basic financial statements.

CITY OF SINTON  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Somerset PID
<b>ADDITIONS</b>	
Developer Contributions	\$ 36,312
<b>TOTAL ADDITIONS</b>	36,312
 <b>DEDUCTIONS</b>	
Administrative Costs	22,000
<b>TOTAL DEDUCTIONS</b>	22,000
<b>CHANGE IN NET POSITION</b>	14,312
<b>BEGINNING NET POSITION</b>	-
<b>ENDING NET POSITION</b>	\$ 14,312

See accompanying notes to basic financial statements.

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**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, 2022, 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, 2022

**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, 2022

**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, 2022

**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, 2021 and past due after January 31, 2022. 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, 2022

**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, 2022

**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, 2022

**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, 2022

**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.

22. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

As of October 1, 2021, the City implemented Governmental Accounting Standards Board Statement 87 regarding leases. The City examined its agreements and determined that two community center leases in the Economic Development Corporation qualify for new accounting treatment under GASB 87. A lease receivable at the net present value of future lease payments as of October 1, 2021 was recorded with an offsetting deferred inflow in. No changes to beginning fund balance or net position were necessary.

**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, 2022, the carrying amount of the City's deposits were fully covered by a combination of pledged collateral and FDIC insurance.

2. Investments

The City had no investments at September 30, 2022.

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, 2022

**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, 2021, upon which the fiscal 2022 levy was based, was \$249 million (i.e., market value less exemptions). The estimated market value was \$307 million, making the taxable value 81% 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, 2022, 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 \$1.8 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, 2022 are as follows:

	General Fund	Economic Development	Total Nonmajor	Utility Fund
Sales and Mixed Beverage Tax	\$ 172,162	\$ 103,297	\$ -	\$ -
Franchise Fees	36,645	-	-	-
Hotel Occupancy Tax	-	-	6,660	-
Customer Charges	17,003	-	-	539,405
Leases	-	371,507	-	-
Grants	-	-	-	258,295
Other	1,619	-	-	-
Allowance for Uncollectibles	-	-	-	(166,526)
Total Other Receivables	<u>\$ 227,429</u>	<u>\$ 474,804</u>	<u>\$ 6,660</u>	<u>\$ 631,174</u>

**NOTE E -- INTERFUND TRANSACTIONS**

Interfund transfers during the year ending September 30, 2022 were as follows:

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

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE F – NOTES RECEIVABLE**

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

	Issue Date	Original Amount	Balance 9/30/22	Monthly Payment	Interest Rate
Note 2	12/1/2010	\$ 71,000	\$ 58,534	\$ 394	3.00%
Note 3	12/1/2010	81,000	42,461	449	3.00%
		<u>\$ 152,000</u>	<u>\$ 100,995</u>	<u>\$ 843</u>	

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

Fiscal Year Ending September 30,	Future Note Payments
2023	\$ 10,116
2024	10,116
2025	10,116
2026	10,116
2027	10,116
Thereafter	<u>71,253</u>
Gross Amounts	121,833
Less: Amounts Representing Interest	<u>(20,838)</u>
	<u>\$ 100,995</u>

**NOTE G -- LEASES**

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

	Lease 1	Lease 2
Current Term Ends	March 2027	June 2025
Extension Options End	March 2037	June 2032
Termination Option	None	None
Total Inflows		
Lease Revenue	\$ 45,160	\$ 37,144
Interest Revenue	4,040	3,848
Variable and Other Payments	-	-

