

SABINE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Sabine County, Texas
Annual Financial Report
For The Year Ended December 31, 2015

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Financial Section

HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Daryl Melton, County Judge
and Members of the Commissioners Court
Sabine County, Texas
P.O. Box 597
Hemphill, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine County, Texas (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the notes to the financial statements, the County adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of December 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparisons, and required pension information identified as Required Supplementary Information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 July 21, 2016, on our consideration of the County's internal control over financial reporting and 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 the 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 the County's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Halls, Johnson, McLemore & Redfield, LLP". The signature is written in a cursive, flowing style.

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP
Nacogdoches, Texas
July 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Sabine County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total combined net position was \$11,700,927 at December 31, 2015, an increase of \$97,337 from activities, and \$684,888 from a prior period adjustment, from the prior year.
- Total government-wide revenues for the current year were \$6,086,714 compared to \$8,672,127 in the prior year, a decrease of \$2,585,413 or 29.8%.
- During the current year, the County's expenses were \$3,265,332 more than the \$2,724,045 generated in charges for services and operating grants and contributions.
- The general fund reported an unassigned fund balance this year of \$2,926,758.

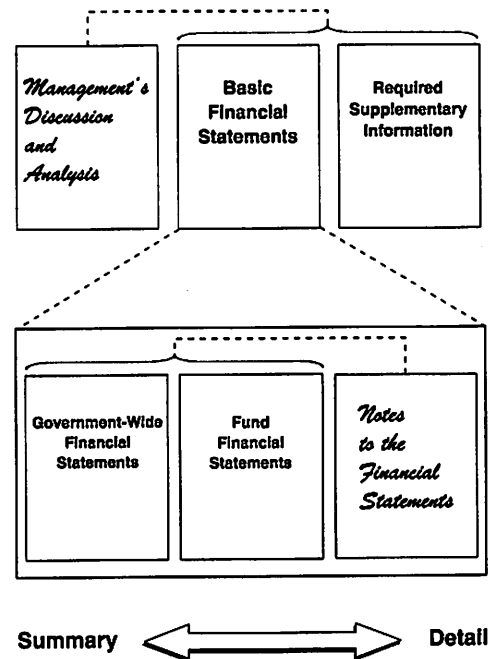
OVERVIEW OF THE FINANCIAL STATEMENTS

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 County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County'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.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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-1, Required Components of the County's Annual Financial Report



Government-wide Statements

The government-wide statements report information about the County 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 County's net position and how it has changed. Net position (the difference between the County's assets and deferred outflows and liabilities and deferred inflows) are one way to measure the County's financial health or *position*.

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

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general administration, judicial and law enforcement, maintenance of highways and streets, and enhancing the health and well-being of the citizens. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law or by debt covenants.
- The County Commissioners establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds* - Most of the County'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 flows 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 County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds* - The County is the trustee, or *fiduciary*, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County's fiduciary funds consist of money held by the fee offices on behalf of court claimants and other organizations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As year to year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the County as a whole. The County's combined net position at the fiscal year end was \$11,700,927. The following table provides a summary of the County's net position:

Summary of Net Position

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount of Change</u>	<u>% Change</u>
Current and other assets	\$ 9,128,110	\$ 8,386,898	\$ 741,212	8.84%
Capital assets	<u>2,605,075</u>	<u>2,862,033</u>	<u>(256,958)</u>	<u>-8.98%</u>
Total assets	<u>11,733,185</u>	<u>11,248,931</u>	<u>484,254</u>	<u>4.30%</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pension:	<u>224,296</u>	<u>-</u>	<u>224,296</u>	<u>0.00%</u>
Current liabilities	136,427	210,103	(73,676)	-35.07%
Long term liabilities	<u>120,127</u>	<u>120,128</u>	<u>(1)</u>	<u>0.00%</u>
Total liabilities	<u>256,554</u>	<u>330,231</u>	<u>(73,677)</u>	<u>-22.31%</u>
Net position				
Invested in capital assets	2,484,948	2,685,198	(200,250)	-7.46%
Restricted	4,598,333	4,425,476	172,857	3.91%
Unrestricted	<u>4,617,646</u>	<u>3,808,026</u>	<u>809,620</u>	<u>21.26%</u>
Total net position	<u>\$ 11,700,927</u>	<u>\$ 10,918,700</u>	<u>\$ 782,227</u>	<u>7.16%</u>

Net assets of the County's governmental activities increased by \$782,227 during the year ending December 31, 2015, up 7.16% from the prior year. However, some of this net position are either restricted as to the purposes they can be used for, or are invested in capital assets (buildings, vehicles, equipment, and so on). Consequently, unrestricted net position totaled \$4,617,646 at year end.

Governmental Activities

- The cost of all *governmental* activities this year was \$5,989,377.
- The amount that our taxpayers paid for these activities through property taxes was \$2,501,375.
- Some of the cost was paid by those who directly benefited from service fees and charges (\$1,123,956) and from operating grants and contributions (\$1,600,089).
- For 2015 the property tax rate was \$.428826/\$100 valuation and the taxable appraised value was \$581,264,440. The tax assessment, levied on October 1, 2015, was \$2,498,632, with collections through December 31, 2015 totaling \$1,616,454. The annual tax collection for 2015 for current and delinquent taxes was approximately 94% of the tax assessment.

The following table provides a summary of the County's operational activities and changes in net position:

**Summary of Activities & Changes in Net Assets
Government-Wide Activities**

	12/31/2015	12/31/2014	Amount of Change	% Change
Program revenues:				
Charges for services	\$ 1,123,956	\$ 1,022,127	\$ 101,829	9.96%
Operating grants/contributions	1,600,089	4,665,581	(3,065,492)	-65.70%
Capital grants/contributions		-	-	n/a
General revenues:				
Property taxes	2,501,375	2,329,965	171,410	7.36%
Sales taxes	323,023	295,563	27,460	9.29%
Other taxes	3,323	2,453	870	35.47%
Fines and Fees	146,830	139,901	6,929	4.95%
Interest income	92,983	96,367	(3,384)	-3.51%
Other income	295,135	120,170	174,965	145.60%
Total revenues/contributions	<u>6,086,714</u>	<u>8,672,127</u>	<u>(2,585,413)</u>	<u>-29.81%</u>
Expenses:				
General government	819,269	793,652	25,617	3.23%
Judicial	535,868	550,038	(14,170)	-2.58%
Legal	129,314	127,569	1,745	1.37%
Financial administration	528,861	532,436	(3,575)	-0.67%
Public Safety	1,509,439	1,394,082	115,357	8.27%
Highways and streets	1,772,101	4,689,698	(2,917,597)	-62.21%
Conservation	28,448	26,558	1,890	7.12%
Pass-through to other entities	659,188	853,839	(194,651)	-22.80%
Interest on long-term debt	6,889	9,012	(2,123)	-23.56%
Total expenses	<u>5,989,377</u>	<u>8,976,884</u>	<u>(2,987,507)</u>	<u>-33.28%</u>
Revenues over (under) expenses	97,337	(304,757)	402,094	-131.94%
Prior period adjustment	684,888	-	684,888	
Change in net position	<u>782,225</u>	<u>(304,757)</u>	<u>1,086,982</u>	<u>-356.67%</u>
Beginning net position	10,918,702	11,223,457	(304,755)	-2.72%
Ending net position	<u>\$ 11,700,927</u>	<u>\$ 10,918,700</u>	<u>\$ 782,227</u>	<u>7.16%</u>

During 2015, the County received \$1,287,864 in federal forest funds from the Federal government, which are recorded as operating grants/contributions. The total amount of federal forest money received increased by \$102,945 or 8.7% from 2014. Half of these funds are payable to the local school districts upon receipt, leaving a net increase in federal forest funds to the County of \$51,473. The County also received operating grant monies for road and bridge damages caused by Hurricane Ike. The total received for 2015 was \$130,688 as compared to \$3,100,014 in 2014, a 96% decrease.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled \$6,018,845, and are summarized below:

Summary of Revenues Governmental Funds				
	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount of Change</u>	<u>% Change</u>
Taxes	\$ 2,757,937	\$ 2,679,494	\$ 78,443	2.93%
Intergovernmental	1,858,261	4,786,177	(2,927,916)	-61.17%
Fees	964,406	978,424	(14,018)	-1.43%
Fines	51,539	45,042	6,497	14.42%
Interest Income	92,983	96,367	(3,384)	-3.51%
Other Income	293,719	137,642	156,077	113.39%
Total Governmental Revenues	<u>\$ 6,018,845</u>	<u>\$ 8,723,146</u>	<u>\$ (2,704,301)</u>	<u>-31.00%</u>

Intergovernmental revenues are reporting a significant decrease in government grant funds during the year, due to decrease of \$2,969,326 in proceeds from the CDBG Disaster grant project. Expenditures from governmental fund types totaled \$5,825,190 and are summarized below:

Summary of Expenditures Governmental Funds				
	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount of Change</u>	<u>% Change</u>
General government	\$ 808,626	\$ 778,409	\$ 30,217	3.88%
Judicial	517,324	527,418	(10,094)	-1.91%
Legal	130,791	127,569	3,222	2.53%
Financial administration	524,875	524,093	782	0.15%
Public safety	1,599,787	1,326,889	272,898	20.57%
Highways and streets	1,492,256	4,313,831	(2,821,575)	-65.41%
Conservation	28,747	26,558	2,189	8.24%
Pass-through to other entities	659,188	853,839	(194,651)	-22.80%
Debt service	63,596	63,596	-	0.00%
Total Governmental Expenditures	<u>\$ 5,825,190</u>	<u>\$ 8,542,202</u>	<u>\$ (2,717,012)</u>	<u>-31.81%</u>

The most significant change in general government expenditures relates to highway and street expenditures, which decreased \$2,821,575 due to completion of the roadwork funded by Hurricane Ike grant.

