

SABINE COUNTY, TEXAS
Hemphill, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of Sabine County, as of and for the year ended December 31, 2021, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and schedule of contributions 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 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 introductory section, combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance 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 fund statements and schedule of expenditures of federal awards as required by Uniform Guidance 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 September 12, 2022 on our consideration of Sabine County, Texas' 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 or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Sabine County's internal control over financial reporting and compliance.

Lufkin, Texas
September 12, 2022

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, 2021. 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 \$12,384,751 at December 31, an increase of \$1,066,324 for activities from the prior year.
- Total government-wide revenues for the current year were \$8,533,248 compared to \$7,614,984 in the prior year, an increase of \$918,264 or 12.1%.
- During the current year, the County's expenses were \$3,256,032 more than the \$4,210,892 generated in charges for services and operating and capital grants and contributions.
- The general fund reported an unassigned fund balance this year of \$4,831,602.

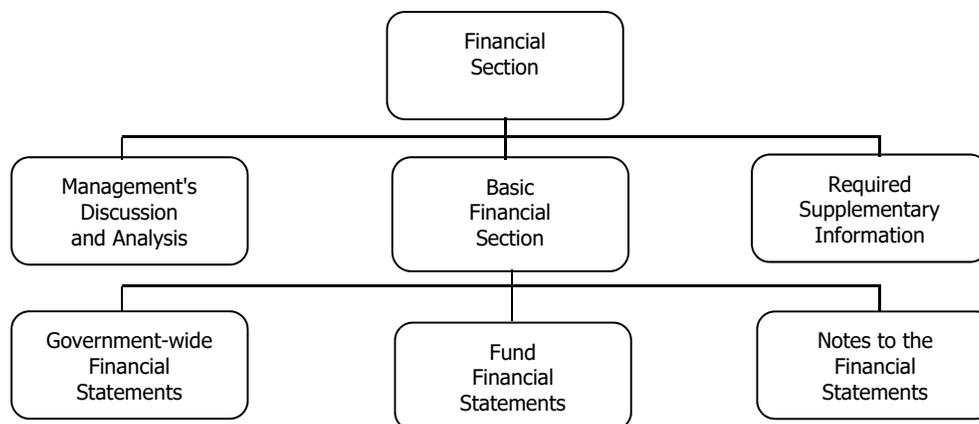
OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$12,384,751. The following table provides a summary of the County's net position:

SUMMARY OF NET POSITION

	DECEMBER 31,		AMOUNT	%
	2021	2020	OF CHANGE	CHANGE
Current and other assets	\$ 10 705 220	\$ 9 726 230	\$ 978 990	10.1
Capital assets	2 270 661	2 366 616	(95 955)	(4.1)
Noncurrent assets	-	138 965	(138 965)	(100.0)
TOTAL ASSETS	<u>12 975 881</u>	<u>12 231 811</u>	<u>744 070</u>	6.1
Deferred outflows related to pension	<u>989 211</u>	<u>747 793</u>	<u>241 418</u>	32.3
Current liabilities	360 234	525 794	(165 560)	(31.5)
Long-term liabilities	<u>573 009</u>	<u>424 561</u>	<u>148 448</u>	27.4
TOTAL LIABILITIES	<u>933 243</u>	<u>950 355</u>	<u>(17 112)</u>	(1.8)
Deferred outflows related to pension	<u>647 098</u>	<u>710 822</u>	<u>(63 724)</u>	(9.0)
Net Position:				
Invested in capital assets	1 846 100	1 875 247	(29 147)	(1.6)
Restricted	4 393 896	3 540 626	853 270	24.1
Unrestricted	<u>6 144 755</u>	<u>5 902 554</u>	<u>242 201</u>	4.1
TOTAL NET POSITION	<u>\$ 12 384 751</u>	<u>\$ 11 318 427</u>	<u>\$ 1 066 324</u>	9.4

Net position of the County's governmental activities increased by \$1,066,324 during the year ending December 31, 2021, up 9.4% 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 \$6,154,755 at year end, an increase of 4.3%.