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

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE H -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2021	Additions	Disposals/ Transfers	Balance 9/30/2022
Land	\$ 62,250	\$ -	\$ -	\$ 62,250
Buildings and Improvements	5,683,268	43,505	-	5,726,773
Infrastructure	3,811,464	142,820	(528)	3,953,756
Vehicles and Equipment	2,544,144	447,454	(490,399)	2,501,199
Construction in Progress	79,000	978,705	-	1,057,705
	<u>12,180,126</u>	<u>1,612,484</u>	<u>(490,927)</u>	<u>13,301,683</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,368,497)	(156,417)	-	(2,524,914)
Vehicles and Equipment	(2,286,514)	(119,659)	490,399	(1,915,774)
Infrastructure	(1,025,339)	(81,261)	528	(1,106,072)
	<u>(5,680,350)</u>	<u>(357,337)</u>	<u>490,927</u>	<u>(5,546,760)</u>
Capital Assets, Net	<u>\$ 6,499,776</u>	<u>\$ 1,255,147</u>	<u>\$ -</u>	<u>\$ 7,754,923</u>
<u>Business-Type Activities</u>	Balance 10/1/2021	Additions	Disposals/ Transfers	Balance 9/30/2022
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Infrastructure	9,465,655	230,648	(11,035)	9,685,268
Vehicles and Equipment	407,922	25,963	(30,428)	403,457
Construction in Progress	-	324,267	-	324,267
	<u>9,877,577</u>	<u>580,878</u>	<u>(41,463)</u>	<u>10,416,992</u>
Less Accumulated Depreciation				
Vehicles and Equipment	(212,907)	(44,849)	30,428	(227,328)
Infrastructure	(3,495,422)	(279,755)	11,035	(3,764,142)
	<u>(3,708,329)</u>	<u>(324,604)</u>	<u>41,463</u>	<u>(3,991,470)</u>
Capital Assets, Net	<u>\$ 6,169,248</u>	<u>\$ 256,274</u>	<u>\$ -</u>	<u>\$ 6,425,522</u>

Land and Construction in Progress are not depreciated.

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE H -- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the governmental functions as follows:

Administration	\$	26,180
Police		86,875
Fire		23,545
Streets		111,436
Parks		48,818
Animal Control		4,155
Library		<u>56,328</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 357,337</u>

**NOTE I -- LONG-TERM LIABILITIES**

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
<i>Governmental Activities</i>				
Bonds Payable and Premiums	\$ 1,575,121	\$ -	\$ (152,343)	\$ 1,422,778
Net Pension Liability	838,909	254,263	(686,268)	406,904
Accrued Compensated Absences	109,045	128,409	(109,045)	128,409
Total OPEB Liabilities:				
Retiree Death Benefit	136,937	10,125	(1,773)	145,289
Retiree Health Insurance	<u>1,723,298</u>	<u>139,411</u>	<u>-</u>	<u>1,862,709</u>
<i>Total Governmental Activities</i>	<u>\$ 4,383,310</u>	<u>\$ 532,208</u>	<u>\$ (949,429)</u>	<u>\$ 3,966,089</u>
 <i>Business-Type Activities</i>				
Bonds Payable and Premiums	\$ 2,242,961	\$ -	\$ (192,665)	\$ 2,050,296
Net Pension Liability	75,660	25,147	(27,546)	73,261
Accrued Compensated Absences	31,134	23,438	(31,134)	23,438
Total OPEB Liabilities:				
Retiree Death Benefit	35,134	2,606	(932)	36,808
Retiree Health Insurance	<u>711,870</u>	<u>46,309</u>	<u>-</u>	<u>758,179</u>
<i>Total Business-Type Activities</i>	<u>\$ 3,096,759</u>	<u>\$ 97,500</u>	<u>\$ (252,277)</u>	<u>\$ 2,941,982</u>

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, 2022

**NOTE J -- 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 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
2007 Series	\$ 590,000	\$ -	\$ (90,000)	\$ 500,000	\$ 90,000
2014 Series	967,875	-	(60,075)	907,800	62,300
Unamortized Premiums	17,246	-	(2,268)	14,978	-
<i>Total Governmental Activities</i>	<u>\$ 1,575,121</u>	<u>\$ -</u>	<u>\$ (152,343)</u>	<u>\$ 1,422,778</u>	<u>\$ 152,300</u>
<i>Business-Type Activities</i>					
Bonds Payable:					
2019 Series	\$ 1,015,000	\$ -	\$ (115,000)	\$ 900,000	\$ 120,000
2014 Series	1,207,125	-	(74,925)	1,132,200	77,700
Unamortized Premiums	20,836	-	(2,740)	18,096	-
<i>Total Business-Type Activities</i>	<u>\$ 2,242,961</u>	<u>\$ -</u>	<u>\$ (192,665)</u>	<u>\$ 2,050,296</u>	<u>\$ 197,700</u>

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE J – BONDS PAYABLE (Continued)**

The annual requirements to amortize all bonded debt outstanding as of September 30, 2022, including interest payments, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 152,300	\$ 52,203	\$ 197,700	\$ 59,247	\$ 461,450
2024	159,525	46,351	205,475	54,195	465,546
2025	166,750	40,219	208,250	49,005	464,224
2026	171,750	33,839	213,250	43,720	462,559
2027	178,975	26,869	216,025	37,906	459,775
2028-2032	396,050	77,253	763,950	102,252	1,339,505
2033-2034	182,450	7,387	227,550	9,213	426,600
	<u>\$ 1,407,800</u>	<u>\$ 284,121</u>	<u>\$ 2,032,200</u>	<u>\$ 355,538</u>	<u>\$ 4,079,659</u>

**NOTE K -- 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](http://www.tmr.com). All eligible employees of the City are required to participate in TMRS retirement system.