The fund balances for the County's governmental funds are summarized below:

Summary of Fund Balances Governmental Funds				
	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount of Change</u>	<u>% Change</u>
General Fund	\$ 3,023,534	\$ 2,926,758	\$ 96,776	3.31%
Special Revenue Funds	4,522,357	4,425,478	96,879	2.19%
Total fund balance (deficit)	<u>\$ 7,545,891</u>	<u>\$ 7,352,236</u>	<u>\$ 193,655</u>	<u>2.63%</u>

General Fund Budgetary Highlights

Over the course of the year, the County revised the general fund budget and the road and bridge fund budget several times. With these adjustments, actual general fund expenditures were \$82,078 below final budget amounts. There were no significant variances from the County's 2015 final budget as compared to the actual expenditures, as departments stayed very closely within the budgeted amounts.

Actual revenues were \$14,698 above the final budgeted revenues.

Taking both budget factors into account, the County experienced an increase in the fund balance of the General fund of \$96,776, when the final budget called for a -0- change in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the County had invested \$10,441,235 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$92,197 over last year.

Summary of the County's Capital Assets

	Governmental Activities		Amount of Change	% Change
	12/31/2015	12/31/2014		
Land	\$ 120,714	\$ 120,714	\$ -	0.00%
Buildings and Improvements	1,216,026	1,216,026	-	0.00%
Equipment and vehicles	4,171,812	4,079,615	92,197	2.26%
Roads and Bridges	4,932,684	4,932,684	-	0.00%
Total Capital Assets	<u>\$ 10,441,236</u>	<u>\$ 10,349,039</u>	<u>\$ 92,197</u>	<u>0.89%</u>

Long Term Debt

At year-end the County had \$120,127 in capital leases payable, as compared to \$176,835 outstanding as of December 31, 2014. The capital lease is for a Gradall with an interest rate of 3.895%. Total payments for the year ended December 31, 2015 were \$63,595, of which \$56,708 was principal, and \$6,887 was interest.

Summary of the County's Debt

	Governmental Activities		Amount of Change	% Change
	12/31/2015	12/31/2014		
Capital leases:				
Equipment-Gradall	\$ 120,127	\$ 176,835	\$ (56,708)	-32.07%
	<u>\$ 120,127</u>	<u>\$ 176,835</u>	<u>\$ (56,708)</u>	<u>-32.07%</u>

There have been no plans made to obtain additional long term financing. No changes have occurred in credit ratings or interest rates on existing debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2016 budget preparation is estimated to be approximately \$626,279,449 which is an increase of approximately 7.7% from the 2015 appraised values of \$581,264,440.
- Proposed tax rate for 2016 budget is \$0.428826 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2016. Expenditures in the general fund 2016 budget are \$3,578,743, a decrease of \$551,046 or 13.3% from the 2015 actual expenditures of

\$4,129,789. Property taxes may increase slightly due to increase in appraised values. The County has added no major new programs or initiatives to the 2016 budget.

If these estimates are realized, the County's budgetary general fund balance is not expected to change appreciably by the close of fiscal 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the following:

Tricia Jacks, County Treasurer
PO Box 597
Hemphill, TX 75948
Phone: 409-787-5216
Fax: 409-787-4973

Basic Financial Statements

SABINE COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 7,148,512
Receivables (net of allowances for uncollectibles):	
Property Taxes Receivable	952,936
Due from State	180,363
Due from Other Governments	14,278
Due from Other Funds	542
Due from Agency Funds	338,623
Net Pension Asset	492,856
Capital Assets (net of accumulated depreciation):	
Land	120,714
Buildings & Improvements	389,979
Machinery and Equipment	703,506
Vehicles	194,422
Roads and Bridges	1,196,454
Total Assets	<u>11,733,185</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	224,296
Total Deferred Outflows of Resources	<u>224,296</u>
LIABILITIES	
Accounts Payable	26,016
Accrued Employee Benefits	74,630
Due to Other Beneficiaries	5,912
Due to State	29,327
Due to Other Funds	542
Noncurrent Liabilities-	
Due within one year	58,916
Due in more than one year	61,211
Total Liabilities	<u>256,554</u>
NET POSITION:	
Net Investment in Capital Assets	2,484,948
Restricted For:	
Construction	51,973
Federal and State Grants	109,679
Hotel / Motel Tax	75,622
Record Retention	147,124
Judicial & Law Enforcement	27
Road & Bridge Maintenance	4,213,908
Unrestricted	4,617,646
Total Net Position	<u>\$ 11,700,927</u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 819,269	\$ 189,345	\$ 19,451	\$ (610,473)
Judicial	535,868	141,516	11,621	(382,731)
Legal	129,314	--	35,000	(94,314)
Public safety	1,509,439	205,064	--	(1,304,375)
Highways and streets	1,772,101	463,500	242,735	(1,065,866)
Financial administration	528,861	124,531	--	(404,330)
Conservation	28,448	--	--	(28,448)
Pass-through to other entities	659,188	--	1,291,282	632,094
Interest on long-term debt	6,889	--	--	(6,889)
Total Governmental Activities	<u>5,989,377</u>	<u>1,123,956</u>	<u>1,600,089</u>	<u>(3,265,332)</u>
Total Primary Government	<u>\$ 5,989,377</u>	<u>\$ 1,123,956</u>	<u>\$ 1,600,089</u>	<u>(3,265,332)</u>
General Revenues:				
Property Taxes				2,501,375
Sales Taxes				323,023
Other Taxes				3,323
Intergovernmental Revenues and Grants				19,909
Fines and Fees				146,830
Interest Income				92,983
Other Income				275,226
Total General Revenues				<u>3,362,669</u>
Change in Net Position				97,337
Net Position - Beginning				10,918,702
Prior Period Adjustment				684,888
Net Position - Beginning, as Restated				<u>11,603,590</u>
Net Position - Ending				<u>\$ 11,700,927</u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General Fund</u>	<u>Road & Bridge #1</u>	<u>Road & Bridge #2</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,763,522	\$ 1,239,691	\$ 847,832
Receivables (net of allowances for uncollectibles):			
Taxes	952,936	--	--
Due from Others	4,520	--	--
Due from State	36,836	26,403	67,201
Due from Other Funds	--	--	--
Due from Agency Funds	332,402	554	577
Total Assets	<u>4,090,216</u>	<u>1,266,648</u>	<u>915,610</u>
LIABILITIES			
Accounts Payable	\$ 20,573	\$ 84	\$ 1,682
Due to Other Funds	--	136	136
Accrued Compensation and Other Benefits	57,934	3,021	3,473
Due to Other Beneficiaries	5,912	--	--
Due to State	29,327	--	--
Total Liabilities	<u>113,746</u>	<u>3,241</u>	<u>5,291</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	952,936	--	--
Total Deferred Inflows of Resources	<u>952,936</u>	<u>--</u>	<u>--</u>
FUND BALANCES (DEFICITS)			
Restricted Fund Balances:			
Restricted for Road and Bridge Maintenance	--	1,195,689	871,084
Restricted for Judicial & Law Enforcement	--	--	--
Unassigned Fund Balance	2,926,758	--	--
Total Fund Balance	<u>3,023,534</u>	<u>1,263,407</u>	<u>910,319</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,090,216</u>	<u>\$ 1,266,648</u>	<u>\$ 915,610</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Road & Bridge #3	Road & Bridge #4	Other Governmental Funds	Total Governmental Funds
\$ 738,377	\$ 1,183,183	\$ 375,907	\$ 7,148,512
--	--	--	952,936
--	--	9,758	14,278
49,923	--	--	180,363
--	--	542	542
577	600	3,913	338,623
<u>788,877</u>	<u>1,183,783</u>	<u>390,120</u>	<u>8,635,254</u>
\$ 805	\$ 1,780	\$ 1,092	\$ 26,016
135	135	--	542
5,705	4,497	--	74,630
--	--	--	5,912
--	--	--	29,327
<u>6,645</u>	<u>6,412</u>	<u>1,092</u>	<u>136,427</u>
--	--	--	952,936
--	--	--	952,936
770,827	1,197,224	2,010	4,036,834
--	--	24	24
--	--	--	2,926,758
<u>782,232</u>	<u>1,177,371</u>	<u>389,028</u>	<u>7,545,891</u>
<u>\$ 788,877</u>	<u>\$ 1,183,783</u>	<u>\$ 390,120</u>	<u>\$ 8,635,254</u>