Governmental Activities

- The cost of all *governmental* activities this year was \$7,466,924.
- The amount that our taxpayers paid for these activities through property taxes was \$3,471,880.
- Some of the cost was paid by those who directly benefited from service fees and charges \$1,128,310 and from operating and capital grants and contributions \$3,082,582.

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	% CHANGE
	2021	2020		
Program Revenues:				
Charges for services	\$ 1 128 310	\$ 818 802	\$ 309 508	37.8
Operating grants/contributions	2 484 447	981 464	1 502 983	153.1
Capital grants/contributions	598 135	1 580 724	(982 589)	(62.2)
General Revenues:				
Property taxes	3 471 880	3 351 641	120 239	3.6
Other taxes	643 199	620 519	22 680	3.7
Interest income	144 108	131 001	13 107	10.0
Other income	63 169	130 833	(67 664)	(51.7)
TOTAL REVENUES/CONTRIBUTIONS	<u>8 533 248</u>	<u>7 614 984</u>	<u>918 264</u>	12.1
Expenses:				
General government	1 037 350	1 558 836	(521 486)	(33.5)
Judicial	788 644	718 211	70 433	9.8
Legal	192 309	184 496	7 813	4.2
Public safety	1 800 538	1 666 370	134 168	8.1
Highways and streets	1 782 094	1 945 704	(163 610)	(8.4)
Financial administration	740 614	746 649	(6 035)	(0.8)
Conservation	12 511	21 990	(9 479)	(43.1)
Pass-through to other entities	1 112 864	628 306	484 558	77.1
TOTAL EXPENSES	<u>7 466 924</u>	<u>7 470 562</u>	<u>(3 638)</u>	(0.5)
REVENUES OVER (UNDER) EXPENSES	1 066 324	144 422	921 902	638.3
Beginning net position	11 318 427	11 174 005	144 422	1.3
ENDING NET POSITION	<u>\$ 12 384 751</u>	<u>\$ 11 318 427</u>	<u>\$ 1 066 324</u>	9.4

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	% CHANGE
	2021	2020		
General Fund	\$ 4 831 602	\$ 4 621 844	\$ 209 758	4.5
Road and Bridge Funds	2 901 077	3 137 615	(236 538)	(7.5)
American Recovery Fund	1 033 962	-	1 033 962	100.0
Special Revenue Funds	458 879	403 029	55 850	13.9
TOTAL FUND BALANCE	<u>\$ 9 225 520</u>	<u>\$ 8 162 488</u>	<u>\$ 1 063 032</u>	13.0

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 \$332,172 over final budget.

Actual revenues were \$332,905 above the final budgeted revenues.

Taking both budget factors into account, the County experienced an increase in the fund balance of the General fund of \$209,758, when the final budget called for a \$122,416 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, the County had invested \$11,738,416 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease (including additions and deductions) of \$52,805 over last year.

	DECEMBER 31,		AMOUNT	%
	2021	2020	OF CHANGE	CHANGE
Land	\$ 120 714	\$ 120 714	\$ -	-
Buildings and improvements	1 317 337	1 279 691	37 646	2.9
Equipment and vehicles	4 919 601	4 916 982	2 619	0.1
Roads and bridges	5 356 564	5 356 564	-	-
Construction in progress	24 200	117 270	(93 070)	(79.4)
TOTAL CAPITAL ASSETS	\$ <u>11 738 416</u>	\$ <u>11 791 221</u>	\$ <u>(52 805)</u>	(4.4)

Debt

During the year, the County had no new debt, see note on page 26 for details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2022 budget preparation is estimated to be approximately \$974,950,287 which is a increase of approximately 5% from the 2021 appraised values of \$914,233,942.
- Proposed tax rate for 2022 budget is \$0.3843744 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2022. The County has added no major new programs or initiatives to the 2022 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, 2021