**Benefits Provided**

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

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

CITY OF SINTON  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

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

	2021
Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	49
Active employees	42
	121

**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 12.29% and 12.46% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$242,523 and matched the required contributions.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2021 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

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.

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	5%	5.35%
Private Equity	10%	10.00%
	100%	

**Discount Rate**

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

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 10,188,606	\$ 9,274,037	\$ 914,569
Changes for the year:			
Service Cost	279,410	-	279,410
Interest	685,856	-	685,856
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	159,482	-	159,482
Changes of Assumptions	-	-	-
Contributions - Employer	-	226,663	(226,663)
Contributions - Employee	-	129,101	(129,101)
Net Investment Income	-	1,208,945	(1,208,945)
Benefit Payments, Including Refunds of Employee Contributions	(334,971)	(334,971)	-
Administrative Expense	-	(5,594)	5,594
Other Changes	-	37	(37)
Net Changes	<u>789,777</u>	<u>1,224,181</u>	<u>(434,404)</u>
Balance at December 31, 2021	<u>\$ 10,978,383</u>	<u>\$ 10,498,218</u>	<u>\$ 480,165</u>

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 2,145,145	\$ 480,165	\$ (868,159)

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2022, the City recognized pension income of (\$64,865). Also as of September 30, 2022, 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	\$ 105,236	\$ 86,466
Changes in Actuarial Assumptions	2,932	-
Differences Between Projected and Actual Investment Earnings	-	619,783
Contributions Subsequent to the Measurement Date	186,974	-
	\$ 295,142	\$ 706,249

Deferred outflows of resources in the amount of \$186,974 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, 2023. 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,	
2023	\$ (129,091)
2024	(221,246)
2025	(131,157)
2026	(116,587)
	\$ (598,081)

CITY OF SINTON  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE L -- 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, 2021, the valuation and measurement date, consisted of:

	2021
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	6
Active employees	42
	67

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

For the Plan Year Ended December 31,	Total Rate	Retiree Portion
2022	0.29%	0.17%
2021	0.23%	0.13%

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%.

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE L -- OTHER POSTEMPLOYMENT BENEFIT - SBDF (Continued)**

The assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Discount Rate	1.84%
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.

The changes in the City's Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended December 31, 2021, were as follows:

	Total OPEB Liability
Balance at December 31, 2020	\$ 172,072
Changes for the year:	
Service Cost	9,221
Interest	3,510
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(5,610)
Changes of Assumptions	5,302
Benefit Payments	(2,398)
Net Changes	10,025
Balance at December 31, 2021	\$ 182,097

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE L -- OTHER POSTEMPLOYMENT BENEFIT - SBDF (Continued)**

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 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 0.84%	Discount Rate 1.84%	Discount Rate 2.84%
Total OPEB Liability	\$ 219,609	\$ 182,097	\$ 152,553

For the year ended September 30, 2022, the City recognized OPEB expense of \$16,338. Also as of September 30, 2022, 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	\$ -	\$ 15,648
Changes in Actuarial Assumptions	29,077	-
Contributions Subsequent to the Measurement Date	2,553	-
	\$ 31,630	\$ 15,648

Deferred outflows of resources in the amount of \$2,553 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, 2023. 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,	
2023	\$ 2,946
2024	3,461
2025	5,266
2026	1,773
2027	(17)
	\$ 13,429

CITY OF SINTON  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE M -- 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:

	2020
Active employees	36
Inactive employees eligible for benefits	0
Retired employees drawing benefits	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.

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.

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE M -- OTHER POSTEMPLOYMENT BENEFIT - RETIREE INSURANCE (Continued)**

The changes in the City's Total OPEB Liability (TOL), based on the above actuarial factors, during the year ended September 30, 2022, were as follows:

	Total OPEB Liability
Balance at October 1, 2021	\$ 2,435,168
Changes for the year:	
Service Cost	138,934
Interest	57,917
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	(11,131)
Net Changes	185,720
Balance at September 30, 2022	\$ 2,620,888

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

The TOL of the City is calculated using a discount rate of 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)	\$ 2,036,430	\$ 2,620,888	\$ 3,425,501

	Health Care Cost Trend Rate		
	3.50%	4.50%	5.50%
Total OPEB Liability (Asset)	\$ 1,963,045	\$ 2,620,888	\$ 3,569,649

For the year ended September 30, 2022, the City recognized OPEB expense of \$196,851. Also as of September 30, 2022, the City reported no deferred outflows of resources or deferred inflows of resources related to this OPEB.

