

SABINE COUNTY, TEXAS
Hemphill, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Honorable Daryl Melton, County Judge
and Members of the Commissioners' Court
Sabine County, Texas
Hemphill, Texas

We have audited the accompanying financial statements of the governmental activities, fiduciary 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, 2020, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, fiduciary activities, each major fund, and the aggregate remaining fund information of Sabine County, Texas, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and supplemental pension schedules 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 Sabine County, Texas' basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and 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 nonmajor fund financial statements and 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 August 23, 2021, on our consideration of Sabine County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sabine County's internal control over financial reporting and compliance.

Lufkin, Texas
August 23, 2021


CERTIFIED PUBLIC ACCOUNTANTS

Managements' Discussion and Analysis

This section of the Sabine County's (the "County") annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2020. 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 \$11,318,427 at December 31, an increase of \$144,422 for activities from the prior year.
- Total government-wide revenues for the current year were \$7,614,984 compared to \$6,417,496 in the prior year, an increase of \$1,197,488 or 18.7%.
- During the current year, the County's expenses were \$4,089,572 more than the \$3,380,990 generated in charges for services and operating and capital grants and contributions.
- The general fund reported an unassigned fund balance this year of \$4,621,844.

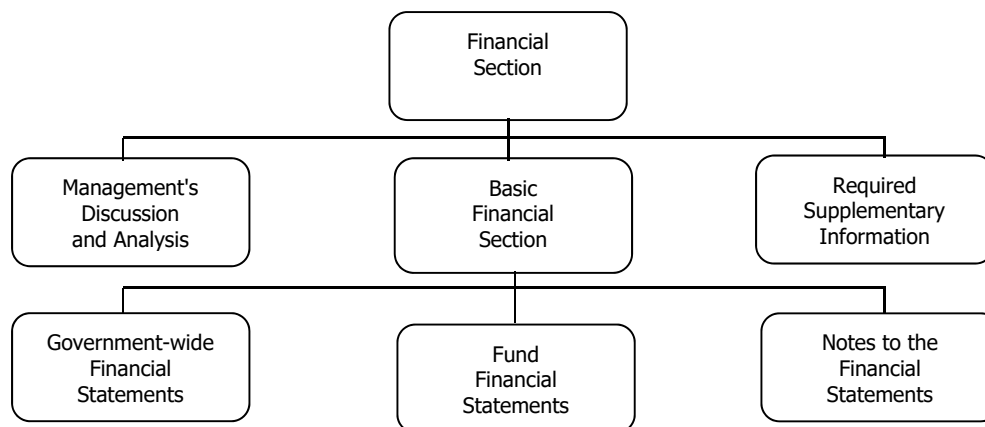
OVERVIEW OF THE FINANCIAL STATEMENTS

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:

1. 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.
2. 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.
3. The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
4. *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. The figure below shows how the required parts of this annual report are arranged and related to one another.

COMPONENTS OF THE FINANCIAL SECTION



Government-wide Statements

The government-wide statements report information about the County as a whole using the accrual methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, deferred inflows and deferred outflows. 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 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 \$11,318,427. The following table provides a summary of the County's net position:

	DECEMBER 31,		AMOUNT OF CHANGE	%
	2020	2019		
Current and other assets	\$ 9 726 230	\$ 9 201 779	\$ 524 451	5.7
Capital assets	2 366 616	2 425 062	(58 446)	(2.4)
Noncurrent assets	138 965	-	138 965	100.0
TOTAL ASSETS	<u>12 231 811</u>	<u>11 626 841</u>	<u>604 970</u>	5.2
Deferred outflows related to pension	<u>747 793</u>	<u>986 584</u>	<u>(238 791)</u>	(24.2)
Current liabilities	525 794	361 122	164 672	45.6
Long-term liabilities	<u>424 561</u>	<u>787 876</u>	<u>(363 315)</u>	(46.1)
TOTAL LIABILITIES	<u>950 355</u>	<u>1 148 998</u>	<u>(198 643)</u>	(17.3)
Deferred outflows related to pension	<u>710 822</u>	<u>290 422</u>	<u>420 400</u>	144.8
Net Position:				
Invested in capital assets	1 875 247	2 031 998	(156 751)	(7.7)
Restricted	3 540 626	3 843 641	(303 015)	(7.9)
Unrestricted	<u>5 902 554</u>	<u>5 298 366</u>	<u>604 188</u>	11.4
TOTAL NET POSITION	<u>\$ 11 318 427</u>	<u>\$ 11 174 005</u>	<u>\$ 144 422</u>	1.3

Net position of the County's governmental activities increased by \$144,422 during the year ending December 31, 2020, up 1.3% from the prior year. However, some parts 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 \$5,902,554 at year end, an increase of 11.4%.

Governmental Activities

- The cost of all *governmental* activities this year was \$7,470,562.
- The amount that our taxpayers paid for these activities through property taxes was \$3,351,641.
- Some of the cost was paid by those who directly benefited from service fees and charges \$818,802 and from operating and capital grants and contributions \$2,562,188.

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

SUMMARY OF ACTIVITIES AND CHANGES IN NET POSITION
GOVERNMENT-WIDE ACTIVITIES

	DECEMBER 31,		AMOUNT OF CHANGE	%
	2020	2019		
Program Revenues:				
Charges for services	\$ 818 802	\$ 883 154	\$ (64 352)	(7.3)
Operating grants/contributions	981 464	189 125	792 339	418.9
Capital grants/contributions	1 580 724	1 280 887	299 8387	23.4
General Revenues:				
Property taxes	3 351 641	3 126 589	225 052	7.2
Other taxes	620 519	490 621	129 898	26.5
Interest income	131 001	161 900	(30 899)	(19.1)
Other income	130 833	285 220	(154 387)	(54.1)
TOTAL REVENUES/CONTRIBUTIONS	7 614 984	6 417 496	1 197 488	18.6
Expenses:				
General government	1 558 836	1 082 014	476 822	44.1
Judicial	718 211	649 760	68 451	10.5
Legal	184 496	164 581	19 915	12.1
Public safety	1 666 370	1 648 628	17 742	1.1
Highways and streets	1 945 704	1 575 648	370 056	23.5
Financial administration	746 649	729 334	17 315	2.4
Conservation	21 990	21 407	583	2.7
Pass-through to other entities	628 306	479 027	149 279	31.2
TOTAL EXPENSES	7 470 562	6 350 399	1 120 163	17.6
REVENUES OVER (UNDER) EXPENSES	144 422	67 097	77 325	115.2
Beginning net position	11 174 005	11 106 908	67 097	0.6
ENDING NET POSITION	\$ 11 318 427	\$ 11 174 005	\$ 144 422	1.3

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

SUMMARY OF FUND BALANCES
GOVERNMENTAL FUNDS

	DECEMBER 31,		AMOUNT OF CHANGE	%
	2020	2019		
General Fund	\$ 4 621 844	\$ 3 982 599	\$ 639 245	16.1
Road and Bridge Funds	3 137 615	3 499 201	(361 586)	(10.3)
Special Revenue Funds	403 029	344 440	58 589	17.0
TOTAL FUND BALANCE	\$ 8 162 488	\$ 7 826 240	\$ 336 248	4.3

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 \$269,500 over final budget amounts due to COVID expenses.

Actual revenues were \$1,194,684 above the final budgeted revenues due to COVID grant revenues.

Taking both budget factors into account, the County experienced an increase in the fund balance of the General fund of \$639,245, when the final budget called for a \$279,519 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, the County had invested \$11,791,221 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$296,199 over last year.

	DECEMBER 31,		AMOUNT	%
	2020	2019	OF	CHANGE
			CHANGE	CHANGE
Land	\$ 120 714	\$ 120 714	\$ -	-
Buildings and improvements	1 279 691	1 255 566	24 125	1.9
Equipment and vehicles	4 916 982	4 685 324	231 658	4.9
Roads and bridges	5 356 564	5 356 564	-	-
Construction in progress	117 270	76 854	40 416	34.5
TOTAL CAPITAL ASSETS	\$ <u>11 791 221</u>	\$ <u>11 495 022</u>	\$ <u>296 199</u>	2.6

Debt

During the year, the County financed a Dump Truck for \$149,132 at 3.0% interest over 4 years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2021 budget preparation is estimated to be approximately \$835,785,459 which is a decrease of approximately 0.0395% from the 2020 appraised values of \$870,170,485.
- Proposed tax rate for 2021 budget is \$0.39999 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2021. The County has added no major new programs or initiatives to the 2021 budget.

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 the County offices.