EXHIBIT A-1

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 8 917 234
Restricted cash	192 011
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 240 413
Due from state	13 430
Due from other funds	322 706
Other	19 426
TOTAL CURRENT ASSETS	10 705 220
Noncurrent Assets:	
Capital Assets:	
Land	120 714
Streets and infrastructure	922 070
Buildings and improvements	305 696
Vehicles	197 972
Machinery and equipment	700 009
Construction in progress	24 200
TOTAL CAPITAL ASSETS	2 270 661
TOTAL NONCURRENT ASSETS	2 070 661
TOTAL ASSETS	12 975 881
DEFERRED OUTFLOW	
Contribution subsequent to measurement date	177 756
Pension deferred outflows	811 455
TOTAL DEFERRED OUTFLOW	989 211
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 13 965 092
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 166 028
Due to state	22 437
Accrued interest	9 039
Accrued liabilities	93 470
Due in current period	69 260
TOTAL CURRENT LIABILITIES	360 234
Noncurrent Liabilities:	
Long-term debt	355 301
Pension liability	217 708
TOTAL NONCURRENT LIABILITIES	573 009
TOTAL LIABILITIES	933 243
DEFERRED INFLOWS	
Deferred pension inflows	647 098
NET POSITION	
Net investment in capital assets	1 846 100
Restricted	4 393 896
Unrestricted	6 144 755
TOTAL NET POSITION	\$ 12 384 751

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, 2021

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	\$ 1 037 350	\$ 710 672	\$ 1 268 329	\$ -	\$ 941 651
Judicial	788 644	156 994	-	-	(631 650)
Legal	192 309	-	-	-	(192 309)
Public safety	1 800 538	23 761	103 254	-	(1 673 523)
Highways and bridges	1 782 094	236 883	-	598 135	(947 076)
Financial administration	740 614	-	-	-	(740 614)
Conservation	12 511	-	-	-	(12 511)
Pass through to other entities	1 112 864	-	1 112 864	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 466 924	\$ 1 128 310	\$ 2 484 447	\$ 598 135	(3 256 032)
General Revenues:					
Taxes:					
Property taxes					3 471 880
Other tax revenue					643 199
Unrestricted investment earnings					144 108
Other unrestricted revenue					63 169
TOTAL GENERAL REVENUES					4 322 356
CHANGE IN NET POSITION					1 066 324
Net position, beginning					11 318 427
NET POSITION, ENDING					\$ 12 384 751

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

SABINE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
ASSETS			
Cash and investments	\$ 4 517 403	\$ 1 055 747	\$ 624 569
Restricted cash	192 011	-	-
Taxes receivable	1 240 413	-	-
Other receivables	-	1 134	1 134
Due from state	13 430	-	-
Due from other funds	316 842	-	-
TOTAL ASSETS	\$ <u>6 280 099</u>	\$ <u>1 056 881</u>	\$ <u>625 703</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 156 229	\$ 1 734	\$ -
Due to state	22 437	-	-
Accrued liabilities	72 066	6 109	5 276
TOTAL LIABILITIES	<u>250 732</u>	<u>7 843</u>	<u>5 276</u>
 Deferred Inflows:			
Unearned revenues	1 197 765	-	-
TOTAL DEFERRED INFLOWS	<u>1 197 765</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Restricted Fund Balance:			
Road and bridge maintenance	-	1 049 038	620 427
Hotel/motel tax usage	-	-	-
Federal and state grants	-	-	-
Construction	-	-	-
Record retention	-	-	-
Unrestricted Reported in:			
Unassigned	4 831 602	-	-
TOTAL FUND BALANCES	<u>4 831 602</u>	<u>1 049 038</u>	<u>620 427</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ <u>6 280 099</u>	 \$ <u>1 056 881</u>	 \$ <u>625 703</u>