CITY OF SINTON  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE N -- COMMITMENTS AND CONTINGENCIES**

Litigation

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

Commitments

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

Further, 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.

**NOTE O -- 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 P -- 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:

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

CITY OF SINTON  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

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

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

In addition, the City established a Tax Increment Reinvestment Zone (TIRZ) on the same area. The City will use 50% of the incremental maintenance and operations property tax revenues to reimburse the developer for actual infrastructure costs up to \$21,654,086. The last year of the TIRZ is expected to be 2050. No incremental property taxes were collected and no reimbursements were made in 2022.

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

CITY OF SINTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 1,619,888	\$ 1,619,888	\$ 1,711,084	\$ 91,196
Sales Taxes	1,088,693	1,088,693	999,083	(89,610)
Other Taxes	284,521	284,521	260,303	(24,218)
Licenses and Permits	67,796	67,796	560,694	492,898
Grants and Donations	197,000	197,000	1,541,425	1,344,425
Emergency Services	7,500	7,500	-	(7,500)
Lease Income	320,900	320,900	182,933	(137,967)
Fines and Penalties	93,041	93,041	99,938	6,897
Interest Income	2,400	2,400	4,626	2,226
Industrial District Agreement	240,000	240,000	240,000	-
Miscellaneous	220,388	220,388	257,846	37,458
<b>TOTAL REVENUES</b>	<u>4,142,127</u>	<u>4,142,127</u>	<u>5,857,932</u>	<u>1,715,805</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Administration	821,221	821,221	716,215	105,006
Police	1,167,012	1,167,012	1,255,893	(88,881)
Fire	107,174	107,174	103,980	3,194
Animal Control	119,462	119,462	83,086	36,376
Municipal Court	87,316	87,316	95,043	(7,727)
Streets	781,459	781,459	770,885	10,574
Parks	300,266	300,266	205,613	94,653
Emergency Services	175,000	175,000	184,954	(9,954)
Inspections	29,400	29,400	372,856	(343,456)
Library	247,488	247,488	209,274	38,214
Capital Outlay	494,400	494,400	308,127	186,273
<b>TOTAL EXPENDITURES</b>	<u>4,330,198</u>	<u>4,330,198</u>	<u>4,305,926</u>	<u>24,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,071)</u>	<u>(188,071)</u>	<u>1,552,006</u>	<u>1,740,077</u>
<b>OTHER FINANCING SOURCES</b>				
Disposal of Capital Asset	-	-	110,056	110,056
Transfers In	90,000	90,000	72,000	(18,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>90,000</u>	<u>90,000</u>	<u>182,056</u>	<u>92,056</u>
Net Change in Fund Balance	(98,071)	(98,071)	1,734,062	1,832,133
Beginning Fund Balance	3,352,684	3,352,684	3,352,684	-
Ending Fund Balance	<u>\$ 3,254,613</u>	<u>\$ 3,254,613</u>	<u>\$ 5,086,746</u>	<u>\$ 1,832,133</u>

CITY OF SINTON  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE- BUDGET AND ACTUAL  
SEPTEMBER 30, 2022

**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  
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS  
 LAST EIGHT PLAN (CALENDAR) YEARS

	Total Pension Liability							
	2014	2015	2016	2017	2018	2019	2020	2021
Service Cost	\$ 242,487	\$ 339,180	\$ 340,258	\$ 336,274	\$ 326,906	\$ 313,235	\$ 264,624	\$ 279,410
Interest (on the Total Pension Liability)	496,612	531,734	555,308	575,209	612,641	630,470	659,309	685,856
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	81,947	(212,614)	61,618	(287,727)	(178,397)	(193,648)	159,482
Change of Assumptions	14,629	5,560	-	-	-	36,748	-	-
Benefit Payments, Including Refunds of								
Employee Contributions	(302,873)	(297,806)	(358,952)	(413,288)	(414,455)	(347,235)	(353,803)	(334,971)
Net Change	450,855	660,615	324,000	559,813	237,365	454,821	376,482	789,777
Total Pension Liability - Beginning	7,124,655	7,575,510	8,236,125	8,560,125	9,119,938	9,357,303	9,812,124	10,188,606
Total Pension Liability - Ending	\$ 7,575,510	\$ 8,236,125	\$ 8,560,125	\$ 9,119,938	\$ 9,357,303	\$ 9,812,124	\$ 10,188,606	\$ 10,978,383