SABINE COUNTY, TEXAS
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2015**

Total fund balances - governmental funds balance sheet	\$ 7,545,891
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	2,605,075
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	952,936
Payables for capital leases which are not due in the current period are not reported in the funds.	(120,127)
The net pension asset is not an available resource and, therefore, is not reported in the funds.	492,856
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>224,296</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 11,700,927</u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General Fund</u>	<u>Road & Bridge #1</u>	<u>Road & Bridge #2</u>
Revenue:			
Taxes	\$ 2,757,937	\$ --	\$ --
Intergovernmental	1,612,348	13,237	13,788
Fees	366,658	107,689	112,177
Fines	51,539	--	--
Interest Income	38,894	15,910	11,346
Other Income	43,121	41,306	86,888
Total Revenue	<u>4,870,497</u>	<u>178,142</u>	<u>224,199</u>
Expenditures:			
Current:			
General government	685,108	--	--
Judicial	516,549	--	--
Legal	130,791	--	--
Public safety	1,599,787	--	--
Highways and streets	--	249,069	330,047
Financial administration	524,875	--	--
Conservation	28,747	--	--
Pass-through to other entities	643,932	--	--
Debt service:			
Principal	--	14,177	14,177
Interest	--	1,722	1,722
Total Expenditures	<u>4,129,789</u>	<u>264,968</u>	<u>345,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>740,708</u>	<u>(86,826)</u>	<u>(121,747)</u>
Other Financing Sources (Uses):			
Operating Transfers In	--	154,544	160,982
Operating Transfers Out	(643,932)	--	--
Total Other Financing Sources (Uses)	<u>(643,932)</u>	<u>154,544</u>	<u>160,982</u>
Net Change in Fund Balances	<u>96,776</u>	<u>67,718</u>	<u>39,235</u>
Fund Balances - Beginning	<u>2,926,758</u>	<u>1,195,689</u>	<u>871,084</u>
Fund Balances - Ending	<u>\$ 3,023,534</u>	<u>\$ 1,263,407</u>	<u>\$ 910,319</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Road & Bridge #3	Road & Bridge #4	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ --	\$ 2,757,937
13,788	14,341	190,759	1,858,261
112,417	116,763	148,702	964,406
--	--	--	51,539
11,346	12,253	3,234	92,983
75,539	46,838	27	293,719
<u>213,090</u>	<u>190,195</u>	<u>342,722</u>	<u>6,018,845</u>
--	--	123,518	808,626
--	--	775	517,324
--	--	--	130,791
--	--	--	1,599,787
346,769	361,572	204,799	1,492,256
--	--	--	524,875
--	--	--	28,747
--	--	15,256	659,188
14,177	14,177	--	56,708
1,722	1,722	--	6,888
<u>362,668</u>	<u>377,471</u>	<u>344,348</u>	<u>5,825,190</u>
<u>(149,578)</u>	<u>(187,276)</u>	<u>(1,626)</u>	<u>193,655</u>
160,983	167,423	--	643,932
--	--	--	(643,932)
<u>160,983</u>	<u>167,423</u>	<u>--</u>	<u>--</u>
<u>11,405</u>	<u>(19,853)</u>	<u>(1,626)</u>	<u>193,655</u>
770,827	1,197,224	390,654	7,352,236
<u>\$ 782,232</u>	<u>\$ 1,177,371</u>	<u>\$ 389,028</u>	<u>\$ 7,545,891</u>

SABINE COUNTY, TEXAS
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds	\$ 193,655
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	238,327
The depreciation of capital assets used in governmental activities is not reported in the funds.	(491,485)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(3,799)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	71,668
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	56,707
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	119,460
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(87,196)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 97,337</u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 582,388
Restricted Assets:	
Cash and Cash Equivalents	546,861
Total Assets and Other Debits	<u>1,129,249</u>
LIABILITIES:	
Due to County	\$ 338,623
Due to Other Beneficiaries	787,860
Due to Others	2,766
Total Liabilities	<u>1,129,249</u>
NET POSITION	
Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

A. Summary of Significant Accounting Policies

The combined financial statements of Sabine County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; and 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and Bridge Funds 1, 2, 3, and 4: These special revenue funds are used by the County for the maintenance of the roads and bridges in the County. The County transfers federal funds to Road and Bridge that it receives for the federal forest.

In addition, the County reports the following fund types:

Agency Funds: These funds are used to report fee office funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes was \$146,528 at December 31, 2015.

b. Inventories and Prepaid Items

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-45
Buildings	5-39
Building Improvements	7-20
Vehicles	5-7
Machinery and Equipment	5-10
Computer Equipment	3-7

d. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

e. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

f. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners Court or by an official or body to which the Commissioners Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

g. Pension

The County reports a liability for pension obligations and related deferred outflows of resources in accordance with GASB No. 68, Accounting and Financial Reporting for Pensions, and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Changes in the net pension liability from year-to-year will be recognized as pension expense on the statement of activities or reported as deferred outflows/inflows of resources, depending on the type of change. Deferred inflows/outflows of resources are amounts that are not entirely recognized when they occur and are recognized over a period of time.

h. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has only one item that qualifies for reporting in this category. This item is deferred outflows of resources for pension reported in the government-wide statement of net position. This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees).

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

i. Implementation of New Standards

In the current fiscal year, the County implemented the following new accounting standards:

Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB No. Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends the transition provisions of GASB 68. GASB 71 requires that at transition a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statement and the notes to the financial statements.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The County'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 County's agent bank approved pledged securities in an amount sufficient to protect County 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.

Cash Deposits:

At December 31, 2015, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,277,761 and the bank balance was \$8,777,322. The County's cash deposits at December 31, 2015 and during the year ended December 31, 2015, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

The County's investments at December 31, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of deposit - Road & Bridge 1	< 1 year	\$ 788,847
Certificates of deposit - Road & Bridge 2	< 1 year	408,787
Certificates of deposit - Road & Bridge 3	< 1 year	408,787
Certificates of deposit - Road & Bridge 4	< 1 year	709,694
Total Investments		<u>\$ 2,316,115</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Investment Accounting Policy:

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets not being depreciated:				
Land	\$ 120,714	\$ -	\$ -	\$ 120,714
Total Capital Assets not being depreciated	120,714	-	-	120,714
Capital Assets being depreciated:				
Buildings and improvements	1,216,026	-	-	1,216,026
Equipment	3,273,443	196,348	80,437	3,389,354
Vehicles	806,172	41,979	65,693	782,458
Road and bridge Infrastructure	4,932,684	-	-	4,932,684
Total capital assets being depreciated	10,228,325	238,327	146,130	10,320,522
Less accumulated depreciation for:				
Buildings and improvements	(793,151)	(32,895)	-	(826,046)
Equipment	(2,541,366)	(221,121)	76,638	(2,685,849)
Vehicles	(523,910)	(129,819)	65,693	(588,036)
Road and bridge Infrastructure	(3,628,579)	(107,651)	-	(3,736,230)
Total accumulated depreciation	(7,487,006)	(491,486)	142,331	(7,836,161)
Total capital assets being depreciated, net	2,741,319	(253,159)	3,799	2,484,361
Governmental activities capital assets, net	\$ 2,862,033	\$ (253,159)	\$ 3,799	\$ 2,605,075

Depreciation was charged to functions as follows:

General Government	\$ 15,080
Judicial	22,620
Public safety	81,775
Highways and streets	363,746
Financial	8,265
	<u>\$ 491,486</u>

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at December 31, 2015, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Agency Funds	\$ 338,623	Transfer fee office receipts
R&B Special	R&B Fund #1	136	To correct R&B Special equity
R&B Special	R&B Fund #2	136	To correct R&B Special equity
R&B Special	R&B Fund #3	135	To correct R&B Special equity
R&B Special	R&B Fund #4	135	To correct R&B Special equity
	Total	<u>\$ 339,165</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at December 31, 2015, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	R&B Fund #1	\$ 154,544	To transfer Federal Forest funds to Road & Bridge funds.
General Fund	R&B Fund #2	160,983	
General Fund	R&B Fund #3	160,983	
General Fund	R&B Fund #4	167,422	
		<u>\$ 643,932</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2015, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Leases	\$ 176,835	\$ -	\$ 56,708	\$ 120,127	\$ 58,916
Total Governmental Activities	\$ 176,835	\$ -	\$ 56,708	\$ 120,127	\$ 58,916

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

2. Description of Capital Leases

Capital leases as of December 31, 2015 are summarized as follows:

2012 John Deere Gradall financed through Government Capital Corp. requiring annual payments of \$63,595 and one final payment of \$1 due in January 2018, with an interest rate of 3.895%.	\$ 120,127
Total Capital Leases	\$ 120,127

As of December 31, 2015, equipment under capital lease totaled \$286,307, with accumulated depreciation of \$214,730. Current year depreciation totaled \$57,261.