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

EXHIBIT A-3

	<u>ROAD & BRIDGE 3</u>	<u>ROAD & BRIDGE 4</u>	<u>AMERICAN RECOVERY FUNDS</u>	<u>NON MAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
\$	628 739	\$ 610 624	\$ 1 033 962	\$ 446 190	\$ 8 917 234
	-	-	-	-	192 011
	-	-	-	-	1 240 413
	1 134	1 134	-	14 890	19 426
	-	-	-	-	13 430
	-	-	-	5 864	322 706
\$	<u>629 873</u>	<u>611 758</u>	<u>1 033 962</u>	<u>466 944</u>	<u>10 705 220</u>
\$	-	\$ -	\$ -	\$ 8 065	\$ 166 028
	-	-	-	-	22 437
	<u>2 874</u>	<u>7 145</u>	<u>-</u>	<u>-</u>	<u>93 470</u>
	<u>2 874</u>	<u>7 145</u>	<u>-</u>	<u>8 065</u>	<u>281 935</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 197 765</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 197 765</u>
	626 999	604 613	-	(4 194)	2 896 883
	-	-	-	195 957	195 957
	-	-	1 033 962	20 028	1 053 990
	-	-	-	78 057	78 057
	-	-	-	169 009	169 009
	-	-	-	22	4 831 624
	<u>626 999</u>	<u>604 613</u>	<u>1 033 962</u>	<u>458 879</u>	<u>9 225 520</u>
\$	<u>629 873</u>	<u>611 758</u>	<u>1 033 962</u>	<u>466 944</u>	<u>10 705 220</u>

SABINE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2021

EXHIBIT A-4

Total fund balances - Governmental funds balance sheet	\$ 9 225 520
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.	2 270 661
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 197 765
Debt proceeds and accrued interest are recorded as other financing sources in the funds and liabilities in the governmental activities.	(433 600)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(217 708)
Deferred resource outflows and inflows related to the pension are not reported in the funds.	<u>342 113</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 12 384 751</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, 2021

	<u>GENERAL</u>	<u>ROAD & BRIDGE 1</u>	<u>ROAD & BRIDGE 2</u>
Revenues:			
Property taxes	\$ 3 182 525	\$ 47 576	\$ 49 644
Other taxes	559 799	-	-
Fines and fees	372 152	104 048	108 572
Interest	80 207	17 111	10 283
Intergovernmental	1 415 650	141 809	147 975
Miscellaneous	<u>98 326</u>	<u>82 591</u>	<u>51 311</u>
TOTAL REVENUES	<u>5 708 659</u>	<u>393 135</u>	<u>367 785</u>
Expenditures:			
General administration	1 050 491	-	-
Judicial	747 821	-	-
Legal	182 615	-	-
Public safety	1 712 951	-	-
Highways and streets	-	462 083	401 880
Financial administration	703 281	-	-
Conservation	11 880	-	-
Pass through to other entities	<u>1 112 864</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5 521 903</u>	<u>462 083</u>	<u>401 880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>186 756</u>	<u>(68 948)</u>	<u>(34 095)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>23 002</u>	<u>(7 502)</u>	<u>(7 500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>23 002</u>	<u>(7 502)</u>	<u>(7 500)</u>
NET CHANGE IN FUND BALANCES	209 758	(76 450)	(41 595)
Fund balance, beginning	<u>4 621 844</u>	<u>1 125 488</u>	<u>662 022</u>
FUND BALANCE, ENDING	<u>\$ 4 831 602</u>	<u>\$ 1 049 038</u>	<u>\$ 620 427</u>