BASIC FINANCIAL STATEMENTS

SABINE COUNTY, TEXAS
STATEMENT OF NET POSITION
December 31, 2020

EXHIBIT A-1

		<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS		
Current Assets:		
Cash and investments	\$	7 306 381
Restricted cash		195 005
Receivables Net of Allowance for Uncollectibles:		
Taxes		1 153 084
Due from state		602 475
Due from fiduciary funds		295 978
Other		176 361
TOTAL CURRENT ASSETS		<u>9 726 230</u>
Noncurrent Assets:		
Pension asset		138 965
Capital Assets, Net of Depreciation:		
Land		120 714
Streets and infrastructure		1 049 939
Buildings and improvements		284 201
Vehicles		148 180
Machinery and equipment		646 312
Construction in progress		117 270
TOTAL CAPITAL ASSETS		<u>2 366 616</u>
TOTAL NONCURRENT ASSETS		<u>2 505 581</u>
TOTAL ASSETS		<u>12 231 811</u>
DEFERRED OUTFLOW		
Contribution subsequent to measurement date		181 409
Pension deferred outflows		566 384
TOTAL DEFERRED OUTFLOW		<u>747 793</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$	<u><u>12 979 604</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$	335 571
Due to state		13 609
Accrued interest		10 506
Accrued liabilities		99 300
Due in current period		66 808
TOTAL CURRENT LIABILITIES		<u>525 794</u>
Noncurrent Liabilities:		
Long-term debt		424 561
TOTAL NONCURRENT LIABILITIES		<u>424 561</u>
TOTAL LIABILITIES		<u>950 355</u>
DEFERRED INFLOWS		
Deferred pension inflows		<u>710 822</u>
NET POSITION		
Net investment in capital assets		1 875 247
Restricted		3 540 626
Unrestricted		5 902 554
TOTAL NET POSITION	\$	<u><u>11 318 427</u></u>

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

SABINE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

EXHIBIT A-2

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION PRIMARY GOVERNMENT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General administration	\$ 1 558 836	\$ 284 613	\$ 867 152	\$ -	\$ (407 071)
Judicial	718 211	401 971	-	-	(316 240)
Legal	184 496	-	-	-	(184 496)
Public safety	1 666 370	132 218	114 312	-	(1 419 840)
Highways and bridges	1 945 704	-	-	1 580 724	(364 980)
Financial administration	746 649	-	-	-	(746 649)
Conservation	21 990	-	-	-	(21 990)
Pass through to other entities	628 306	-	-	-	(628 306)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 470 562	\$ 818 802	\$ 981 464	\$ 1 580 724	(4 089 572)
General Revenues:					
Taxes:					
Property taxes					3 351 641
Other tax revenue					620 519
Unrestricted investment earnings					131 001
Other unrestricted revenue					130 833
TOTAL GENERAL REVENUES					4 233 994
CHANGE IN NET POSITION					144 422
Net position, beginning					11 174 005
NET POSITION, ENDING					\$ 11 318 427

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

SABINE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
ASSETS			
Cash and investments	\$ 3 818 688	\$ 1 117 384	\$ 652 960
Restricted cash	195 005	-	-
Taxes receivable	1 153 084	-	-
Other receivables	113 320	13 696	13 264
Due from state	602 475	-	-
Due from other funds	284 174	1 623	1 621
TOTAL ASSETS	\$ 6 166 746	\$ 1 132 703	\$ 667 845
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 335 144	\$ 255	\$ -
Due to state	16 641	-	-
Accrued liabilities	77 855	6 960	5 823
TOTAL LIABILITIES	429 640	7 215	5 823
 Deferred Inflows:			
Unearned revenues	1 115 262	-	-
TOTAL DEFERRED INFLOWS	1 115 262	-	-
 Fund Balances:			
Restricted Fund Balance:			
Road and bridge maintenance	-	1 125 488	662 022
Hotel/motel tax usage	-	-	-
Federal and state grants	-	-	-
Construction	-	-	-
Record retention	-	-	-
Unrestricted Reported in:			
Unassigned	4 621 844	-	-
TOTAL FUND BALANCES	4 621 844	1 125 488	662 022
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ 6 166 746	 \$ 1 132 703	 \$ 667 845

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

	<u>ROAD & BRIDGE 3</u>	<u>ROAD & BRIDGE 4</u>	<u>NON MAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
\$	580 108	\$ 748 911	\$ 388 330	\$ 7 306 381
	-	-	-	195 005
	-	-	-	1 153 084
	13 264	13 264	9 553	176 361
	-	-	-	602 475
	<u>1 621</u>	<u>1 621</u>	<u>5 318</u>	<u>295 978</u>
\$	<u>594 993</u>	<u>763 796</u>	<u>403 201</u>	<u>9 729 284</u>

\$	-	\$ -	\$ 172	\$ 335 571
	-	-	-	16 641
	<u>4 652</u>	<u>4 032</u>	<u>-</u>	<u>99 322</u>
	<u>4 652</u>	<u>4 032</u>	<u>172</u>	<u>451 534</u>

	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 115 262</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 115 262</u>

	590 341	759 764	941	3 138 556
	-	-	157 670	157 670
	-	-	21 328	21 328
	-	-	76 781	76 781
	-	-	146 291	146 291
	<u>-</u>	<u>-</u>	<u>18</u>	<u>4 621 862</u>
	<u>590 341</u>	<u>759 764</u>	<u>403 029</u>	<u>8 162 488</u>
\$	<u>594 993</u>	<u>763 796</u>	<u>403 201</u>	<u>9 729 284</u>

SABINE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

EXHIBIT A-4

Total fund balances - Governmental funds balance sheet	\$ 8 162 488
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.	2 366 616
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 115 262
Debt proceeds and accrued interest are recorded as other financing sources in the funds and liabilities in the governmental activities.	(501 875)
Recognition of the County's proportionate share of the net pension asset is not reported in the funds.	138 965
Deferred resource outflows and inflows related to the pension are not reported in the funds.	<u>36 971</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 11 318 427</u>

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

SABINE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2020

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
Revenues:			
Property taxes	\$ 3 124 214	\$ 40 804	\$ 42 578
Other taxes	523 414	-	-
Fines and fees	322 385	101 456	106 257
Interest	69 514	19 698	12 263
Intergovernmental	1 767 656	85 862	89 595
Miscellaneous	127 243	13 574	37 109
TOTAL REVENUES	5 934 426	261 394	287 802
Expenditures:			
General administration	1 452 914	-	-
Judicial	674 393	-	-
Legal	173 465	-	-
Public safety	1 666 402	-	-
Highways and streets	-	325 841	389 504
Financial administration	702 005	-	-
Conservation	20 676	-	-
Pass through to other entities	628 306	-	-
TOTAL EXPENDITURES	5 318 161	325 841	389 504
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	616 265	(64 447)	(101 702)
Other Financing Sources (Uses):			
Transfers in (out)	22 980	-	-
TOTAL OTHER FINANCING SOURCES (USES)	22 980	-	-
NET CHANGE IN FUND BALANCES	639 245	(64 447)	(101 702)
Fund balance, beginning	3 982 599	1 189 935	763 724
FUND BALANCE, ENDING	\$ 4 621 844	\$ 1 125 488	\$ 662 022

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

EXHIBIT A-5

	<u>ROAD & BRIDGE 3</u>	<u>ROAD & BRIDGE 4</u>	<u>NON MAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
\$	47 901	\$ 46 127	\$ -	\$ 3 301 624
	-	-	97 105	620 519
	119 100	114 849	54 755	818 802
	11 426	12 263	5 837	131 001
	100 793	97 062	421 220	2 562 188
	<u>23 047</u>	<u>78 992</u>	<u>-</u>	<u>279 965</u>
	<u>302 267</u>	<u>349 293</u>	<u>578 917</u>	<u>7 714 099</u>
	-	-	75 629	1 528 543
	-	-	875	675 268
	-	-	-	173 465
	-	-	5 654	1 672 056
	366 023	480 974	415 190	1 977 532
	-	-	-	702 005
	-	-	-	20 676
	-	-	-	<u>628 306</u>
	<u>366 023</u>	<u>480 974</u>	<u>497 348</u>	<u>7 377 851</u>
	<u>(63 756)</u>	<u>(131 681)</u>	<u>81 569</u>	<u>336 248</u>
	-	-	<u>(22 980)</u>	<u>-</u>
	-	-	<u>(22 980)</u>	<u>-</u>
	(63 756)	(131 681)	58 589	336 248
	<u>654 097</u>	<u>891 445</u>	<u>344 440</u>	<u>7 826 240</u>
\$	<u><u>590 341</u></u>	\$ <u><u>759 764</u></u>	\$ <u><u>403 029</u></u>	\$ <u><u>8 162 488</u></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, 2020

EXHIBIT A-6

Net change in fund balances - Total governmental funds.	\$	336 248
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:		
Capital outlays are not reported as expenses in the SOA.		296 199
The depreciation of capital assets used in governmental activities is not reported in the funds.		(354 645)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		50 017
Proceeds from debt and debt principal repayment are not recognized in the SOA, but are in the funds.		(108 811)
Pension contributions made after the measurement date, but in current FY were de-expended and reduced NP.		181 409
Pension expense relating to GASB 68 is recorded in the SOA, but not in the funds.		<u>(255 995)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$	<u>144 422</u>

SABINE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2020

EXHIBIT A-7

	AGENCY FUNDS
ASSETS	
Restricted Assets:	
Cash and cash equivalents	\$ <u>1 137 681</u>
TOTAL ASSETS	\$ <u><u>1 137 681</u></u>
LIABILITIES	
Due to governmental funds	\$ 295 978
Due to other beneficiaries	<u>841 703</u>
TOTAL LIABILITIES	\$ <u><u>1 137 681</u></u>

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

I. 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.

A. 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; 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.

B. Basis of Presentation, Basis of Accounting

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.