3. Future requirements

Debt service requirements on long-term debt at December 31, 2015, are as follows:

Year ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	58,916	4,679	\$ 63,595
2017	61,211	2,383	63,594
Totals	\$ 120,127	\$ 7,062	\$ 127,189

G. Commitments Under Non-capitalized Leases

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of December 31, 2015, as follows:

<u>Year Ending December 31,</u>	
2016	\$ 32,571
2017	5,376
2018	5,376
2019	5,376
Total Minimum Rentals	\$ 48,699
Rental Expenditures in 2015	\$ 37,912

H. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the County obtained insurance coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Association of Counties Risk Management Pool (the "Pool"). The Pool is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to the Pool for its above insurance coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

I. Pension Plan

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and County Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the County's Board of Commissioners (the "Board"), within the options available in the Texas state statutes governing TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any County financed benefit. Vested members are eligible for a partial lump-sum payment option.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest earned thereon, and County financed monetary credits. The level of these monetary credits is adopted by the County's Board within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually as a percentage of employee earnings subject to plan changes (e.g. for cost -of-living benefit increases) adopted by the County's governing body within the constraints of the TCDRS Act. The County contributed using the actuarially determined rate of 10.50% for January through December 2015. The employee contribution rate is also a percentage of employee earnings subject to adjustment by the County's Board within the constraints of the TCDRS Act. The employee contribution rate was 7% during 2015

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68. The following are the key assumptions and methods applied to this measurement period:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	3.5%
Investment Rate of Return	8.1%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Sabine County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the nonemployer contributing entity made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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.

The long-term expected rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates 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. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	M SCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% M SCI World Ex USA (net) + 50% M SCI World ex USA 100%		
	Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% M SCI EM Standard (net) Index + 50% MSCI EM 100%		
	Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE		
	EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 12/31/2013	\$ 5,750,712	\$ 6,325,753	\$ (575,041)
Changes for the year:			
Service cost	239,179	-	239,179
Interest on total pension liability (1)	465,552	-	465,552
Effect of economic/demographic gains or losses	54,021	-	54,021
Refund of contributions	(2,504)	(2,504)	-
Benefit payments	(243,113)	(243,113)	-
Administrative Expenses	-	(5,038)	5,038
Member contributions	-	138,797	(138,797)
Net investment income	-	436,792	(436,792)
Employer contributions	-	109,848	(109,848)
Other (2)	1	(3,831)	3,832
Total pension expense	513,136	430,951	82,185
Balance at 12/31/2014	\$ 6,263,848	\$ 6,756,704	\$ (492,856)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest

(2) Relates to allocation of system-wide items

Sensitivity of the County's share of the net pension liability

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using the a discount rate that is 1% percentage point lower (7.10%) or 1% point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 7,006,218	\$ 6,263,848	\$ 5,648,636
Fiduciary net position	6,756,704	6,756,704	6,756,704
Net pension liability (asset)	\$ 249,514	\$ (492,856)	\$ (1,108,068)

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference in expected and actual experience	\$ 40,516
Difference in assumption changes	-
Difference in projected and actual earnings on pension plan investments.	64,320
Employer contributions made after the measurement date	119,460
Totals	<u>\$ 224,296</u>

The \$119,460 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 29,585
2017	29,585
2018	29,585
2019	16,081
Total	<u>\$ 104,836</u>

J. Health Care Coverage

During the year ended December 31, 2015, employees of the County were covered by a health insurance plan administered by the Texas Association of Counties (the "Plan"). The County paid premiums for employee coverage under the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

K. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the County as of December 31, 2015.

L. Subsequent Events

Management has evaluated subsequent events through July 21, 2016, the date when the financial statements were available to be issued.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General property taxes	\$ 2,449,211	\$ 2,494,271	\$ 2,431,591	\$ (62,680)
General sales and use taxes	305,000	320,000	323,023	3,023
Other taxes	600	600	3,323	2,723
Total Taxes	<u>2,754,811</u>	<u>2,814,871</u>	<u>2,757,937</u>	<u>(56,934)</u>
Intergovernmental:				
Tax collection fees	57,750	57,750	65,634	7,884
Federal Forest program	--	1,287,864	1,287,864	--
Salary supplements	75,100	80,859	80,403	(456)
Other grants	39,000	169,384	178,447	9,063
Total Intergovernmental	<u>171,850</u>	<u>1,595,857</u>	<u>1,612,348</u>	<u>16,491</u>
Fines and Fees of County Offices:				
Fees of office	247,625	256,525	282,822	26,297
Other fines and fees	125,845	133,046	135,375	2,329
Total Fees of County Offices	<u>373,470</u>	<u>389,571</u>	<u>418,197</u>	<u>28,626</u>
Interest Income	<u>33,000</u>	<u>33,000</u>	<u>38,894</u>	<u>5,894</u>
Other Income:				
Miscellaneous income	<u>22,500</u>	<u>22,500</u>	<u>43,121</u>	<u>20,621</u>
Total Other Income	<u>22,500</u>	<u>22,500</u>	<u>43,121</u>	<u>20,621</u>
Total Revenues	<u>3,355,631</u>	<u>4,855,799</u>	<u>4,870,497</u>	<u>14,698</u>
Expenditures:				
Current:				
General Government:				
County Judge:				
Salaries	75,539	81,676	82,197	(521)
Benefits	25,825	26,771	26,748	23
Car allowance and travel	3,300	2,109	1,446	663
Office, postage, and copier	500	500	106	394
Utilities	650	650	632	18
Maintenance	200	200	68	132
Continuing education	1,000	1,000	955	45
Capital outlays	400	645	645	--
Total County Judge	<u>107,414</u>	<u>113,551</u>	<u>112,797</u>	<u>754</u>
County Clerk:				
Salaries	144,200	139,832	139,657	175
Benefits	58,905	55,966	54,618	1,348
Office, postage, and copier	7,600	11,377	10,156	1,221
Utilities	650	650	603	47
Maintenance	26,300	31,315	30,713	602
Insurance	1,000	1,000	650	350
Continuing education	4,000	4,378	4,378	--
Professional fees	15,700	15,868	9,009	6,859
Library costs	1,500	5,172	5,172	--
Total County Clerk	<u>259,855</u>	<u>265,558</u>	<u>254,956</u>	<u>10,602</u>

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Veterans Affairs:				
Salaries	14,820	14,820	12,858	1,962
Benefits	2,345	2,945	2,628	317
Office, postage, and copier	500	500	288	212
Maintenance	400	--	--	--
Continuing education	1,200	1,000	55	945
Total Veterans Affairs	19,265	19,265	15,829	3,436
Courthouse:				
Salaries	19,550	19,550	19,623	(73)
Benefits	10,960	11,026	10,998	28
Office, postage, and copier	4,000	4,000	2,889	1,111
Utilities	37,000	36,934	35,118	1,816
Maintenance	40,000	25,000	24,677	323
Total Courthouse	111,510	96,510	93,305	3,205
Non-Departmental:				
Benefits	10,000	--	--	--
Office, postage, and copier	25,500	28,563	26,956	1,607
Maintenance	2,900	2,744	2,152	592
Insurance	30,000	23,355	23,344	11
Professional fees	38,000	30,750	30,750	--
Senior citizen assistance	15,500	15,500	15,000	500
Child safety and assistance	500	500	--	500
Other assistance	9,602	9,602	9,602	--
Emergency and ambulance services	3,167	167	--	167
Volunteer fire patrol	10,000	10,000	10,000	--
Autopsy fees	25,000	13,500	13,082	418
Library	15,000	15,000	15,000	--
Historical and cultural	150	150	--	150
Litter control and recycling	600	693	692	1
Other charges	31,000	7,451	2,319	5,132
Capital outlays	44,000	44,000	40,659	3,341
Total Non-Departmental	260,919	201,975	189,556	12,419
DETCOG				
Office, postage, and copier	--	3,255	2,655	600
Other charges	--	1,992	1,120	872
Capital outlays	--	15,228	14,890	338
Total DETCOG	--	20,475	18,665	1,810
Total General Government	758,963	717,334	685,108	32,226
Judicial:				
County Court at Law:				
Court appointed attorneys	5,000	7,250	7,250	--
Jury and court costs	2,600	2,995	1,895	1,100
Total County Court at Law	7,600	10,245	9,145	1,100
District Court:				
Salaries	52,299	52,299	48,216	4,083