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

EXHIBIT A-5

	ROAD & BRIDGE 3	ROAD & BRIDGE 4	AMERICAN RECOVERY FUNDS	NON MAJOR GOVERNMENTAL	TOTAL
\$	55 850	\$ 53 782	\$ -	\$ -	\$ 3 389 377
	-	-	-	83 400	643 199
	122 143	117 620	-	66 892	891 427
	9 435	10 283	10 132	6 657	144 108
	166 472	160 305	1 023 830	26 541	3 082 582
	<u>15 677</u>	<u>52 147</u>	<u>-</u>	<u>-</u>	<u>300 052</u>
	<u>369 577</u>	<u>394 137</u>	<u>1 033 962</u>	<u>183 490</u>	<u>8 450 745</u>
	-	-	-	70 594	1 121 085
	-	-	-	1 070	748 891
	-	-	-	-	182 615
	-	-	-	1 300	1 714 251
	325 419	541 788	-	61 676	1 792 846
	-	-	-	-	703 281
	-	-	-	-	11 880
	-	-	-	-	<u>1 112 864</u>
	<u>325 419</u>	<u>541 788</u>	<u>-</u>	<u>134 640</u>	<u>7 387 713</u>
	<u>44 158</u>	<u>(147 651)</u>	<u>1 033 962</u>	<u>48 850</u>	<u>1 063 032</u>
	<u>(7 500)</u>	<u>(7 500)</u>	<u>-</u>	<u>7 000</u>	<u>-</u>
	<u>(7 500)</u>	<u>(7 500)</u>	<u>-</u>	<u>7 000</u>	<u>-</u>
	36 658	(155 151)	1 033 962	55 850	1 063 032
	<u>590 341</u>	<u>759 764</u>	<u>-</u>	<u>403 029</u>	<u>8 162 488</u>
\$	<u>626 999</u>	\$ <u>604 613</u>	\$ <u>1 033 962</u>	\$ <u>458 879</u>	\$ <u>9 225 520</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, 2021

EXHIBIT A-6

Net change in fund balances - Total governmental funds.	\$ 1 063 032
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	185 603
The depreciation of capital assets used in governmental activities is not reported in the funds.	(281 558)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	82 503
Proceeds from debt and debt principal repayment are not recognized in the SOA, but are in the funds.	68 275
Pension contributions made after the measurement date, but in current FY were de-expended and reduced NP.	177 756
Pension expense relating to GASB 68 is recorded in the SOA, but not in the funds.	<u>(229 287)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u>\$ 1 066 324</u>

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

SABINE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

EXHIBIT A-7

	CUSTODIAL FUNDS
ASSETS	
Restricted Assets:	
Cash and cash equivalents	\$ 1 589 888
TOTAL ASSETS	1 589 888
LIABILITIES	
Due to governmental funds	-
Due to other beneficiaries	-
TOTAL LIABILITIES	-
NET POSITION	\$ 1 589 888

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

SABINE COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2021

EXHIBIT A-8

	CUSTODIAL FUNDS
Inflows:	
Fees	\$ 4 916 592
Interest	11 944
TOTAL INFLOWS	4 928 536
Outflows:	
Distribution to others	4 476 329
TOTAL OUTFLOWS	4 476 329
CHANGE IN NET POSITION	452 207
Beginning net position	1 137 681
ENDING NET POSITION	\$ 1 589 888

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, 2021

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.

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In addition, the County reports the following fund types:

Fiduciary Funds: These funds are used to report fee office funds and other resources held in a purely custodial capacity (assets equal liabilities). Fiduciary 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 \$188,280 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.

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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.
- 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.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

III. DEPOSITS AND INVESTMENTS - CONTINUED

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 \$10,699,133 and the bank balance was \$10,552,118. 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	\$ 867 930
Certificates of deposit - Road & Bridge 2	< 1 year	450 396
Certificates of deposit - Road & Bridge 3	< 1 year	398 477
Certificates of deposit - Road & Bridge 4	< 1 year	450 396
LOGIC Investment Pool	N/A	51 475
TOTAL INVESTMENTS		\$ 2 218 674