	Plan Fiduciary Net Position							
	2014	2015	2016	2017	2018	2019	2020	2021
Contributions - Employer	\$ 255,224	\$ 296,695	\$ 278,890	\$ 276,867	\$ 269,484	\$ 266,599	\$ 214,472	\$ 226,663
Contributions - Employee	137,959	164,309	157,319	153,450	149,663	145,016	121,547	129,101
Net Investment Income	323,232	8,942	420,850	931,463	(229,595)	1,149,442	656,055	1,208,945
Benefit Payments, Including Refunds of								
Employee Contributions	(302,873)	(297,806)	(358,952)	(413,288)	(414,455)	(347,235)	(353,803)	(334,971)
Administrative Expense	(3,374)	(5,446)	(4,752)	(4,826)	(4,436)	(6,493)	(4,244)	(5,594)
Other	(277)	(269)	(256)	(245)	(232)	(194)	(166)	37
Net Change	409,891	166,425	493,099	943,421	(229,571)	1,207,135	633,861	1,224,181
Beginning Plan Fiduciary Net Position	5,649,776	6,059,667	6,226,092	6,719,191	7,662,612	7,433,041	8,640,176	9,274,037
Ending Plan Fiduciary Net Position	\$ 6,059,667	\$ 6,226,092	\$ 6,719,191	\$ 7,662,612	\$ 7,433,041	\$ 8,640,176	\$ 9,274,037	\$ 10,498,218

Net Pension Liability (Asset) - Ending	\$ 1,515,843	\$ 2,010,033	\$ 1,840,934	\$ 1,457,326	\$ 1,924,262	\$ 1,171,948	\$ 914,569	\$ 480,165
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.99%	75.59%	78.49%	84.02%	79.44%	88.06%	91.02%	95.63%
Covered Payroll	\$ 1,970,842	\$ 2,347,267	\$ 2,247,414	\$ 2,192,141	\$ 2,138,037	\$ 2,071,661	\$ 1,736,381	\$ 1,844,293
Net Pension Liability as a Percentage of Covered Payroll	76.91%	85.63%	81.91%	66.48%	90.00%	56.57%	52.67%	26.04%

Information is being accumulated until 10 years are presented.



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

	Total OPEB Liability			
	2017	2018	2019	2020
Service Cost	\$ 6,576	\$ 7,269	\$ 5,593	\$ 6,425
Interest (on the Total OPEB Liability)	4,401	4,486	4,581	4,057
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	(12,838)	(9,346)	(4,521)
Change of Assumptions	9,293	(8,329)	24,340	22,402
Benefit Payments	(1,315)	(1,710)	(1,864)	(1,215)
Net Change in Total OPEB Liability	18,955	(11,122)	23,304	27,148
Total OPEB Liability - Beginning	113,787	132,742	121,620	144,924
Total OPEB Liability - Ending	<u>\$ 132,742</u>	<u>\$ 121,620</u>	<u>\$ 144,924</u>	<u>\$ 172,072</u>
Covered Payroll	\$ 2,192,141	\$ 2,138,037	\$ 2,071,661	\$ 1,736,381
Total OPEB Liability as a Percentage of Covered Payroll	6.06%	5.69%	7.00%	9.91%
				9.87%

Information is being accumulated until 10 years are presented.



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

	Total OPEB Liability		
	2020	2021	2022
Service Cost	\$ 138,934	\$ 138,934	\$ 138,934
Interest (on the Total OPEB Liability)	49,711	53,831	57,917
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Change of Assumptions	-	-	-
Benefit Payments	(11,131)	(11,131)	(11,131)
Net Change in Total OPEB Liability	177,514	181,634	185,720
Total OPEB Liability - Beginning	2,076,020	2,253,534	2,435,168
Total OPEB Liability - Ending	<u>\$ 2,253,534</u>	<u>\$ 2,435,168</u>	<u>\$ 2,620,888</u>
 Covered Payroll	 \$ 1,827,173	 \$ 1,808,312	 \$ 1,954,015
 Total OPEB Liability as a Percentage of Covered Payroll	 123.33%	 134.67%	 134.13%