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Benefits	19,420	19,484	18,718	766
Car allowance and travel	1,800	1,981	1,981	--
Office, postage, and copier	1,500	1,500	484	1,016
Court appointed attorneys	50,000	50,000	48,642	1,358
Jury and court costs	16,100	10,172	6,592	3,580
Total District Court	141,119	135,436	124,633	10,803
District Attorney:				
Salaries	49,403	50,709	49,377	1,332
Benefits	14,915	18,914	18,646	268
Car allowance and travel	500	860	859	1
Office, postage, and copier	2,400	2,022	1,284	738
Insurance	--	18	18	--
Continuing education	2,500	2,500	2,252	248
Total District Attorney	69,718	75,023	72,436	2,587
District Clerk:				
Salaries	72,432	72,432	70,293	2,139
Benefits	25,415	25,547	25,286	261
Office, postage, and copier	3,000	2,868	2,698	170
Utilities	650	650	601	49
Maintenance	7,800	8,040	8,040	--
Insurance	300	300	157	143
Continuing education	3,000	3,000	1,489	1,511
Professional fees	--	3,998	3,998	--
Library costs	4,000	5,500	4,804	696
Capital outlays	3,000	2,760	1,190	1,570
Total District Clerk	119,597	125,095	118,556	6,539
Justice of the Peace #1:				
Salaries	61,534	61,534	61,214	320
Benefits	23,945	16,898	16,185	713
Car allowance and travel	800	500	--	500
Office, postage, and copier	1,175	1,480	1,339	141
Utilities	650	650	599	51
Maintenance	7,720	8,020	7,536	484
Insurance	200	200	4	196
Continuing education	3,000	3,720	3,719	1
Total Justice of the Peace #1	99,024	93,002	90,596	2,406
Justice of the Peace #2:				
Salaries	62,605	62,605	61,569	1,036
Benefits	24,095	24,227	24,192	35
Car allowance and travel	800	--	--	--
Office, postage, and copier	1,000	655	654	1
Utilities	660	660	576	84
Maintenance	7,520	10,105	10,105	--
Insurance	200	200	4	196
Continuing education	1,500	2,337	2,337	--
Jury and court costs	100	100	--	100
Total Justice of the Peace #2	98,480	100,889	99,437	1,452
Courthouse Security:				

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Office, postage, and copier	2,500	2,500	1,746	754
Total Courthouse Security	2,500	2,500	1,746	754
Total Judicial	538,038	542,190	516,549	25,641
Legal:				
County Attorney:				
Salaries	98,663	98,663	98,947	(284)
Benefits	28,930	29,062	29,025	37
Office, postage, and copier	900	900	887	13
Utilities	850	915	714	201
Insurance	100	100	4	96
Continuing education	1,500	663	75	588
Capital outlays	500	1,140	1,139	1
Total County Attorney	131,443	131,443	130,791	652
Total Legal	131,443	131,443	130,791	652
Public Safety:				
Constable Pct #1:				
Salaries	23,374	23,374	23,374	--
Benefits	11,365	11,437	11,428	9
Fuel, oil, and tires	4,800	4,728	2,939	1,789
Insurance	100	100	--	100
Continuing education	1,000	1,000	--	1,000
Capital outlays	300	300	275	25
Total Constable Pct #1	40,939	40,939	38,016	2,923
Constable Pct #2:				
Salaries	25,377	25,413	25,412	1
Benefits	11,670	11,747	11,743	4
Fuel, oil, and tires	4,800	4,687	3,123	1,564
Insurance	100	100	--	100
Continuing education	500	500	--	500
Capital outlays	300	300	124	176
Total Constable Pct #2	42,747	42,747	40,402	2,345
Sheriff:				
Salaries	645,014	639,978	638,905	1,073
Benefits	237,800	222,206	221,359	847
Car allowance and travel	3,500	5,373	5,372	1
Office, postage, and copier	12,150	12,543	11,480	1,063
Utilities	45,500	49,420	48,801	619
Fuel, oil, and tires	69,000	43,181	43,172	9
Maintenance	30,000	30,660	27,985	2,675
Insurance	16,350	16,862	16,353	509
Continuing education	2,500	5,042	5,042	--
Equipment leasing	15,000	16,294	16,293	1
Prisoner housing costs	46,800	200,293	200,274	19
Capital outlays	55,000	52,100	51,511	589
Total Sheriff	1,178,614	1,293,952	1,286,547	7,405
Probation:				

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Utilities	1,100	1,100	1,048	52
Probation fees	13,046	13,046	13,046	--
Total Probation	14,146	14,146	14,094	52
9-1-1:				
Salaries	35,953	35,953	39,741	(3,788)
Benefits	12,760	12,826	12,783	43
Car allowance and travel	1,000	1,000	923	77
Office, postage, and copier	2,000	1,666	986	680
Utilities	800	1,300	1,282	18
Continuing education	3,500	1,950	1,038	912
Other charges	12,000	12,000	11,597	403
Capital outlays	1,250	2,568	2,018	550
Total 9-1-1	69,263	69,263	70,368	(1,105)
Child Safety:				
Office, postage, and copier	--	12,221	12,221	--
Total Child Safety	--	12,221	12,221	--
DARE Program:				
Office, postage, and copier	5,000	7,892	7,891	1
Total DARE Program	5,000	7,892	7,891	1
Keeler Grant Program				
Capital outlays	--	120,341	120,341	--
Total Keeler Grant	--	120,341	120,341	--
Justice Department Grant				
Salaries	--	7,376	7,376	--
Benefits	--	2,533	2,531	2
Total Justice Department Grant	--	9,909	9,907	2
Total Public Safety	1,350,709	1,611,410	1,599,787	11,623
Financial Administration:				
County Auditor:				
Salaries	36,168	36,168	36,168	--
Benefits	12,780	12,846	12,813	33
Office, postage, and copier	1,000	934	555	379
Continuing education	2,100	2,100	1,802	298
Capital outlays	800	800	--	800
Total County Auditor	52,848	52,848	51,338	1,510
County Treasurer:				
Salaries	88,624	88,624	85,798	2,826
Benefits	35,435	35,633	35,219	414
Office, postage, and copier	4,000	4,980	4,979	1
Utilities	700	700	688	12
Maintenance	5,100	3,922	3,394	528
Insurance	700	700	150	550
Continuing education	3,000	3,000	2,628	372
Capital outlays	250	250	220	30
Total County Treasurer	137,809	137,809	133,076	4,733

SABINE COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-1
Page 6 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax Assessor / Collector:				
Salaries	164,511	164,511	164,708	(197)
Benefits	69,220	69,615	69,582	33
Car allowance and travel	100	195	195	--
Office, postage, and copier	8,040	9,036	8,384	652
Utilities	2,400	2,400	2,151	249
Maintenance	3,600	168	11	157
Insurance	1,000	1,000	200	800
Continuing education	7,000	5,000	4,179	821
Appraisal District payments	61,863	61,863	61,863	--
Equipment leasing	27,542	28,888	28,888	--
Other charges	1,400	1,400	300	1,100
Total Tax Assessor / Collector	346,676	344,076	340,461	3,615
Total Financial Administration	537,333	534,733	524,875	9,858
Conservation				
County Agent:				
Salaries	20,052	20,052	20,052	--
Benefits	1,665	2,133	2,058	75
Car allowance and travel	5,000	5,000	5,000	--
Office, postage, and copier	1,500	1,500	300	1,200
Utilities	150	140	71	69
Continuing education	2,000	2,000	1,266	734
Total County Agent	30,367	30,825	28,747	2,078
Total Conservation	30,367	30,825	28,747	2,078
Pass-Through to Other Entities:				
Federal Forest payments to schools	--	643,932	643,932	--
Total Pass-Through to Other Entities	--	643,932	643,932	--
Total Expenditures	3,346,853	4,211,867	4,129,789	82,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,778	643,932	740,708	96,776
Other Financing Sources (Uses):				
Operating transfers out	--	(643,932)	(643,932)	--
Total Other Financing Sources (Uses)	--	(643,932)	(643,932)	--
Net Change in Fund Balances	8,778	--	96,776	96,776
Fund Balances - Beginning	2,926,758	2,926,758	2,926,758	--
Fund Balances - Ending	\$ 2,935,536	\$ 2,926,758	\$ 3,023,534	\$ 96,776