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 and Fiduciary 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 governments (including the County).

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than agency, debt service, and capital project) such as federal, state, or locally financed programs where unused balances are returned to the grantor at the close of the specified project periods. Funds are legally restricted to expenditures for specific purposes.

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.

C. Financial Statement Amounts

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.

Allowance 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 \$175,436 at December 31.

Inventories and Prepaid Items

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. The County does not currently have any inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County does not currently have any prepaid items.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Infrastructure	15-45
Buildings	5-39
Building improvements	7-20
Vehicles	5-7
Machinery and equipment	5-10
Computer equipment	3-7

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 scheduled for collection within one year of year end.

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 "Due from other funds" line of the government-wide statement of net position.

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, constitution 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.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- 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 generally accepted accounting principles requires the use of management's estimates.

Pension

The County reports a liability/asset 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.

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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. 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 one or more future periods and so will not be recognized as an inflows of resources (revenue) until that time. The County has two types of these item which arises under a modified accrual basis of accounting; unavailable revenues which is reported only in the governmental funds balance sheet, and deferred inflow of resources related to pensions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Tax Abatements

The County does not currently have any abated or future property tax abatements.

II. COMPLIANCE AND ACCOUNTABILITY

A. 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:

FUND/DEPARTMENT	EXCEEDED BUDGET
General/Various Departments	\$ Various

B. 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:

FUND NAME	DEFICIT AMOUNT	REMARKS
None reported	Not applicable	Not applicable

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

III. 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, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,639,067 and the bank balance was \$8,658,471. The County's cash deposits at December 31, and during the year ended December 31, 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.

The County's investments at December 31 are shown below:

INVESTMENT OR INVESTMENT TYPE	MATURITY	FAIR VALUE
Certificates of deposit - Road & Bridge 1	< 1 year	\$ 853 757
Certificates of deposit - Road & Bridge 2	< 1 year	443 041
Certificates of deposit - Road & Bridge 3	< 1 year	391 970
Certificates of deposit - Road & Bridge 4	< 1 year	443 041
LOGIC Investment Pool	N/A	51 446
TOTAL INVESTMENTS		\$ 2 183 255

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

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

III. DEPOSITS AND INVESTMENTS - CONTINUED

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.

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.

IV. CAPITAL ASSETS

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

	BALANCE 12/31/2019	ADDITIONS	DELETIONS	BALANCE 12/31/2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 120 714	\$ -	\$ -	\$ 120 714
Construction in progress	76 854	143 683	(103 267)	117 270
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>197 568</u>	<u>143 683</u>	<u>(103 267)</u>	<u>237 984</u>
Capital Assets Being Depreciated:				
Buildings and improvement	1 255 566	24 125	-	1 279 691
Equipment	3 754 160	187 017	-	3 941 177
Vehicles	931 164	44 641	-	975 805
Infrastructure	5 356 564	-	-	5 356 564
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>11 297 454</u>	<u>255 783</u>	<u>-</u>	<u>11 553 237</u>
Less Accumulated Depreciation For:				
Buildings and improvement	(958 753)	(36 737)	-	(995 490)
Equipment	(3 166 766)	(128 099)	-	(3 294 865)
Vehicles	(766 286)	(61 339)	-	(827 625)
Infrastructure	(4 178 155)	(128 470)	-	(4 306 625)
TOTAL ACCUMULATED DEPRECIATION	<u>(9 069 960)</u>	<u>(354 645)</u>	<u>-</u>	<u>(9 424 605)</u>
TOTAL NET CAPITAL ASSETS BEING DEPRECIATED	<u>2 227 494</u>	<u>(98 862)</u>	<u>-</u>	<u>2 128 632</u>
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	<u>\$ 2 425 062</u>	<u>\$ 44 821</u>	<u>\$ (103 267)</u>	<u>\$ 2 366 616</u>

Depreciation was charged to functions as follows:

General government	\$ 80 315
Judicial	35 481
Legal	9 114
Public safety	87 856
Highways and streets	103 907
Financial administration	36 886
Conservation	1 086
	<u>\$ 354 645</u>

V. INTERFUND BALANCES AND ACTIVITY

Due To and From Other Funds

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

Agency Funds	General Fund	\$ 284 174	Pending transfer of fees
Agency Funds	Special Revenue Fund	<u>11 804</u>	Pending transfer between funds
		<u>\$ 295 978</u>	

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

V. INTERFUND BALANCES AND ACTIVITY - CONTINUED

Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
County Clerk Archive Fund	General Fund	\$ 22 980	Reimburse fees
		<u>\$ 22 980</u>	

VI. LONG-TERM DEBT

During the year ending December 31, 2019, the County leased a 2019 John Deere Motor Grader for Pct. 4 for \$131,814 at 3.99% interest with payments of \$18,000 to \$80,819 per year and a 2019 Mack Dump Truck for Pct. 2 for \$261,250 at 3.80% interest with payments of \$48,013 to \$148,014 per year. During the year ending December 31, 2020, The County leased a 2021 Mack Dump Truck for Pct. 3 for \$149,142 at 3.0% interest with payments of \$18,500 to \$105,779 per year.

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	CURRENT PORTION
2019 Dump Truck	\$ 261 250	\$ -	\$ 38 086	\$ 223 164	\$ 39 533
2019 Motor Grader	131 814	-	12 741	119 073	13 249
2021 Mack Dump Truck	-	149 132	-	149 132	14 026
	<u>\$ 393 064</u>	<u>\$ 149 132</u>	<u>\$ 50 827</u>	<u>\$ 491 369</u>	<u>\$ 66 808</u>
		PRINCIPAL	INTEREST	TOTAL	
2021	\$	66 808	\$ 17 705	\$ 84 513	
2022		69 260	15 253	84 513	
2023		171 803	12 712	184 515	
2024		183 498	7 641	191 139	
	\$	<u>491 369</u>	\$ <u>53 311</u>	<u>\$ 544 680</u>	

VII. 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 2017, 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.

VIII. PENSION PLAN

Plan Description

The District 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 District 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 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.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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 employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

Actuarial Assumptions

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	8.00%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District 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.
Retirement Age	See Table 3
Turnover	See Table 4
Mortality	See Table 2

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2018 actuarial valuation analysis for Sabine County. This information may also be found in the Sabine County December 31, 2019 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.
- An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-Specific Economic Assumptions:

Growth in membership	0.00%
Payroll growth	3.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

Table 1
Merit Salary Increases*

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and Later
0	5.00%	4.50%	4.00%	3.50%
1	4.25%	3.75%	3.25%	2.75%
2	3.85%	3.35%	2.85%	2.35%
3	3.50%	3.00%	2.50%	2.00%
4	3.15%	2.65%	2.25%	1.85%
5	2.90%	2.55%	2.15%	1.70%
6	2.65%	2.30%	1.95%	1.55%
7	2.45%	2.10%	1.75%	1.40%
8	2.30%	1.95%	1.60%	1.25%
9	2.15%	1.80%	1.45%	1.10%
10	2.00%	1.70%	1.40%	1.05%
11	1.90%	1.60%	1.25%	1.00%
12	1.80%	1.50%	1.15%	0.95%
13	1.70%	1.40%	1.05%	0.90%
14	1.60%	1.30%	0.95%	0.85%
15	1.50%	1.23%	0.90%	0.80%
16	1.40%	1.15%	0.85%	0.75%
17	1.30%	1.05%	0.80%	0.70%
18	1.23%	0.97%	0.75%	0.65%
19	1.15%	0.90%	0.70%	0.60%
20	1.10%	0.85%	0.65%	0.55%
21	1.05%	0.80%	0.60%	0.50%
22	1.00%	0.75%	0.55%	0.50%
23	0.95%	0.70%	0.50%	0.50%
24	0.90%	0.65%	0.50%	0.50%
25	0.85%	0.60%	0.50%	0.50%
26	0.80%	0.60%	0.50%	0.50%
27	0.75%	0.60%	0.50%	0.50%
28	0.70%	0.60%	0.50%	0.50%
29	0.65%	0.60%	0.50%	0.50%
30 & Up	0.60%	0.60%	0.50%	0.50%

** These rates do not include the wage inflation rate of 3.25% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.00% merit increase and the 3.25% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.*

Demographic Assumptions

TCDRS System-Wide Demographic Assumptions:

Replacement of Terminated Members - New employees are assumed to replace any terminated members and have similar entry ages.