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.
- d. Interest Rate Risk

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

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

III. DEPOSITS AND INVESTMENTS - CONTINUED

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 12/31/2020	ADDITIONS	DELETIONS	BALANCE 12/31/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 120 714	\$ -	\$ -	\$ 120 714
Construction in progress	117 270	24 200	(117 270)	24 200
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>237 984</u>	<u>24 200</u>	<u>(117 270)</u>	<u>144 914</u>
Capital Assets Being Depreciated:				
Buildings and improvement	1 279 691	37 646	-	1 317 337
Equipment	3 941 177	144 200	(185 999)	3 899 378
Vehicles	975 805	96 827	(52 409)	1 020 223
Infrastructure	5 356 564	-	-	5 356 564
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>11 553 237</u>	<u>278 673</u>	<u>(238 408)</u>	<u>11 593 502</u>
Less Accumulated Depreciation For:				
Buildings and improvement	(995 490)	(16 151)	-	(1 011 641)
Equipment	(3 294 865)	(90 503)	185 999	(3 199 369)
Vehicles	(827 625)	(47 035)	52 409	(822 251)
Infrastructure	(4 306 625)	(127 869)	-	(4 434 494)
TOTAL ACCUMULATED DEPRECIATION	<u>(9 424 605)</u>	<u>(281 558)</u>	<u>238 408</u>	<u>(9 467 755)</u>
TOTAL NET CAPITAL ASSETS BEING DEPRECIATED	<u>2 128 632</u>	<u>(2 885)</u>	<u>-</u>	<u>2 125 747</u>
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	<u>\$ 2 366 616</u>	<u>\$ 21 315</u>	<u>\$ (117 270)</u>	<u>\$ 2 270 661</u>

Depreciation was charged to functions as follows:

General government	\$ 50 345
Judicial	33 603
Legal	8 194
Public safety	76 879
Highways and streets	80 447
Financial administration	31 557
Conservation	533
	<u>\$ 281 558</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:

Custodial Funds	General Fund	\$ 322 706	Pending transfer of fees
		<u>\$ 322 706</u>	

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

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	\$ 23 002	Reimburse fees
Road & Bridge Fund	Road & Bridge Spec Fund	30 000	Reimburse fees
		<u>\$ 53 002</u>	

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.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2021

VI. LONG-TERM DEBT

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	CURRENT PORTION
2019 Dump Truck	\$ 223 164	\$ -	\$ 39 533	\$ 183 631	\$ 41 035
2019 Motor Grader	119 073	-	13 249	105 824	13 778
2021 Mack Dump Truck	149 132	-	14 026	135 106	14 447
	<u>\$ 491 369</u>	<u>\$ -</u>	<u>\$ 66 808</u>	<u>\$ 424 561</u>	<u>\$ 69 260</u>
		PRINCIPAL	INTEREST	TOTAL	
2022	\$	69 260	\$ 15 253	\$ 84 513	
2023		171 803	12 712	184 515	
2024		183 498	7 641	191 139	
	\$	<u>424 561</u>	\$ 35 606	<u>\$ 460 167</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.

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	2.50%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	7.50%
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, 2020 actuarial valuation analysis for Sabine County. This information may also be found in the Sabine County December 31, 2020 Summary Valuation Report.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

VIII. PENSION PLAN - CONTINUED

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The long-term investment return of 7.5% 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 3.00% (made up of 2.50% 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	3.00%

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

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 3.00% 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 8.15% total annual increase in his salary. The 8.15% is a combination of the 5.00% merit increase and the 3.00% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2021

VIII. PENSION PLAN - CONTINUED

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.

**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, 2021

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.

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 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

VIII. PENSION PLAN - CONTINUED

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	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	(0.85)%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	(0.70)%

(1) Target asset allocation adopted at the March 2021 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

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

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

(5) Includes vintage years 2006-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.