SABINE COUNTY, TEXAS
ROAD & BRIDGE #1
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,400	\$ 4,400	\$ 4,447	\$ 47
Payments in lieu of taxes	8,000	8,000	8,790	790
Total Intergovernmental	<u>12,400</u>	<u>12,400</u>	<u>13,237</u>	<u>837</u>
Fines and Fees of County Offices:				
Licenses & permits	110,000	110,000	107,689	(2,311)
Total Fees of County Offices	<u>110,000</u>	<u>110,000</u>	<u>107,689</u>	<u>(2,311)</u>
Interest Income	<u>13,000</u>	<u>13,000</u>	<u>15,910</u>	<u>2,910</u>
Other Income:				
Culvert reimbursement	2,000	2,000	2,113	113
Miscellaneous income	6,100	6,100	39,193	33,093
Total Other Income	<u>8,100</u>	<u>8,100</u>	<u>41,306</u>	<u>33,206</u>
Total Revenues	<u>143,500</u>	<u>143,500</u>	<u>178,142</u>	<u>34,642</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	147,599	147,599	135,135	12,464
Benefits	49,485	49,485	40,912	8,573
Car allowance and travel	1,800	1,800	576	1,224
Road materials	78,100	78,100	24,330	53,770
Office, postage, and copier	76,871	2,200	1,388	812
Utilities	4,800	4,800	3,487	1,313
Fuel, oil, and tires	49,500	54,500	25,957	28,543
Maintenance	19,000	19,000	7,013	11,987
Insurance	5,845	6,045	5,016	1,029
Equipment leasing	30,000	8,901	--	8,901
Continuing education	500	500	255	245
Capital outlays	5,000	79,671	5,000	74,671
Total Road and Bridge	<u>468,500</u>	<u>452,601</u>	<u>249,069</u>	<u>203,532</u>
Total Highways and Streets	<u>468,500</u>	<u>452,601</u>	<u>249,069</u>	<u>203,532</u>
Debt Service:				
Principal	--	14,177	14,177	--
Interest	--	1,722	1,722	--
Total Debt Service	<u>--</u>	<u>15,899</u>	<u>15,899</u>	<u>--</u>
Total Expenditures	<u>468,500</u>	<u>468,500</u>	<u>264,968</u>	<u>203,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(325,000)</u>	<u>(325,000)</u>	<u>(86,826)</u>	<u>238,174</u>
Other Financing Sources (Uses):				
Operating transfers in	75,000	75,000	154,544	79,544

SABINE COUNTY, TEXAS
ROAD & BRIDGE #1
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-2
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>154,544</u>	<u>(79,544)</u>
Net Change in Fund Balances	<u>(250,000)</u>	<u>(250,000)</u>	<u>67,718</u>	<u>317,718</u>
Fund Balances - Beginning	<u>1,195,687</u>	<u>1,195,687</u>	<u>1,195,689</u>	<u>2</u>
Fund Balances - Ending	<u>\$ 945,687</u>	<u>\$ 945,687</u>	<u>\$ 1,263,407</u>	<u>\$ 317,720</u>

SABINE COUNTY, TEXAS
ROAD & BRIDGE #2
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,631	\$ 31
Payments in lieu of taxes	8,400	8,400	9,157	757
Total Intergovernmental	<u>13,000</u>	<u>13,000</u>	<u>13,788</u>	<u>788</u>
Fines and Fees of County Offices:				
Licenses & permits	112,000	112,000	112,177	177
Total Fees of County Offices	<u>112,000</u>	<u>112,000</u>	<u>112,177</u>	<u>177</u>
Interest Income	9,000	9,000	11,346	2,346
Other Income:				
Rental income	6,000	6,000	80,330	74,330
Road base/Road oil reimbursement	200	200	--	(200)
Culvert reimbursement	6,000	6,000	6,558	558
Total Other Income	<u>12,200</u>	<u>12,200</u>	<u>86,888</u>	<u>74,688</u>
Total Revenues	<u>146,200</u>	<u>146,200</u>	<u>224,199</u>	<u>77,999</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	137,516	137,516	120,696	16,820
Benefits	51,590	51,833	48,877	2,956
Car allowance and travel	1,900	1,900	576	1,324
Road materials	157,700	157,700	54,140	103,560
Office, postage, and copier	2,950	3,292	3,075	217
Utilities	2,000	2,007	1,800	207
Fuel, oil, and tires	59,550	58,938	27,695	31,243
Maintenance	27,500	27,820	8,933	18,887
Insurance	4,345	4,367	3,619	748
Equipment leasing	30,000	55,381	55,381	--
Continuing education	500	500	255	245
Capital outlays	60,649	19,047	5,000	14,047
Total Road and Bridge	<u>536,200</u>	<u>520,301</u>	<u>330,047</u>	<u>190,254</u>
Total Highways and Streets	<u>536,200</u>	<u>520,301</u>	<u>330,047</u>	<u>190,254</u>
Debt Service:				
Principal	--	14,177	14,177	--
Interest	--	1,722	1,722	--
Total Debt Service	<u>--</u>	<u>15,899</u>	<u>15,899</u>	<u>--</u>
Total Expenditures	<u>536,200</u>	<u>536,200</u>	<u>345,946</u>	<u>190,254</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(390,000)</u>	<u>(390,000)</u>	<u>(121,747)</u>	<u>268,253</u>
Other Financing Sources (Uses):				

SABINE COUNTY, TEXAS
ROAD & BRIDGE #2
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating transfers in	<u>75,000</u>	<u>75,000</u>	<u>160,982</u>	<u>85,982</u>
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>160,982</u>	<u>(85,982)</u>
Net Change in Fund Balances	<u>(315,000)</u>	<u>(315,000)</u>	<u>39,235</u>	<u>354,235</u>
Fund Balances - Beginning	<u>871,084</u>	<u>871,084</u>	<u>871,084</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 556,084</u>	<u>\$ 556,084</u>	<u>\$ 910,319</u>	<u>\$ 354,235</u>

SABINE COUNTY, TEXAS
ROAD & BRIDGE #3
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-4
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,631	\$ 31
Payments in lieu of taxes	8,400	8,400	9,157	757
Total Intergovernmental	<u>13,000</u>	<u>13,000</u>	<u>13,788</u>	<u>788</u>
Fines and Fees of County Offices:				
Licenses & permits	112,100	112,100	112,417	317
Total Fees of County Offices	<u>112,100</u>	<u>112,100</u>	<u>112,417</u>	<u>317</u>
Interest Income	9,000	9,000	11,346	2,346
Other Income:				
Rental income	500	500	2,158	1,658
Miscellaneous income	6,000	6,000	73,381	67,381
Total Other Income	<u>6,500</u>	<u>6,500</u>	<u>75,539</u>	<u>69,039</u>
Total Revenues	<u>140,600</u>	<u>140,600</u>	<u>213,090</u>	<u>72,490</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	164,008	164,008	133,557	30,451
Benefits	56,600	56,600	35,114	21,486
Road materials	142,100	117,702	84,576	33,126
Office, postage, and copier	9,700	9,700	6,188	3,512
Utilities	2,900	2,900	2,469	431
Fuel, oil, and tires	61,984	64,401	31,707	32,694
Maintenance	27,000	53,981	45,153	8,828
Insurance	5,070	5,279	3,950	1,329
Equipment leasing	30,000	8,892	3,800	5,092
Continuing education	500	500	255	245
Capital outlays	40,738	40,738	--	40,738
Total Road and Bridge	<u>540,600</u>	<u>524,701</u>	<u>346,769</u>	<u>177,932</u>
Total Highways and Streets	<u>540,600</u>	<u>524,701</u>	<u>346,769</u>	<u>177,932</u>
Debt Service:				
Principal	--	14,177	14,177	--
Interest	--	1,722	1,722	--
Total Debt Service	<u>--</u>	<u>15,899</u>	<u>15,899</u>	<u>--</u>
Total Expenditures	<u>540,600</u>	<u>540,600</u>	<u>362,668</u>	<u>177,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(149,578)</u>	<u>250,422</u>
Other Financing Sources (Uses):				
Operating transfers in	75,000	75,000	160,983	85,983
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>160,983</u>	<u>(85,983)</u>