Disability - The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

Table 2
Annual Rates of Disability*

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000%	0.000%	44	0.004%	0.063%
26	0.000%	0.000%	45	0.004%	0.069%
27	0.000%	0.000%	46	0.005%	0.076%
28	0.000%	0.008%	47	0.006%	0.084%
29	0.000%	0.008%	48	0.007%	0.095%
30	0.000%	0.009%	49	0.009%	0.109%
31	0.000%	0.010%	50	0.010%	0.125%
32	0.000%	0.010%	51	0.012%	0.142%
33	0.000%	0.011%	52	0.013%	0.162%
34	0.000%	0.014%	53	0.015%	0.183%
35	0.001%	0.018%	54	0.018%	0.203%
36	0.001%	0.022%	55	0.018%	0.222%
37	0.002%	0.028%	56	0.018%	0.238%
38	0.002%	0.033%	57	0.018%	0.250%
39	0.002%	0.038%	58	0.018%	0.259%
40	0.002%	0.042%	59	0.018%	0.270%
41	0.003%	0.047%	60 & Above	0.018%	0.000%
42	0.003%	0.053%			

* The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work related disability provisions are applicable.

Mortality

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, projected with 110% of the MP-14 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement - Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement*

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	20.0%	20.0%
45-49	9.0%	9.0%	63	15.0%	15.0%
50	10.0%	10.0%	64	15.0%	15.0%
51	9.0%	9.0%	65	25.0%	25.0%
52	9.0%	9.0%	66	25.0%	25.0%
53	9.0%	9.0%	67	22.0%	22.0%
54	9.0%	9.0%	68	20.0%	20.0%
55	10.0%	10.0%	69	20.0%	20.0%
56	10.0%	10.0%	70	22.0%	22.0%
57	10.0%	10.0%	71	22.0%	22.0%
58	12.0%	12.0%	72	22.0%	22.0%
59	12.0%	12.0%	73	22.0%	22.0%
60	12.0%	12.0%	74**	22.0%	22.0%
61	12.0%	12.0%			

* Deferred members are assumed to retire (100% probability) at the later of:

a) age 60

b) earliest retirement eligibility.

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

**Table 4
Annual Rates of Termination**

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	36.7%	39.8%	30.6%	33.2%	26.1%	28.2%	24.5%	26.5%
1	25.1%	27.3%	21.1%	22.9%	17.9%	19.5%	16.9%	18.3%
2	18.7%	20.2%	15.8%	17.2%	13.4%	14.6%	12.7%	13.8%
3	14.9%	16.1%	12.7%	13.8%	10.8%	11.7%	10.1%	11.0%
4	12.2%	13.3%	10.6%	11.4%	9.0%	9.7%	8.5%	9.1%
5	10.9%	11.9%	9.5%	10.3%	8.0%	8.8%	7.6%	8.3%
6	9.7%	10.5%	8.5%	9.1%	7.2%	7.8%	6.7%	7.4%
7	8.6%	9.4%	7.6%	8.3%	6.5%	7.0%	6.1%	6.6%
8	7.2%	7.7%	6.4%	6.8%	5.4%	5.8%	5.1%	5.5%
9	6.8%	7.4%	6.2%	6.6%	5.2%	5.6%	5.0%	5.3%
10	6.1%	6.5%	5.5%	5.9%	4.6%	5.1%	4.4%	4.7%
11	5.3%	5.7%	4.8%	5.3%	4.2%	4.5%	3.9%	4.2%
12	4.8%	5.2%	4.4%	4.8%	3.7%	4.1%	3.5%	3.9%
13	4.3%	4.6%	4.0%	4.4%	3.4%	3.7%	3.2%	3.5%
14	3.9%	4.1%	3.6%	3.9%	3.1%	3.3%	2.9%	3.1%
15	3.3%	3.6%	3.2%	3.4%	2.6%	3.0%	2.5%	2.8%
16	2.9%	3.1%	2.8%	3.0%	2.3%	2.5%	2.2%	2.4%
17	2.5%	2.8%	2.4%	2.6%	2.1%	2.2%	2.0%	2.1%
18	2.2%	2.3%	2.1%	2.3%	1.8%	2.0%	1.7%	1.9%
19	1.9%	2.1%	1.9%	2.1%	1.7%	1.8%	1.5%	1.7%
20	1.7%	2.0%	1.7%	2.0%	1.5%	1.6%	1.4%	1.5%
21	1.6%	1.8%	1.6%	1.8%	1.4%	1.5%	1.3%	1.4%
22	1.4%	1.7%	1.4%	1.7%	1.2%	1.3%	1.2%	1.3%
23	1.4%	1.5%	1.4%	1.5%	1.1%	1.3%	1.1%	1.2%
24	1.3%	1.4%	1.3%	1.4%	1.1%	1.2%	1.1%	1.1%
25	1.2%	1.3%	1.2%	1.3%	1.0%	1.1%	1.0%	1.1%
26	1.2%	1.2%	1.2%	1.2%	1.0%	1.1%	1.0%	1.0%
27	1.1%	1.1%	1.1%	1.1%	0.9%	1.0%	0.9%	0.9%
28	1.0%	1.0%	1.0%	1.0%	0.8%	0.9%	0.8%	0.8%
29	1.0%	0.9%	1.0%	0.9%	0.8%	0.9%	0.8%	0.7%
30 & Later	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

**Table 5
Probability of Withdrawal**

Years of Service	Probability	Years of Service	Probability
0	100%	15	40%
1	100%	16	38%
2	100%	17	36%
3	100%	18	33%
4	100%	19	30%
5	100%	20	28%
6	100%	21	26%
7	100%	22	24%
8	47%	23	22%
9	46%	24	20%
10	45%	25	18%
11	44%	26	16%
12	43%	27	14%
13	42%	28	12%
14	41%	29*	10%

* Members with more than 29 years of service are not assumed to refund.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2020 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2018. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 - December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	(0.20)%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plans fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 9 872 176	\$ 8 826 832	\$ 7 936 217
Fiduciary net position	\$ 8 965 797	\$ 8 965 797	\$ 8 965 797
Net pension liability/(asset)	\$ 906 379	\$ (138 965)	\$ (1 029 580)

Changes in Net Pension Liability (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$ 8 264 325	\$ 7 818 685	\$ 445 640
Changes for the Year:			
Service cost	285 831	-	285 831
Interest on total pension liability ⁽¹⁾	674 570	-	674 570
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	55 179	-	55 179
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(69 631)	(69 631)	-
Benefit payments	(383 442)	(383 442)	-
Administrative expenses	-	(6 832)	6 832
Member contributions	-	177 590	(177 590)
Net investment income	-	1 284 113	(1 284 113)
Employer contributions	-	148 415	(148 415)
Other ⁽³⁾	-	(3 101)	3 101
Balances as of December 31, 2019	\$ 8 826 832	\$ 8 965 797	\$ (138 965)

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

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

VIII. PENSION PLAN - CONTINUED

Pension Expense/(Income)

Pension Expense/(Income)	January 1, 2019 to December 31, 2019
Service cost	\$ 285 831
Interest on total pension liability ⁽¹⁾	674 570
Effect of plan changes	-
Administrative expenses	6 832
Member contributions	(177 590)
Member contributions	(148 415)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	55 179
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	(1 284 113)
Other ⁽²⁾	3 101
PENSION EXPENSE/(INCOME)	\$ (584 605)

(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.

Pension Expense and Deferred Inflows/Outflows

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1	\$ 61 558
Change of assumptions	-	15 883
Difference between projected and actual earnings	710 821	488 943
Contributions made subsequent to measurement date	-	181 409
	\$ 710 822	\$ 747 793

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31,	
2020	\$ (11 537)
2021	\$ (43 812)
2022	\$ 42 162
2023	\$ (131 251)
Thereafter	\$ -

Membership Information

Membership Class	
Inactive employees entitled to but not yet receiving benefits	43
Active employees	81
Currently receiving benefits	42

IX. HEALTH CARE COVERAGE

During the year ended December 31, the 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

X. COMMITMENTS AND CONTINGENCIES

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020

X. COMMITMENTS AND CONTINGENCIES - CONTINUED

Litigation

As of December 31, 2020, the County has pending litigation, however, the County does not expect any claims to exceed existing insurance coverage.

XI. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2019, the United States and local area were affected by the COVID-19 virus. The effect on future operations and revenues is unknown as of the issuance of these statements.