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

VIII. PENSION PLAN - CONTINUED

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 7.6%, 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 (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 11 316 644	\$ 10 095 493	\$ 9 060 260
Fiduciary net position	\$ 9 877 785	\$ 9 877 785	\$ 9 877 785
Net pension liability/(asset)	\$ 1 438 859	\$ 217 708	\$ (817 525)

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, 2019	\$	8 826 832	\$ 8 965 797	\$ (138 965)
Changes for the Year:				
Service cost		321 173	-	321 173
Interest on total pension liability ⁽¹⁾		725 567	-	725 567
Effect of plan changes ⁽²⁾		-	-	-
Effect of economic/demographic gains or losses		75 587	-	75 587
Effect of assumptions changes or inputs		534 676	-	534 676
Refund of contributions		(3 374)	(3 374)	-
Benefit payments		(384 968)	(384 968)	-
Administrative expenses		-	(7 228)	7 228
Member contributions		-	198 271	(198 271)
Net investment income		-	926 211	(926 211)
Employer contributions		-	182 409	(182 409)
Other ⁽³⁾		-	667	(667)
Balances as of December 31, 2020	\$	<u>10 095 493</u>	\$ <u>9 877 785</u>	\$ <u>217 708</u>

(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.

Pension Expense/(Income)

Pension Expense/(Income)		January 1, 2020 to December 31, 2020
Service cost	\$	321 173
Interest on total pension liability ⁽¹⁾		725 567
Effect of plan changes		-
Administrative expenses		7 228
Member contributions		(198 271)
Expected investment return, net		(725 665)
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of economic/demographic gains or losses		45 925
Recognition of assumption changes or inputs		149 554
Recognition of investment gains or losses		(94 559)
Other ⁽²⁾		(667)
PENSION EXPENSE/(INCOME)	\$	<u>230 285</u>

(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, 2021, 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	\$	91 220
Change of assumptions		-		401 005
Difference between projected and actual earnings		647 097		319 230
Contributions made subsequent to measurement date		-		177 756
	\$	<u>647 098</u>	\$	<u>989 211</u>

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

VIII. PENSION PLAN - CONTINUED

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,		
2021	\$	68 644
2022	\$	154 619
2023	\$	(18 792)
2024	\$	(40 114)
2025	\$	-
Thereafter	\$	-

Membership Information

Membership Class	
Inactive employees entitled to but not yet receiving benefits	46
Active employees	81
Currently receiving benefits	43

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.

Litigation

As of December 31, 2021, the County has pending litigation, however, the County does not expect any claims to exceed existing insurance coverage.

XI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2022, 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, 2021

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Property taxes	\$ 3 250 791	\$ 3 250 791	\$ 3 182 525	\$ (68 266)
Sales taxes	375 000	375 000	552 317	177 317
Other taxes	2 000	2 000	7 482	5 482
TOTAL TAXES	3 627 791	3 627 791	3 742 324	114 533
Intergovernmental:				
Tax collection fees	73 850	73 850	112 535	38 685
Federal forest program	1 112 863	1 112 863	1 112 863	-
Salary supplements	88 200	88 200	78 322	(9 878)
Other grants	51 000	51 000	111 930	60 930
TOTAL INTERGOVERNMENTAL	1 325 913	1 325 913	1 415 650	89 737
Fines and Fees:				
Fees of office	210 250	210 250	221 743	11 493
Other fines and fees	109 000	109 000	150 409	41 409
TOTAL FINES AND FEES	319 250	319 250	372 152	52 902
Interest	55 000	55 000	80 207	25 207
Other Income:				
Miscellaneous	47 800	47 800	98 326	50 526
TOTAL OTHER INCOME	47 800	47 800	98 326	50 526
TOTAL REVENUES	5 375 754	5 375 754	5 708 659	332 905
Expenditures:				
General Administration Expenditures:				
County Judge:				
Salary	106 401	106 401	106 843	(442)
Benefits	32 905	32 905	33 066	(161)
Office, postage and copier	2 200	2 200	1 574	626
Insurance	685	685	4	681
Continuing education	2 500	2 500	547	1 953
Capital outlays	500	500	127	373
TOTAL COUNTY JUDGE	145 191	145 191	142 161	3 030
County Clerk:				
Salary	182 725	182 725	167 542	15 183
Benefits	70 590	70 590	60 187	10 403
Office, postage and copier	7 650	7 650	5 286	2 364
Maintenance	20 000	20 000	12 189	7 811
Insurance	700	900	938	(38)
Continuing education	4 000	4 000	6 146	(2 146)
Capital outlay	1 000	1 000	1 005	(5)
Election cost	21 000	21 000	36 838	(15 838)
Library cost	800	800	954	(154)
TOTAL COUNTY CLERK	308 465	308 665	291 085	17 580
Veteran Affairs:				
Salary	16 700	16 700	14 951	1 749
Benefits	2 374	2 374	2 116	258
Car allowance and travel	500	500	-	500
Office, postage and copier	500	500	-	500
Maintenance	500	500	-	500
Capital outlay	400	400	449	(49)
Continuing education	2 000	2 000	-	2 000
TOTAL VETERAN AFFAIRS	22 974	22 974	17 516	5 458
Courthouse:				
Salary	22 892	22 892	23 961	(1 069)
Benefits	12 225	12 225	12 245	(20)
Office, postage and copier	3 500	3 500	2 998	502
Utilities	37 500	37 500	37 587	(87)
Maintenance	40 000	60 000	60 152	(152)
TOTAL COURTHOUSE	116 117	136 117	136 943	(826)