SABINE COUNTY, TEXAS
ROAD & BRIDGE #3
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net Change in Fund Balances	<u>(325,000)</u>	<u>(325,000)</u>	<u>11,405</u>	<u>336,405</u>
Fund Balances - Beginning	<u>770,827</u>	<u>770,827</u>	<u>770,827</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 445,827</u>	<u>\$ 445,827</u>	<u>\$ 782,232</u>	<u>\$ 336,405</u>

SABINE COUNTY, TEXAS
ROAD & BRIDGE #4
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B-5
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,818	\$ 218
Payments in lieu of taxes	8,800	8,800	9,523	723
Total Intergovernmental	<u>13,400</u>	<u>13,400</u>	<u>14,341</u>	<u>941</u>
Fines and Fees of County Offices:				
Licenses & permits	112,200	112,200	116,763	4,563
Total Fees of County Offices	<u>112,200</u>	<u>112,200</u>	<u>116,763</u>	<u>4,563</u>
Interest Income	<u>9,000</u>	<u>9,000</u>	<u>12,253</u>	<u>3,253</u>
Other Income:				
Culvert reimbursement	2,000	2,000	3,838	1,838
Miscellaneous income	6,000	6,000	43,000	37,000
Total Other Income	<u>8,000</u>	<u>8,000</u>	<u>46,838</u>	<u>38,838</u>
Total Revenues	<u>142,600</u>	<u>142,600</u>	<u>190,195</u>	<u>47,595</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	154,764	154,764	139,980	14,784
Benefits	58,700	58,700	52,520	6,180
Car allowance and travel	1,800	1,800	576	1,224
Road materials	158,200	156,482	104,824	51,658
Office, postage, and copier	2,600	3,454	2,829	625
Utilities	2,400	2,821	2,787	34
Fuel, oil, and tires	45,250	46,293	30,050	16,243
Maintenance	14,000	15,500	10,338	5,162
Insurance	7,740	17,740	12,413	5,327
Equipment leasing	30,000	14,101	--	14,101
Continuing education	500	500	255	245
Capital outlays	316,646	304,546	5,000	299,546
Total Road and Bridge	<u>792,600</u>	<u>776,701</u>	<u>361,572</u>	<u>415,129</u>
Total Highways and Streets	<u>792,600</u>	<u>776,701</u>	<u>361,572</u>	<u>415,129</u>
Debt Service:				
Principal	--	14,177	14,177	--
Interest	--	1,722	1,722	--
Total Debt Service	<u>--</u>	<u>15,899</u>	<u>15,899</u>	<u>--</u>
Total Expenditures	<u>792,600</u>	<u>792,600</u>	<u>377,471</u>	<u>415,129</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(650,000)</u>	<u>(650,000)</u>	<u>(187,276)</u>	<u>462,724</u>
Other Financing Sources (Uses):				
Operating transfers in	75,000	75,000	167,423	92,423

SABINE COUNTY, TEXAS
ROAD & BRIDGE #4
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>167,423</u>	<u>(92,423)</u>
Net Change in Fund Balances	<u>(575,000)</u>	<u>(575,000)</u>	<u>(19,853)</u>	<u>555,147</u>
Fund Balances - Beginning	<u>1,197,224</u>	<u>1,197,224</u>	<u>1,197,224</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 622,224</u>	<u>\$ 622,224</u>	<u>\$ 1,177,371</u>	<u>\$ 555,147</u>

SABINE COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE COUNTY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total pension liability:										
Service cost	\$ 239,179	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	465,552	--	--	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	54,021	--	--	--	--	--	--	--	--	--
Changes of assumptions	--	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(245,616)	--	--	--	--	--	--	--	--	--
Net change in total pension liability	513,136	--	--	--	--	--	--	--	--	--
Total pension liability - beginning	5,750,712	--	--	--	--	--	--	--	--	--
Total pension liability - ending (a)	\$ 6,263,848	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position:										
Contributions - employer	\$ 109,848	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	138,797	--	--	--	--	--	--	--	--	--
Net investment income	436,792	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(245,617)	--	--	--	--	--	--	--	--	--
Administrative expense	(5,038)	--	--	--	--	--	--	--	--	--
Other	(3,831)	--	--	--	--	--	--	--	--	--
Net change in plan fiduciary net position	430,951	--	--	--	--	--	--	--	--	--
Plan fiduciary net position - beginning	6,325,753	--	--	--	--	--	--	--	--	--
Plan fiduciary net position - ending (b)	\$ 6,756,704	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's net pension liability - ending (a) - (b)	\$ (492,856)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position as a percentage of the total pension liability	10.79%	--	--	--	--	--	--	--	--	--
Pensionable covered payroll	\$ 1,982,820	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's net pension liability as a percentage of covered-employee payroll	-24.86%	--	--	--	--	--	--	--	--	--

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

SABINE COUNTY, TEXAS
SCHEDULE OF COUNTY CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 109,848	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the actuarially determined contribution	109,848	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Pensionable covered payroll	\$ 1,982,820	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	5.54%	--	--	--	--	--	--	--	--	--

Notes to Schedule

Valuation date: December 31, 2014

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year, non-asymptotic, no corridor
Inflation	3.0%
Salary increases	3.5%, average, including inflation
Investment rate of return	8.1%, net of pension plan investment expense, including inflation
Cost of living adjustments	Cost-of-living adjustments for Sabine County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

SABINE COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

BUDGETARY PROCEDURES

Annual budgets are adopted for the general fund and the four road and bridge funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end. During the seventh month of the fiscal year, the County Judge prepares a budget to cover all proposed expenditures of the County government for the succeeding fiscal year. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. In preparing the budget, the Judge may require any County officer to furnish information necessary for the Judge to properly prepare the budget.

The Commissioners' Court shall hold a public hearing on the proposed budget. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget.

After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court shall file a copy of its order amending the budget with the County Clerk, and the Clerk shall attach the copy to the original budget. Management may not amend the budget without approval from the Commissioners' Court.

Expenditures may not legally exceed budgeted appropriations at the activity or departmental level. The budget is amended only by approval of the Commissioners' Court. Proposed amendments are presented to the Commissioners' Court in a public meeting, and each amendment must have Commissioners' Court approval. As required by law, such amendments are made before the fact, and are reflected in the minutes of the Commissioners' Court meetings. During the year the budget was amended as necessary.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled, consequently there are none as of December 31, 2015.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

SABINE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Appellate Judicial System Fund	District Clerk Record Archive Fee	Convention Center Building
ASSETS			
Cash and Cash Equivalents	\$ 11	\$ 2,143	\$ 51,973
Receivables (net of allowances for uncollectibles):			
Due from Others	--	--	--
Due from Other Funds	--	--	--
Due from Agency Funds	90	140	--
Total Assets	<u>101</u>	<u>2,283</u>	<u>51,973</u>
LIABILITIES			
Accounts Payable	\$ 50	\$ --	\$ --
Total Liabilities	<u>50</u>	<u>--</u>	<u>--</u>
FUND BALANCES (DEFICITS)			
Nonspendable Fund Balances	24	--	--
Restricted Fund Balances:			
Restricted for Road and Bridge Maintenance	--	--	--
Restricted for Hotel/Motel Tax	--	--	--
Restricted for Federal and State Grants	--	--	--
Restricted for Construction	--	--	51,973
Restricted for Record Retention	--	2,283	--
Restricted for Judicial & Law Enforcement	27	--	--
Total Fund Balance	<u>51</u>	<u>2,283</u>	<u>51,973</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 101</u>	<u>\$ 2,283</u>	<u>\$ 51,973</u>

Records Retention	Hotel/ Motel Tax	District Clerk Special	Forest Service
\$ 105,979	\$ 65,864	\$ 2,521	\$ 110,227
--	9,758	--	--
--	--	--	--
1,736	--	217	--
<u>107,715</u>	<u>75,622</u>	<u>2,738</u>	<u>110,227</u>
\$ --	\$ --	\$ --	\$ 548
--	--	--	<u>548</u>
--	--	--	--
--	--	--	--
--	75,622	--	--
--	--	--	109,679
--	--	--	--
107,715	--	2,738	--
--	--	--	--
<u>107,715</u>	<u>75,622</u>	<u>2,738</u>	<u>109,679</u>
\$ <u>107,715</u>	\$ <u>75,622</u>	\$ <u>2,738</u>	\$ <u>110,227</u>