Management has evaluated subsequent events through August 23, 2021, 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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Property taxes	\$ 3 061 467	\$ 3 061 467	\$ 3 124 214	\$ 62 747
Sales taxes	375 000	375 000	519 447	144 447
Other taxes	2 500	2 500	3 967	1 467
TOTAL TAXES	<u>3 438 967</u>	<u>3 438 967</u>	<u>3 647 628</u>	<u>208 661</u>
Intergovernmental:				
Tax collection fees	76 850	76 850	92 175	15 325
Federal forest program	628 306	628 306	628 306	-
Salary supplements	81 119	81 119	78 322	(2 797)
Other grants	81 200	81 200	968 853	887 653
TOTAL INTERGOVERNMENTAL	<u>867 475</u>	<u>867 475</u>	<u>1 767 656</u>	<u>900 181</u>
Fines and Fees:				
Fees of office	225 000	225 000	208 521	(16 479)
Other fines and fees	118 000	118 000	113 864	(4 136)
TOTAL FINES AND FEES	<u>343 000</u>	<u>343 000</u>	<u>322 385</u>	<u>(20 615)</u>
Interest	58 000	58 000	69 514	11 514
Other Income:				
Miscellaneous	32 300	32 300	127 243	94 943
TOTAL OTHER INCOME	<u>32 300</u>	<u>32 300</u>	<u>127 243</u>	<u>94 943</u>
TOTAL REVENUES	<u>4 739 742</u>	<u>4 739 742</u>	<u>5 934 426</u>	<u>1 194 684</u>
Expenditures:				
General Administration Expenditures:				
County Judge:				
Salary	105 728	105 728	105 733	(5)
Benefits	32 808	32 808	32 553	255
Office, postage and copier	1 175	1 175	1 259	(84)
Insurance	685	685	651	34
Continuing education	1 028	1 028	479	549
Capital outlays	500	500	1 169	(669)
TOTAL COUNTY JUDGE	<u>141 924</u>	<u>141 924</u>	<u>141 844</u>	<u>80</u>
County Clerk:				
Salary	187 472	187 472	181 875	5 597
Benefits	71 915	71 915	71 080	835
Office, postage and copier	7 150	7 150	3 024	4 126
Maintenance	21 000	21 000	18 002	2 998
Insurance	700	700	653	47
Continuing education	4 000	4 000	556	3 444
Election cost	21 000	21 000	53 529	(32 529)
Library cost	1 000	1 000	58	942
TOTAL COUNTY CLERK	<u>314 237</u>	<u>314 237</u>	<u>328 777</u>	<u>(14 540)</u>
Veteran Affairs:				
Salary	16 700	16 700	14 943	1 757
Benefits	2 377	2 377	2 112	265
Car allowance and travel	500	500	-	500
Office, postage and copier	500	500	754	(254)
Maintenance	500	500	-	500
Capital outlay	747	747	747	-
Continuing education	1 399	1 399	-	1 399
TOTAL VETERAN AFFAIRS	<u>22 723</u>	<u>22 723</u>	<u>18 556</u>	<u>4 167</u>

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Courthouse:				
Salary	22 000	22 000	21 816	184
Benefits	12 291	12 291	11 995	296
Office, postage and copier	3 000	3 000	2 952	48
Utilities	37 500	37 500	32 540	4 960
Maintenance	26 717	26 717	25 462	1 255
TOTAL COURTHOUSE	101 508	101 508	94 765	6 743
Non Departmental:				
Benefits	27 000	17 000	20 980	(3 980)
Office, postage and copier	76 935	76 935	85 600	(8 665)
Maintenance	12 621	12 621	12 621	-
Insurance	27 500	27 500	25 548	1 952
Professional fees	75 000	75 000	50 355	24 645
Senior citizen assistance	15 000	15 000	15 000	-
Burke Center	9 602	9 602	9 602	-
Child safety instruction	1 800	1 800	1 800	-
Emergency and ambulance services	10 000	10 000	10 000	-
Autopsy fees	20 000	20 000	13 825	6 175
Library	10 000	10 000	10 000	-
Historical and cultural	150	150	150	-
Pineywoods SWCD #429	1 100	1 100	1 100	-
Hurricane Laura expense	-	-	49 147	(49 147)
Miscellaneous	9 000	9 000	21 238	(12 238)
COVID expenses	-	-	487 499	(487 499)
Record management fees	2 000	2 000	1 972	28
Election expenses	-	-	11 835	(11 835)
Law library supplies	-	-	1 940	(1 940)
Redistricting	5 000	5 000	5 000	-
Capital outlays	40 000	40 000	33 760	6 240
TOTAL NON DEPARTMENTAL	342 708	332 708	868 972	(536 264)
TOTAL GENERAL GOVERNMENT	923 100	913 100	1 452 914	(539 814)
Judicial Expenditures:				
County Court At Law:				
Court appointed attorney	9 000	9 000	3 375	5 625
Jury and court costs	5 000	5 000	-	5 000
TOTAL COUNTY COURT AT LAW	14 000	14 000	3 375	10 625
District Court:				
Salary	70 156	70 156	69 597	559
Benefits	18 326	18 326	17 163	1 163
Car allowance and travel	3 500	3 500	1 338	2 162
Office, postage and copier	2 000	2 000	889	1 111
Court appointed attorneys	90 000	90 000	57 483	32 517
Jury and court costs	38 000	38 000	4 471	33 529
TOTAL DISTRICT COURT	221 982	221 982	150 941	71 041
District Attorney:				
Salary	58 918	60 265	56 701	3 564
Benefits	26 177	26 177	25 546	631
Office, postage and copier	1 750	1 750	2 237	(487)
Maintenance	500	500	78	422
Insurance	18	18	18	-
Continuing education	2 500	2 500	-	2 500
TOTAL DISTRICT ATTORNEY	89 863	91 210	84 580	6 630
District Clerk:				
Salary	97 253	97 253	90 008	7 245
Benefits	31 622	31 622	30 265	1 357
Office, postage and copier	4 150	4 150	3 665	485
Maintenance	8 000	8 000	5 749	2 251
Insurance	300	300	158	142
Continuing education	3 500	3 500	1 400	2 100
Capital outlay	2 000	2 000	-	2 000
TOTAL DISTRICT CLERK	146 825	146 825	131 245	15 580

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Justice of the Peace #1:				
Salary	81 941	81 941	82 098	(157)
Benefits	22 962	22 962	22 947	15
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 409	2 409	2 307	102
Maintenance	6 500	6 500	5 615	885
Insurance	200	200	4	196
Continuing education	1 500	1 500	1 356	144
Jury costs	100	100	-	100
Capital outlay	1 000	1 000	-	1 000
TOTAL JUSTICE OF THE PEACE #1	<u>116 912</u>	<u>116 912</u>	<u>114 327</u>	<u>2 585</u>
Justice of the Peace #2:				
Salary	80 297	80 297	80 425	(128)
Benefits	20 286	20 286	20 085	201
Car, allowance and travel	300	300	-	300
Office, postage and copier	1 650	1 650	1 510	140
Maintenance	6 500	6 500	5 615	885
Insurance	200	200	4	196
Continuing education	3 000	3 000	1 349	1 651
Capital outlay	1 000	1 000	2 122	(1 122)
Jury and court costs	100	100	70	30
TOTAL JUSTICE OF THE PEACE #2	<u>113 333</u>	<u>113 333</u>	<u>111 180</u>	<u>2 153</u>
Courthouse Security:				
Salary	-	-	34 225	(34 225)
Benefits	-	-	14 648	(14 648)
Car, allowance and travel	-	-	1 719	(1 719)
Office, postage and copier	-	-	27 471	(27 471)
Capital outlay	-	-	682	(682)
TOTAL COURTHOUSE SECURITY	<u>-</u>	<u>-</u>	<u>78 745</u>	<u>(78 745)</u>
TOTAL JUDICIAL EXPENDITURES	<u>702 915</u>	<u>704 262</u>	<u>674 393</u>	<u>29 869</u>
Legal:				
County Attorney:				
Salary	126 371	126 371	126 442	(71)
Benefits	35 718	35 718	35 461	257
Office, postage and copier	1 600	1 600	6 119	(4 519)
Maintenance	4 700	4 700	4 445	255
Insurance	200	200	181	19
Continuing education	1 500	1 500	75	1 425
Library	6 000	6 000	-	6 000
Capital outlay	742	743	742	1
TOTAL COUNTY ATTORNEY	<u>176 832</u>	<u>176 832</u>	<u>173 465</u>	<u>3 367</u>
TOTAL LEGAL	<u>176 832</u>	<u>176 832</u>	<u>173 465</u>	<u>3 367</u>
Public Safety:				
Constable Precinct #1:				
Salary	12 890	12 890	12 890	-
Benefits	10 758	10 758	9 961	797
Fuel, oil and tires	-	-	361	(361)
Insurance	1 800	1 800	-	1 800
Capital outlay	200	200	-	200
Capital outlay	300	300	-	300
TOTAL CONSTABLE PRECINCT #1	<u>25 948</u>	<u>25 948</u>	<u>23 212</u>	<u>2 736</u>
Constable Precinct #2:				
Salary	12 000	12 000	-	12 000
Benefits	10 560	10 560	739	9 821
Office, postage and copier	56	56	56	-
Fuel, oil and tires	1 800	1 800	-	1 800
Insurance	200	200	178	22
Continuing education	-	-	60	(60)
Capital outlay	300	300	166	134
TOTAL CONSTABLE PRECINCT #2	<u>24 916</u>	<u>24 916</u>	<u>1 199</u>	<u>23 717</u>