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, 2022 AND 2021

	2022	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,886,811	\$ 3,680,879
Receivables (net of allowances for uncollectibles):		
Property Taxes	196,873	170,238
Other Receivables	227,429	373,706
Inventory	14,170	11,676
<b>TOTAL ASSETS</b>	<b>\$ 5,325,283</b>	<b>\$ 4,236,499</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 35,467	\$ 31,916
Unearned American Rescue Plan Revenue	-	671,138
Unearned Revenue	6,538	-
Accrued Wages	17,087	10,523
<i>Total Liabilities</i>	59,092	713,577
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	179,445	170,238
<i>Total Deferred Inflows of Resources</i>	179,445	170,238
 <i>Fund Balances:</i>		
Nonspendable		
Inventory	14,170	11,676
Restricted for		
Police Department	856	856
EMS Services	3,545	3,545
Municipal Court	30,925	30,718
Unassigned	5,037,250	3,305,889
<i>Total Fund Balance</i>	5,086,746	3,352,684
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 5,325,283</b>	<b>\$ 4,236,499</b>

CITY OF SINTON  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – GENERAL FUND  
 FOR THE YEARS ENDING SEPTEMBER 30, 2022 AND 2021

	2022	2020
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 1,711,084	\$ 1,529,216
Sales Taxes	999,083	1,051,065
Other Taxes	260,303	246,186
Licenses and Permits	560,694	98,347
Grants and Donations	1,541,425	255,298
Emergency Services	-	11,647
Lease Income	182,933	309,074
Fines and Penalties	99,938	59,710
Interest Income	4,626	3,681
Industrial District Agreement	240,000	180,000
Miscellaneous	257,846	191,289
<b>TOTAL REVENUES</b>	<b>5,857,932</b>	<b>3,935,513</b>
 <b>EXPENDITURES</b>		
<i>Current:</i>		
Administration	716,215	688,375
Police	1,255,893	1,010,280
Fire	103,980	76,255
Animal Control	83,086	106,753
Municipal Court	95,043	78,906
Streets	770,885	382,867
Parks	205,613	231,679
Emergency Services	184,954	137,954
Inspections	372,856	44,088
Library	209,274	224,806
Capital Outlay	308,127	173,752
<b>TOTAL EXPENDITURES</b>	<b>4,305,926</b>	<b>3,155,715</b>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <b>1,552,006</b>	 <b>779,798</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Disposal of Capital Asset	110,056	-
Transfers In	72,000	123,829
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>182,056</b>	<b>123,829</b>
 Net Change in Fund Balance	 <b>1,734,062</b>	 <b>903,627</b>
 <b>BEGINNING FUND BALANCE</b>	 <b>3,352,684</b>	 <b>2,449,057</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 5,086,746</b>	<b>\$ 3,352,684</b>

CITY OF SINTON  
 COMPARATIVE BALANCE SHEETS – ECONOMIC DEVELOPMENT  
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,766,416	\$ 3,181,254
Other Receivables	474,804	110,464
<b>TOTAL ASSETS</b>	<b>\$ 3,241,220</b>	<b>\$ 3,291,718</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 95,187	\$ 25,403
<i>Total Liabilities</i>	95,187	25,403
 <i>Deferred Inflows:</i>		
Lease Inflows	384,226	-
<i>Total Deferred Inflows</i>	384,226	-
 <i>Fund Balances:</i>		
Restricted for Economic Development	2,761,807	3,266,315
<i>Total Fund Balance</i>	2,761,807	3,266,315
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b>\$ 3,241,220</b>	 <b>\$ 3,291,718</b>

Note: 2021 has not been restated for the effects for GASB 87 regarding leases.

CITY OF SINTON  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – ECONOMIC DEVELOPMENT  
 FOR THE YEARS ENDING SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>REVENUES</b>		
Sales Taxes	\$ 599,450	\$ 630,639
Lease Income	105,596	57,943
Interest Income	8,488	1,481
<b>TOTAL REVENUES</b>	713,534	690,063
 <b>EXPENDITURES</b>		
<i>Current:</i>		
Administration	42,719	32,609
Capital Outlay	990,970	79,000
<i>Debt Service:</i>		
Principal	90,000	85,000
Interest and Fiscal Charges	22,353	26,707
<b>TOTAL EXPENDITURES</b>	1,146,042	223,316
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,508)	466,747
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers Out	(72,000)	(72,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(72,000)	(72,000)
 Net Change in Fund Balance	(504,508)	394,747
 <b>BEGINNING FUND BALANCE</b>	3,266,315	2,871,568
<b>ENDING FUND BALANCE</b>	\$ 2,761,807	\$ 3,266,315

Note: 2021 has not been restated for the effects for GASB 87 regarding leases.