SABINE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	County Clerk Archive	Road & Bridge Special	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS			
Cash and Cash Equivalents	\$ 32,658	\$ 4,531	\$ 375,907
Receivables (net of allowances for uncollectibles):			
Due from Others	--	--	9,758
Due from Other Funds	--	542	542
Due from Agency Funds	1,730	--	3,913
Total Assets	<u>34,388</u>	<u>5,073</u>	<u>390,120</u>
LIABILITIES			
Accounts Payable	\$ --	\$ 494	\$ 1,092
Total Liabilities	<u>--</u>	<u>494</u>	<u>1,092</u>
FUND BALANCES (DEFICITS)			
Nonspendable Fund Balances	--	2,010	2,034
Restricted Fund Balances:			
Restricted for Road and Bridge Maintenance	--	2,569	2,569
Restricted for Hotel/Motel Tax	--	--	75,622
Restricted for Federal and State Grants	--	--	109,679
Restricted for Construction	--	--	51,973
Restricted for Record Retention	34,388	--	147,124
Restricted for Judicial & Law Enforcement	--	--	27
Total Fund Balance	<u>34,388</u>	<u>4,579</u>	<u>389,028</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 34,388</u>	<u>\$ 5,073</u>	<u>\$ 390,120</u>

SABINE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appellate Judicial System Fund	District Clerk Record Archive Fee	Convention Center Building	Records Retention
Revenue:				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Fees	800	1,205	--	24,422
Interest Income	2	20	650	1,199
Other Income	--	--	--	--
Total Revenue	<u>802</u>	<u>1,225</u>	<u>650</u>	<u>25,621</u>
Expenditures:				
Current:				
General government	--	--	--	3,166
Judicial	775	--	--	--
Highways and streets	--	--	--	--
Pass-through to other entities	--	--	--	--
Total Expenditures	<u>775</u>	<u>--</u>	<u>--</u>	<u>3,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27</u>	<u>1,225</u>	<u>650</u>	<u>22,455</u>
Net Change in Fund Balances	<u>27</u>	<u>1,225</u>	<u>650</u>	<u>22,455</u>
Fund Balances - Beginning	24	1,058	51,323	85,260
Fund Balances - Ending	<u>\$ 51</u>	<u>\$ 2,283</u>	<u>\$ 51,973</u>	<u>\$ 107,715</u>

Hotel/ Motel Tax	District Clerk Special	Forest Service	County Clerk Archive	CDBG GM Water Supply Ike 2.2 Grant
\$ --	\$ --	\$ --	\$ --	\$ 130,688
76,387	1,813	--	24,075	--
871	35	--	457	--
--	--	--	--	--
<u>77,258</u>	<u>1,848</u>	<u>--</u>	<u>24,532</u>	<u>130,688</u>
82,352	8,000	--	30,000	--
--	--	--	--	--
--	--	--	--	130,688
--	--	11,838	--	--
<u>82,352</u>	<u>8,000</u>	<u>11,838</u>	<u>30,000</u>	<u>130,688</u>
(5,094)	(6,152)	(11,838)	(5,468)	--
(5,094)	(6,152)	(11,838)	(5,468)	--
80,716	8,890	121,517	39,856	--
<u>\$ 75,622</u>	<u>\$ 2,738</u>	<u>\$ 109,679</u>	<u>\$ 34,388</u>	<u>\$ --</u>

SABINE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	CDBG # 712037 Pendleton Harbor	CDBG #7214390 First Time Water Service	Road & Bridge Special	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:				
Intergovernmental	\$ 3,418	\$ 56,653	\$ --	\$ 190,759
Fees	--	--	20,000	148,702
Interest Income	--	--	--	3,234
Other Income	--	27	--	27
Total Revenue	<u>3,418</u>	<u>56,680</u>	<u>20,000</u>	<u>342,722</u>
Expenditures:				
Current:				
General government	--	--	--	123,518
Judicial	--	--	--	775
Highways and streets	--	56,680	17,431	204,799
Pass-through to other entities	3,418	--	--	15,256
Total Expenditures	<u>3,418</u>	<u>56,680</u>	<u>17,431</u>	<u>344,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>2,569</u>	<u>(1,626)</u>
Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>2,569</u>	<u>(1,626)</u>
Fund Balances - Beginning	--	--	2,010	390,654
Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,579</u>	<u>\$ 389,028</u>

SABINE COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2015

	<u>Tax Assessor - Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>
ASSETS:			
Cash and Cash Equivalents	\$ 528,055	\$ --	\$ --
Restricted Assets:			
Cash and Cash Equivalents	--	35,621	511,240
Total Assets and Other Debits	<u>528,055</u>	<u>35,621</u>	<u>511,240</u>
LIABILITIES:			
Due to County	\$ 300,346	\$ --	\$ --
Due to Other Beneficiaries	227,709	35,621	511,240
Due to Others	--	--	--
Total Liabilities	<u>528,055</u>	<u>35,621</u>	<u>511,240</u>
NET POSITION			
Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

<u>County Sheriff</u>	<u>Justice of Peace #1</u>	<u>County Attorney</u>	<u>Treasurer Fee Account</u>	<u>Total Agency Funds (See Exhibit A-7)</u>
\$ 10,109	\$ --	\$ 9,050	\$ 35,174	\$ 582,388
--	--	--	--	546,861
<u>10,109</u>	<u>--</u>	<u>9,050</u>	<u>35,174</u>	<u>1,129,249</u>
\$ --	\$ --	\$ 5,869	\$ 32,408	\$ 338,623
10,109	--	3,181	--	787,860
--	--	--	2,766	2,766
<u>10,109</u>	<u>--</u>	<u>9,050</u>	<u>35,174</u>	<u>1,129,249</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

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INDEPENDENT AUDITOR'S 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

To the Honorable Daryl Melton, County Judge
and Members of the Commissioners' Court
Sabine County, Texas
P.O. Box 597
Hemphill, Texas

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Sabine County, Texas (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 21, 2016.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Halls, Johnson, McLemore & Redfield, LLP

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP
Nacogdoches, Texas
July 21, 2016

HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Daryl Melton, County Judge
and Members of the Commissioners' Court
Sabine County, Texas
P.O. Box 597
Hemphill, Texas

Internal Control Over Financial Reporting

We have audited Sabine County, Texas's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and described in the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Halls, Johnson, McLemore & Redfield, LLP

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP
Nacogdoches, Texas
July 21, 2016

SABINE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.666	Schools and Roads - Grants to States

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SABINE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior year audit findings.		

SABINE COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

N/A - No current year findings.

SABINE COUNTY, TEXAS		EXHIBIT D-1						
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015								
		Federal Expenditures						
Federal Grantor/ Pass-Through Grantor/	Program Title	Federal CFDA Number	Other Award Numbers	From Pass- Through Awards	From Direct Awards	Total	Passed Through to Sub-Recipients	Note
	Payment in Lieu of Taxes (PILT)	15.227			\$ 36,627	\$ 36,627		
U. S. DEPARTMENT OF THE INTERIOR								
Total U. S. Department of the Interior								
U. S. DEPARTMENT OF JUSTICE								
Passed Through DETCOG:								
Justice Assistance Formula Grant	Edward Byrne Memorial (JAG)	16.738	2920101	9,907		9,907		
Total U. S. Department of Justice								
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT								
Passed Through Texas Department of Agriculture:								
Community Development Block Grant	Disaster Relief Water Project - Pendleton Harbor	14.228	712037	3418		3,418		
Community Development Block Grant	G/M WSC Water Improvement	14.228	7214390	56653		56,653		
Total Passed Through Texas Department of Agriculture								
Passed Through Texas General Land Office:								
Community Development Block Grant	Hurricane Ike 2.2 Repairs	14.228	12-641-000-7063	130687		130,687		
Total U. S. Department of Housing & Urban Development								
U. S. DEPARTMENT OF AGRICULTURE								
Passed Through Texas Comptroller:								
Schools and Roads - Grants to Counties	Federal Forest & Minerals	10.666		1,287,864		1,287,864	643,932	
Total U. S. Department of Agriculture								
DEPARTMENT OF HOMELAND SECURITY								
FEMA Disaster #4223		97.036		--	173,044	173,044		
Total Department of Homeland Security								
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,488,529	\$ 209,671	\$ 1,698,200	\$ 643,932	
* Indicates clustered program under OMB Circular A-133 Compliance Supplement								
The accompanying notes are an integral part of this schedule.								

SABINE COUNTY, TEXAS**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

The Schedule of Expenditures of Federal Awards is a summary of the activity of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

The modified accrual basis of accounting is used for the Governmental Fund Types. The County uses Governmental Fund Types (General Fund and Special Revenue Funds) to account for federal grant awards received. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.