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Sheriff:				
Salary	835 119	835 119	820 355	14 764
Benefits	283 686	283 686	266 501	17 185
Car, allowance and travel	18 040	18 040	9 400	8 640
Office, postage and copier	29 950	29 950	22 901	7 049
Utilities	36 000	36 000	29 471	6 529
Fuel, oil and tires	50 000	50 000	39 622	10 378
Maintenance	41 000	41 000	30 702	10 298
Insurance	29 100	29 100	24 667	4 433
Continuing education	3 500	3 500	738	2 762
Equipment leasing	23 000	23 000	17 010	5 990
Prisoner housing costs	210 000	210 000	171 500	38 500
Capital outlay	60 000	60 000	68 770	(8 770)
TOTAL SHERIFF	1 619 395	1 619 395	1 501 637	117 758
Probation:				
Office, postage and copier	1 000	1 000	981	19
Probation fees	16 059	16 059	15 569	490
TOTAL PROBATION	17 059	17 059	16 550	509
Emergency Management Coordinator:				
Salary	38 800	38 800	-	38 800
Benefits	14 528	14 528	-	14 528
Car, allowance and travel	2 750	2 750	-	2 750
Office, postage and copier	1 500	1 500	-	1 500
Continuing education	1 500	1 500	-	1 500
Professional fees	26 866	26 866	-	26 866
Capital outlay	1 500	1 500	-	1 500
TOTAL EMERGENCY MANAGEMENT COORDINATOR	87 444	87 444	-	87 444
9-1-1:				
Salary	46 000	46 000	45 475	525
Benefits	15 460	15 460	13 679	1 781
Car, allowance and travel	500	500	39	461
Office, postage and copier	1 000	1 000	404	596
Continuing education	3 000	3 000	-	3 000
Capital outlay	10 000	10 000	6 107	3 893
TOTAL 9-1-1	75 960	75 960	65 704	10 256
DARE Program:				
Office, postage and copier	7 500	7 500	465	7 035
TOTAL DARE PROGRAM	7 500	7 500	465	7 035
Specialized Drug Investigator Grant:				
Salary	28 104	28 104	28 104	-
Benefits	-	-	11 834	(11 834)
Capital outlay	-	-	17 697	(17 697)
TOTAL SPECIALIZED DRUG INVESTIGATOR GRANT	28 104	28 104	57 635	(29 531)
TOTAL PUBLIC SAFETY	1 886 326	1 886 326	1 666 402	219 924
Financial Administration:				
County Auditor:				
Salary	48 146	48 146	48 146	-
Benefits	15 763	15 763	15 627	136
Office, postage and copier	750	750	1 444	(694)
Insurance	100	100	50	50
Continuing education	3 000	3 000	1 071	1 929
Capital outlay	300	300	-	300
TOTAL COUNTY AUDITOR	68 059	68 059	66 338	1 721

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
County Treasurer:				
Salary	114 897	114 897	115 082	(185)
Benefits	43 186	43 186	42 678	508
Office, postage and copier	9 300	9 300	7 179	2 121
Insurance	750	750	250	500
Maintenance	3 500	3 500	605	2 895
Continuing education	1 742	1 742	901	841
Capital outlay	3 050	3 050	5 338	(2 288)
TOTAL COUNTY TREASURER	<u>176 425</u>	<u>176 425</u>	<u>172 033</u>	<u>4 392</u>
Tax Assessor/Collector:				
Salary	217 588	217 588	213 760	3 828
Benefits	84 396	84 396	82 950	1 446
Car, allowance and travel	300	300	-	300
Office, postage and copier	10 040	10 040	9 767	273
Insurance	2 000	2 000	1 715	285
Continuing education	6 000	6 000	1 423	4 577
Appraisal district payments	112 000	112 000	111 599	401
Equipment leasing	34 400	34 400	34 382	18
Capital outlay	5 736	5 736	5 736	-
Other charges	1 400	1 400	2 302	(902)
TOTAL TAX ASSESSOR/COLLECTOR	<u>473 860</u>	<u>473 860</u>	<u>463 634</u>	<u>10 226</u>
TOTAL FINANCIAL ADMINISTRATION	<u>718 344</u>	<u>718 344</u>	<u>702 005</u>	<u>16 339</u>
Conservation:				
County Agent:				
Salary	11 226	11 226	11 226	-
Benefits	1 265	1 265	1 249	16
Car, allowance and travel	7 500	7 500	7 044	456
Office, postage and copier	1 500	1 500	1 157	343
TOTAL COUNTY AGENT	<u>21 491</u>	<u>21 491</u>	<u>20 676</u>	<u>815</u>
TOTAL CONSERVATION	<u>21 491</u>	<u>21 491</u>	<u>20 676</u>	<u>815</u>
Pass-through to Other Entities:				
Federal forest payments to schools	628 306	628 306	628 306	-
TOTAL PASS-THROUGH TO OTHER ENTITIES	<u>628 306</u>	<u>628 306</u>	<u>628 306</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5 057 314</u>	<u>5 048 661</u>	<u>5 318 161</u>	<u>(269 500)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(317 572)</u>	<u>(308 918)</u>	<u>616 265</u>	<u>925 184</u>
Other Financing Sources (Uses):				
Transfer in	29 400	29 400	507 208	477 808
Transfer out	-	-	(484 228)	(484 228)
TOTAL OTHER FINANCING SOURCES (USES)	<u>29 400</u>	<u>29 400</u>	<u>22 980</u>	<u>(6 420)</u>
NET CHANGE IN FUND BALANCES	(288 172)	(279 519)	639 245	918 764
Fund balance, beginning	3 982 599	3 982 599	3 982 599	-
FUND BALANCE, ENDING	<u>\$ 3 694 427</u>	<u>\$ 3 703 080</u>	<u>\$ 4 621 844</u>	<u>\$ 918 764</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #1
For the Year Ended December 31, 2020

EXHIBIT B-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 400	\$ 4 400	\$ 4 244	\$ (156)
Federal forest funds	40 000	40 000	72 260	32 260
Property taxes	40 804	40 804	40 804	-
Payments in lieu of taxes	15 000	15 000	9 358	(5 642)
TOTAL INTERGOVERNMENTAL	<u>100 204</u>	<u>100 204</u>	<u>126 666</u>	<u>26 462</u>
Fines and Fees:				
License and permits	110 000	110 000	101 456	(8 544)
TOTAL FINES AND FEES	<u>110 000</u>	<u>110 000</u>	<u>101 456</u>	<u>(8 544)</u>
Interest				
	<u>16 000</u>	<u>16 000</u>	<u>19 698</u>	<u>3 698</u>
Other Income:				
Material reimbursement	4 100	4 100	3 223	(877)
Miscellaneous	7 000	7 000	10 351	3 351
TOTAL OTHER INCOME	<u>11 100</u>	<u>11 100</u>	<u>13 574</u>	<u>2 474</u>
TOTAL REVENUES	<u>237 304</u>	<u>237 304</u>	<u>261 394</u>	<u>24 090</u>
Expenditures:				
Road and Bridge:				
Salary	173 017	173 017	171 557	1 460
Benefits	68 763	68 763	66 451	2 312
Car, allowance and travel	9 600	9 600	9 150	450
Road material	61 600	61 600	36 932	24 668
Office, postage and copier	4 800	4 800	2 944	1 856
Utilities	4 000	4 000	3 106	894
Fuel, oil and tires	29 245	29 245	18 442	10 803
Maintenance	22 500	22 500	9 968	12 532
Insurance	7 740	7 740	6 786	954
Continuing education	1 500	1 500	505	995
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	20 000	20 000	-	20 000
TOTAL EXPENDITURES	<u>410 265</u>	<u>410 265</u>	<u>325 841</u>	<u>84 424</u>
NET CHANGE IN FUND BALANCES	(172 961)	(172 961)	(64 447)	108 514
Fund balances, beginning	<u>1 189 935</u>	<u>1 189 935</u>	<u>1 189 935</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1 016 974</u>	<u>\$ 1 016 974</u>	<u>\$ 1 125 488</u>	<u>\$ 108 514</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #2
For the Year Ended December 31, 2020

EXHIBIT B-3

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 428	\$ (172)
Federal forest funds	40 000	40 000	75 402	35 402
Property taxes	42 578	42 578	42 578	-
Payments in lieu of taxes	9 000	9 000	9 765	765
TOTAL INTERGOVERNMENTAL	96 178	96 178	132 173	35 995
Fines and Fees:				
License and permits	114 000	114 000	106 257	(7 743)
TOTAL FINES AND FEES	114 000	114 000	106 257	(7 743)
Interest				
	12 000	12 000	12 263	263
Other Income:				
Material reimbursement	10 100	10 100	22 913	12 813
Miscellaneous	8 000	8 000	14 196	6 196
TOTAL OTHER INCOME	18 100	18 100	37 109	19 009
TOTAL REVENUES	240 278	240 278	287 802	47 524
Expenditures:				
Road and Bridge:				
Salary	173 948	173 948	173 823	125
Benefits	68 894	68 894	67 340	1 554
Car, allowance and travel	9 600	9 600	9 150	450
Road material	131 600	131 600	67 594	64 006
Office, postage and copier	3 850	3 850	2 529	1 321
Utilities	1 298	1 298	1 298	-
Fuel, oil and tires	45 000	45 000	24 571	20 429
Maintenance	28 000	28 000	13 031	14 969
Insurance	6 400	6 400	4 652	1 748
Continuing education	1 500	1 500	220	1 280
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	30 000	30 000	25 296	4 704
TOTAL EXPENDITURES	507 590	507 590	389 504	118 086
NET CHANGE IN FUND BALANCES	(267 312)	(267 312)	(101 702)	165 610
Fund balances, beginning	763 724	763 724	763 724	-
FUND BALANCES, ENDING	\$ 496 412	\$ 496 412	\$ 662 022	\$ 165 610