CITY OF SINTON  
 COMPARATIVE BALANCE SHEETS – DEBT SERVICE  
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,765,259	\$ 1,658,831
Property Tax Receivable (net)	23,740	24,006
<b>TOTAL ASSETS</b>	<b>\$ 1,788,999</b>	<b>\$ 1,682,837</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax	21,639	24,006
<i>Total Deferred Inflows of Resources</i>	21,639	24,006
 <i>Fund Balances:</i>		
Restricted for Debt Service	1,767,360	1,658,831
<i>Total Fund Balance</i>	1,767,360	1,658,831
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,788,999</b>	<b>\$ 1,682,837</b>

CITY OF SINTON  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – DEBT SERVICE  
 FOR THE YEARS ENDING SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Property Taxes	\$ 203,439	\$ 195,466
<b>TOTAL REVENUES</b>	<u>203,439</u>	<u>195,466</u>
 <b>EXPENDITURES</b>		
<i>Debt Service:</i>		
Principal	60,075	57,850
Interest and Fiscal Charges	<u>34,835</u>	<u>36,804</u>
<b>TOTAL EXPENDITURES</b>	<u>94,910</u>	<u>94,654</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 108,529	 100,812
 <b>BEGINNING FUND BALANCE</b>	 <u>1,658,831</u>	 <u>1,558,019</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,767,360</u>	<u>\$ 1,658,831</u>

CITY OF SINTON  
 COMBINING BALANCE SHEETS – NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022  
 (WITH COMPARATIVE TOTALS FOR 2021)

	Affordable Housing	Street Improvement	Fire Equipment	Occupancy Tax	Total Nonmajor Funds	
					2022	2021
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 329,570	\$ 235,714	\$ 237,019	\$ 177,968	\$ 980,271	\$ 888,128
Other Receivables	-	-	-	6,660	6,660	7,602
Notes Receivable	100,995	-	-	-	100,995	132,883
<b>TOTAL ASSETS</b>	<b><u>\$ 430,565</u></b>	<b><u>\$ 235,714</u></b>	<b><u>\$ 237,019</u></b>	<b><u>\$ 184,628</u></b>	<b><u>\$ 1,087,926</u></b>	<b><u>\$ 1,028,613</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<i>Liabilities:</i>						
Accounts Payable	\$ 8,496	\$ -	\$ -	\$ -	\$ 8,496	\$ 13,351
<i>Total Liabilities</i>	<u>8,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,496</u>	<u>13,351</u>
<i>Fund Balances:</i>						
Nonspendable:						
Notes Receivable	100,995	-	-	-	100,995	132,883
Restricted For:						
Municipal Court	-	40,898	-	-	40,898	40,898
Tourism Development	-	-	-	184,628	184,628	138,423
Committed For:						
Street Maintenance	-	194,816	-	-	194,816	171,447
Fire Equipment	-	-	237,019	-	237,019	265,030
Affordable Housing	321,074	-	-	-	321,074	266,581
<i>Total Fund Balances</i>	<u>422,069</u>	<u>235,714</u>	<u>237,019</u>	<u>184,628</u>	<u>1,079,430</u>	<u>1,015,262</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 430,565</u></b>	<b><u>\$ 235,714</u></b>	<b><u>\$ 237,019</u></b>	<b><u>\$ 184,628</u></b>	<b><u>\$ 1,087,926</u></b>	<b><u>\$ 1,028,613</u></b>

CITY OF SINTON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDING SEPTEMBER 30, 2022  
 (WITH COMPARATIVE TOTALS FOR 2021)