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #3
For the Year Ended December 31, 2020

EXHIBIT B-4

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 982	\$ 382
Federal forest funds	40 000	40 000	84 826	44 826
Property taxes	47 901	47 901	47 901	-
Payments in lieu of taxes	9 000	9 000	10 985	1 985
TOTAL INTERGOVERNMENTAL	<u>101 501</u>	<u>101 501</u>	<u>148 694</u>	<u>47 193</u>
Fines and Fees:				
License and permits	114 000	114 000	119 100	5 100
TOTAL FINES AND FEES	<u>114 000</u>	<u>114 000</u>	<u>119 100</u>	<u>5 100</u>
Interest				
	<u>10 000</u>	<u>10 000</u>	<u>11 426</u>	<u>1 426</u>
Other Income:				
Material reimbursement	1 050	1 050	2 181	1 131
Miscellaneous	6 000	6 000	20 866	14 866
TOTAL OTHER INCOME	<u>7 050</u>	<u>7 050</u>	<u>23 047</u>	<u>15 997</u>
TOTAL REVENUES	<u>232 551</u>	<u>232 551</u>	<u>302 267</u>	<u>69 716</u>
Expenditures:				
Road and Bridge:				
Salary	187 638	185 981	182 313	3 668
Benefits	43 936	43 837	44 265	(428)
Car, allowance and travel	9 600	9 600	9 150	450
Road material	117 550	117 550	75 788	41 762
Office, postage and copier	4 650	4 650	1 729	2 921
Utilities	2 000	2 000	1 958	42
Fuel, oil and tires	39 000	39 000	24 174	14 826
Maintenance	23 000	23 000	17 204	5 796
Insurance	6 600	6 600	5 065	1 535
Continuing education	1 500	1 500	350	1 150
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	5 000	5 000	4 027	973
TOTAL EXPENDITURES	<u>448 974</u>	<u>446 218</u>	<u>366 023</u>	<u>80 195</u>
NET CHANGE IN FUND BALANCES	(216 423)	(213 667)	(63 756)	149 911
Fund balances, beginning	<u>654 097</u>	<u>654 097</u>	<u>654 097</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 437 674</u>	<u>\$ 440 430</u>	<u>\$ 590 341</u>	<u>\$ 149 911</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #4
For the Year Ended December 31, 2020

EXHIBIT B-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 800	\$ 4 800	\$ 4 798	\$ (2)
Federal forest funds	40 000	40 000	81 685	41 685
Property taxes	46 127	46 127	46 127	-
Payments in lieu of taxes	9 400	9 400	10 579	1 179
TOTAL INTERGOVERNMENTAL	100 327	100 327	143 189	42 862
Fines and Fees:				
License and permits	120 000	120 000	114 849	(5 151)
TOTAL FINES AND FEES	120 000	120 000	114 849	(5 151)
Interest	10 000	10 000	12 263	2 263
Other Income:				
Material reimbursement	4 100	4 100	13 343	9 243
Miscellaneous	6 000	56 301	65 649	9 348
TOTAL OTHER INCOME	10 100	60 401	78 992	18 591
TOTAL REVENUES	240 427	290 728	349 293	58 565
Expenditures:				
Road and Bridge:				
Salary	180 399	180 399	158 076	22 323
Benefits	69 870	69 870	59 463	10 407
Car, allowance and travel	9 600	9 600	9 150	450
Road material	139 100	139 100	138 732	368
Office, postage and copier	3 750	3 750	1 984	1 766
Utilities	2 100	2 100	1 182	918
Fuel, oil and tires	40 000	40 000	36 013	3 987
Maintenance	18 000	18 000	9 799	8 201
Insurance	6 800	6 800	4 729	2 071
Continuing education	1 500	1 500	220	1 280
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	50 000	50 000	61 626	(11 626)
TOTAL EXPENDITURES	528 619	528 619	480 974	47 645
NET CHANGE IN FUND BALANCES	(288 192)	(237 891)	(131 681)	106 210
Fund balances, beginning	891 445	891 445	891 445	-
FUND BALANCES, ENDING	\$ 603 253	\$ 653 554	\$ 759 764	\$ 106 210

See independent auditors' report.

SABINE COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULES
For the Year Ended December 31, 2020

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 department 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, 2020.

SABINE COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

EXHIBIT B-6

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:						
Service cost	\$ 285 831	\$ 283 980	\$ 272 744	\$ 280 221	\$ 244 579	\$ 239 179
Interest (on the total pension liability)	674 570	631 233	584 707	540 800	506 759	465 552
Effect of plan changes	-	-	-	-	(35 116)	-
Effect of assumption changes or inputs	-	-	63 540	-	(49 759)	54 021
Effect of economic/demographic (gains) or losses	55 179	27 770	25 160	(46 710)	84 442	-
Benefit payments/refunds of contributions	<u>(453 073)</u>	<u>(368 184)</u>	<u>(397 244)</u>	<u>(339 100)</u>	<u>(309 345)</u>	<u>(245 616)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	562 507	574 799	548 907	435 211	441 560	513 136
Total pension liability - Beginning	<u>8 264 325</u>	<u>7 689 526</u>	<u>7 140 619</u>	<u>6 705 408</u>	<u>6 263 848</u>	<u>5 750 712</u>
 TOTAL PENSION LIABILITY - ENDING	 <u>8 826 832</u>	 <u>8 264 325</u>	 <u>7 689 526</u>	 <u>7 140 619</u>	 <u>6 705 408</u>	 <u>6 263 848</u>
 Fiduciary Net Position:						
Contributions - Employer	148 415	138 491	127 547	125 756	119 460	109 848
Contributions - Member	177 590	177 399	161 451	153 362	149 860	138 797
Investment income net of investment expenses	1 284 113	(150 147)	1 035 711	489 008	(20 944)	436 792
Benefit payments/refunds of contributions	(453 073)	(368 184)	(397 244)	(312 286)	(309 344)	(245 617)
Administrative expenses	(6 832)	(6 280)	(5 340)	(5 385)	(4 839)	(5 038)
Other	<u>(3 101)</u>	<u>(752)</u>	<u>(1 501)</u>	<u>(43 831)</u>	<u>10 013</u>	<u>(3 831)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 147 112	(209 473)	920 624	406 624	(55 794)	430 951
Plan fiduciary net position - Beginning	<u>7 818 685</u>	<u>8 028 158</u>	<u>7 107 534</u>	<u>6 700 910</u>	<u>6 756 704</u>	<u>6 325 753</u>
 PLAN FIDUCIARY NET POSITION - ENDING	 <u>8 965 797</u>	 <u>7 818 685</u>	 <u>8 028 158</u>	 <u>7 107 534</u>	 <u>6 700 910</u>	 <u>6 756 704</u>
 NET PENSION LIABILITY (ASSET) - ENDING	 <u>\$ (138 965)</u>	 <u>\$ 445 640</u>	 <u>\$ (338 632)</u>	 <u>\$ 33 085</u>	 <u>\$ 4 498</u>	 <u>\$ (492 856)</u>
 Plan fiduciary net position as a percentage of total pension liability	 101.57%	 94.61%	 104.40%	 99.54%	 99.93%	 (7.87)%
Covered employee payroll	\$ 2 537 007	\$ 2 396 038	\$ 2 306 448	\$ 2 190 879	\$ 2 140 860	\$ 1 982 820
Net pension liability as a percentage of covered employee payroll	(5.48)%	18.60%	(14.68)%	1.51%	0.21%	(24.86)%

Additional years will be provided as they become available.
See Note VII for additional information.

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

EXHIBIT B-7

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 119 460	\$ 119 460	\$ -	\$ 2 140 860	5.6%
2016	\$ 125 756	\$ 125 756	\$ -	\$ 2 190 879	5.7%
2017	\$ 127 547	\$ 127 547	\$ -	\$ 2 306 448	5.5%
2018	\$ 138 491	\$ 138 491	\$ -	\$ 2 396 038	5.8%
2019	\$ 148 415	\$ 148 415	\$ -	\$ 2 537 007	5.9%

Additional years will be provided as they become available.
See Note VII for additional information.

COMBINING STATEMENTS
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 SCHEDULE OF BALANCE SHEETS -
 SPECIAL REVENUE FUNDS
 December 31, 2020

	APPELLATE JUDICIAL SYSTEM FUND	DISTRICT CLERK RECORD ARCHIVE FEE FUND	CONVENTION CENTER BUILDING	RECORD RETENTION FUND
ASSETS				
Cash and investments	\$ 8	\$ 5 403	\$ 76 781	\$ 96 143
Other receivables	-	-	-	-
Due from other funds	55	60	-	2 300
TOTAL ASSETS	\$ 63	\$ 5 463	\$ 76 781	\$ 98 443
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 55	\$ -	\$ -	\$ -
TOTAL LIABILITIES	55	-	-	-
Fund Balances:				
Restricted Fund Balance:				
Road and bridge maintenance	-	-	-	-
Hotel/motel tax	-	-	-	-
Federal and state grants	-	-	-	-
Construction	-	-	76 781	-
Record retention	-	5 463	-	98 443
Unassigned	8	-	-	-
TOTAL FUND BALANCES	8	5 463	76 781	98 443
TOTAL LIABILITIES AND FUND BALANCES	\$ 63	\$ 5 463	\$ 76 781	\$ 98 443

See independent auditors' report.

HOTEL/ MOTEL TAX FUND	DISTRICT CLERK SPECIAL FUND	FOREST SERVICE FUND	COUNTY CLERK ARCHIVE FUND	ROAD & BRIDGE SPECIAL FUND	GRANT FUND	TOTAL SPECIAL REVENUE FUNDS
\$ 148 234	\$ 6 710	\$ 21 328	\$ 33 313	\$ 400	\$ 10	\$ 388 330
9 553	-	-	-	-	-	9 553
-	92	-	2 270	541	-	5 318
<u>\$ 157 787</u>	<u>\$ 6 802</u>	<u>\$ 21 328</u>	<u>\$ 35 583</u>	<u>\$ 941</u>	<u>\$ 10</u>	<u>\$ 403 201</u>
\$ 117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172
<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172</u>
-	-	-	-	941	-	941
157 670	-	-	-	-	-	157 670
-	-	21 328	-	-	-	21 328
-	-	-	-	-	-	76 781
-	6 802	-	35 583	-	-	146 291
-	-	-	-	-	10	18
<u>157 670</u>	<u>6 802</u>	<u>21 328</u>	<u>35 583</u>	<u>941</u>	<u>10</u>	<u>403 029</u>
<u>\$ 157 787</u>	<u>\$ 6 802</u>	<u>\$ 21 328</u>	<u>\$ 35 583</u>	<u>\$ 941</u>	<u>\$ 10</u>	<u>\$ 403 201</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2020

	APPELLATE JUDICIAL SYSTEM FUND	DISTRICT CLERK RECORD ARCHIVE FEE FUND	CONVENTION CENTER BUILDING	RECORD RETENTION FUND
Revenues:				
Fines and fees	\$ 875	\$ 1 255	\$ -	\$ 25 606
Other taxes	-	-	-	-
Grants and contributions	-	-	-	-
Interest	8	82	1 245	1 488
TOTAL REVENUES	883	1 337	1 245	27 094
Expenditures:				
General government	-	-	-	13 783
Judicial	875	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
TOTAL EXPENDITURES	875	-	-	13 783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8	1 337	1 245	13 311
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	8	1 337	1 245	13 311
Fund balances, beginning	-	4 126	75 536	85 132
FUND BALANCES, ENDING	\$ 8	\$ 5 463	\$ 76 781	\$ 98 443

See independent auditors' report.

EXHIBIT C-2

HOTEL/ MOTEL TAX FUND	DISTRICT CLERK SPECIAL FUND	FOREST SERVICE FUND	COUNTY CLERK ARCHIVE FUND	ROAD & BRIDGE SPECIAL FUND	GRANT FUND	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ 1 889	\$ -	\$ 25 130	\$ -	\$ -	\$ 54 755
97 105	-	-	-	-	-	97 105
-	-	10 000	-	-	411 220	421 220
<u>2 186</u>	<u>108</u>	<u>-</u>	<u>720</u>	<u>-</u>	<u>-</u>	<u>5 837</u>
<u>99 291</u>	<u>1 997</u>	<u>10 000</u>	<u>25 850</u>	<u>-</u>	<u>411 220</u>	<u>578 917</u>
61 846	-	-	-	-	-	75 629
-	-	-	-	-	-	875
-	-	5 654	-	-	-	5 654
-	-	-	-	3 960	411 230	415 190
<u>61 846</u>	<u>-</u>	<u>5 654</u>	<u>-</u>	<u>3 960</u>	<u>411 230</u>	<u>497 348</u>
<u>37 445</u>	<u>1 997</u>	<u>4 346</u>	<u>25 850</u>	<u>(3 960)</u>	<u>(10)</u>	<u>81 569</u>
-	-	-	(23 000)	-	(275 940)	(298 940)
-	-	-	-	-	275 960	275 960
<u>-</u>	<u>-</u>	<u>-</u>	<u>(23 000)</u>	<u>-</u>	<u>20</u>	<u>(22 980)</u>
37 445	1 997	4 346	2 850	(3 960)	10	58 589
<u>120 225</u>	<u>4 805</u>	<u>16 982</u>	<u>32 733</u>	<u>4 901</u>	<u>-</u>	<u>344 440</u>
\$ <u>157 670</u>	\$ <u>6 802</u>	\$ <u>21 328</u>	\$ <u>35 583</u>	\$ <u>941</u>	\$ <u>10</u>	\$ <u>403 029</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 December 31, 2020

	TAX ASSESSOR- COLLECTOR FUND	COUNTY CLERK	DISTRICT CLERK	COUNTY SHERIFF
ASSETS				
Restricted cash	\$ 480,879	\$ 39,424	\$ 529,706	\$ 39,755
TOTAL ASSETS	\$ 480,879	\$ 39,424	\$ 529,706	\$ 39,755
LIABILITIES				
Due to County	\$ 270,995	\$ -	\$ -	\$ -
Due to others	209,884	39,424	529,706	39,755
TOTAL LIABILITIES	\$ 480,879	\$ 39,424	\$ 529,706	\$ 39,755

See independent auditors' report.

<u>COUNTY ATTORNEY</u>	<u>TREASURER FEE ACCOUNT</u>	<u>OTHER</u>	<u>COMBINED FIDUCIARY FUNDS</u>
\$ <u>22 613</u>	\$ <u>24 983</u>	\$ <u>321</u>	\$ <u>1 137 681</u>
\$ <u>22 613</u>	\$ <u>24 983</u>	\$ <u>321</u>	\$ <u>1 137 681</u>
\$ -	\$ 24 983	\$ -	\$ 295 978
<u>22 613</u>	<u>-</u>	<u>321</u>	<u>841 703</u>
\$ <u>22 613</u>	\$ <u>24 983</u>	\$ <u>321</u>	\$ <u>1 137 681</u>

COMPLIANCE AUDIT SECTION

INDEPENDENT AUDITORS' 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 the Members of the Commissioners' Court
Sabine County, Texas
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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Sabine County, Texas' basic financial statements, and have issued our report thereon dated August 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sabine County, Texas' 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 Sabine County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Sabine County, Texas' 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 Sabine County, Texas' financial statements are free of 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
August 23, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Judge and Commissioners
Sabine County, Texas
Hemphill, Texas

Compliance

We have audited the compliance of Sabine County, Texas with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020. Sabine County, Texas' 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 the federal statutes, regulations, terms and conditions of its federal awards applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Sabine County, Texas' compliance with 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 of 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 Sabine County, Texas' 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. Our audit does not provide a legal determination of Sabine County, Texas' compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Sabine County, Texas, complied, in all material respects, with the 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, 2020.

Internal Control Over Compliance

The management of Sabine County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered Sabine County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with 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 Sabine 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 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 deficiencies, significant deficiencies, or material weaknesses. 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 appliance is solely to describe the scope of our testing of internal controls 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
August 23, 2021

SABINE COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

GRANT/CONTRACT	FEDERAL CFDA NUMBER	CONTRACT NUMBER/ PASS - THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES
U. S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	N/A	\$ 57 481
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>57 481</u>
U. S. Department of Housing and Urban Development:			
Community Development Block Grant	14.228	N/A	309 806
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>309 806</u>
U. S. Department of Justice:			
Edward Bryne Memorial Justice Assistance Grant	16.738	N/A	46 556
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>46 556</u>
U. S. Department of Agriculture:			
Schools and Roads Grant	10.666	N/A	942 479
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>942 479</u>
U. S. Department of Treasury:			
Coronavirus Relief Fund	21.019	N/A	626 557
TOTAL U. S. DEPARTMENT OF TREASURY			<u>626 557</u>
U. S. Federal Election Assistance Commission:			
Helping America Vote Act Grant	90.404	N/A	120 000
TOTAL U. S. FEDERAL ELECTION ASSISTANCE COMMISSION			<u>120 000</u>
 TOTAL FEDERAL AWARDS			 \$ <u>2 102 879</u>

See independent auditors' report and notes to schedule of expenditures of federal awards.

SABINE COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Sabine County. The information in the SEFA is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in the general purpose financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance

SABINE COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2020

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(s) that are not considered to be material weaknesses? Yes None reported

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable condition(s) 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 Uniform Guidance? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? Yes No

B. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

NONE