	Affordable Housing	Street Improvement	Fire Equipment	Occupancy Tax	Total Nonmajor Funds	
					2022	2021
<b>REVENUES</b>						
Occupancy Taxes	\$ -	\$ -	\$ -	\$ 81,808	\$ 81,808	\$ 98,377
Miscellaneous	-	23,369	26,933	-	50,302	45,104
Interest Income	22,605	-	-	-	22,605	6,404
<b>TOTAL REVENUES</b>	<u>22,605</u>	<u>23,369</u>	<u>26,933</u>	<u>81,808</u>	<u>154,715</u>	<u>149,885</u>
<b>EXPENDITURES</b>						
<i>Current:</i>						
General Government	-	-	-	35,603	35,603	65,652
Capital Outlay	-	-	54,944	-	54,944	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>54,944</u>	<u>35,603</u>	<u>90,547</u>	<u>65,652</u>
Net Change in Fund Balance	22,605	23,369	(28,011)	46,205	64,168	84,233
Beginning Fund Balance	<u>399,464</u>	<u>212,345</u>	<u>265,030</u>	<u>138,423</u>	<u>1,015,262</u>	<u>931,029</u>
Ending Fund Balance	<u>\$ 422,069</u>	<u>\$ 235,714</u>	<u>\$ 237,019</u>	<u>\$ 184,628</u>	<u>\$ 1,079,430</u>	<u>\$ 1,015,262</u>

CITY OF SINTON  
 COMPARATIVE STATEMENT OF NET POSITION – PROPRIETARY FUND  
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 2,048,710	\$ 1,960,886
Receivables (net of allowances for uncollectibles)	631,174	364,893
<i>Total Current Assets</i>	2,679,884	2,325,779
Property and Equipment (net)	6,425,522	6,169,248
<b>TOTAL ASSETS</b>	9,105,406	8,495,027
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Deferred Outflows	76,654	52,073
OPEB Related Deferred Outflows	8,518	9,124
<b>TOTAL DEFERRED OUTFLOWS</b>	85,172	61,197
 <b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts Payable	493,347	242,717
Accrued Wages	5,023	3,116
Accrued Interest	9,875	11,471
Accrued Compensated Absences	23,438	31,134
Deposits and Unearned Revenue	346,300	338,092
Current Portion of Long-Term Debt	197,700	192,665
<i>Total Current Liabilities</i>	1,075,683	819,195
 <i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	1,852,596	2,050,296
Total OPEB Liabilities	794,987	747,004
Net Pension Liability	73,261	75,660
<i>Total Long-term Liabilities</i>	2,720,844	2,872,960
<b>TOTAL LIABILITIES</b>	3,796,527	3,692,155
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Deferred Inflows	102,129	144,026
OPEB Related Deferred Inflows	3,609	3,644
<b>TOTAL DEFERRED INFLOWS</b>	105,738	147,670
 <b>NET POSITION</b>		
Net Investment In Capital Assets	4,375,226	3,926,287
Unrestricted (Deficit)	913,087	790,112
<b>TOTAL NET POSITION</b>	\$ 5,288,313	\$ 4,716,399

CITY OF SINTON  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –  
 PROPRIETARY FUND  
 FOR THE YEARS ENDING SEPTEMBER 30, 2022 AND 2021

	2022	2020
<b>OPERATING REVENUES</b>		
Water Service	\$ 1,502,390	\$ 1,422,547
Sewer Service	816,323	747,839
Garbage Service	872,189	906,095
Miscellaneous Charges	107,403	108,950
<b>TOTAL OPERATING REVENUES</b>	3,298,305	3,185,431
<b>OPERATING EXPENSES</b>		
Personnel	610,134	730,649
Administrative	107,850	95,214
Water and Sewer Maintenance and Operations	1,095,867	956,862
Garbage Contractor	865,556	905,009
Depreciation	324,604	326,937
<b>TOTAL OPERATING EXPENSES</b>	3,004,011	3,014,671
<b>OPERATING INCOME (LOSS)</b>	294,294	170,760
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grants	337,441	3,300
Interest Expense	(59,821)	(65,912)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	277,620	(62,612)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	571,914	108,148
<b>TRANSFERS</b>		
Transfers Out	-	(51,829)
<b>TOTAL TRANSFERS</b>	-	(51,829)
<b>CHANGE IN NET POSITION</b>	571,914	56,319
<b>NET POSITION AT BEGINNING OF YEAR</b>	4,716,399	4,660,080
<b>NET POSITION AT END OF YEAR</b>	\$ 5,288,313	\$ 4,716,399

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, 2022, 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 February 13, 2023.

#### *Report on Internal Control over Financial Reporting*

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

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

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

### ***Report on Compliance and Other Matters***

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

We noted certain other matters that we have reported to management of the City in a separate letter dated February 13, 2023.

### **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.

February 13, 2023