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Non Departmental:				
Benefits	29 000	29 000	16 510	12 490
Office, postage and copier	38 500	38 500	53 743	(15 243)
Maintenance	9 500	9 500	10 951	(1 451)
Insurance	27 500	29 184	29 184	-
Professional fees	40 000	40 000	27 740	12 260
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	18 724	1 276
Library	10 000	10 000	10 000	-
Historical and cultural	150	150	150	-
Pineywoods SWCD #429	1 100	1 100	1 100	-
Sabine area career center	-	-	7 606	(7 606)
Miscellaneous	17 000	17 000	21 377	(4 377)
Continuing education	-	-	9 341	(9 341)
Record management fees	2 000	2 000	3 447	(1 447)
Audit fees	30 000	30 000	24 500	5 500
Mediation center	-	-	7 880	(7 880)
Law library supplies	-	-	2 480	(2 480)
Redistricting	6 750	6 750	-	6 750
Capital outlays	48 000	184 000	181 651	2 349
TOTAL NON DEPARTMENTAL	315 902	453 586	462 786	(9 200)
TOTAL GENERAL GOVERNMENT	908 649	1 066 533	1 050 491	16 042
Judicial Expenditures:				
County Court At Law:				
Court appointed attorney	10 000	10 000	11 025	(1 025)
Jury and court costs	5 000	5 000	1 275	3 725
TOTAL COUNTY COURT AT LAW	15 000	15 000	12 300	2 700
District Court:				
Salary	70 756	70 756	67 518	3 238
Benefits	19 780	19 780	17 278	2 502
Car allowance and travel	3 500	3 500	1 081	2 419
Office, postage and copier	2 000	2 000	2 785	(785)
Court appointed attorneys	90 000	90 000	81 256	8 744
Jury and court costs	38 000	38 000	4 153	33 847
TOTAL DISTRICT COURT	224 036	224 036	174 071	49 965
District Attorney:				
Salary	57 806	57 806	57 806	-
Benefits	25 845	25 845	25 991	(146)
Office, postage and copier	3 250	3 250	3 887	(637)
Maintenance	500	500	35	465
Insurance	100	100	18	82
Continuing education	3 500	3 500	809	2 691
TOTAL DISTRICT ATTORNEY	91 001	91 001	88 546	2 455
District Clerk:				
Salary	98 777	98 777	84 853	13 924
Benefits	31 735	31 735	29 987	1 748
Office, postage and copier	4 900	4 900	4 227	673
Maintenance	8 000	8 000	5 400	2 600
Insurance	300	300	217	83
Continuing education	3 500	3 500	2 120	1 380
Capital outlay	2 000	2 000	50	1 950
TOTAL DISTRICT CLERK	149 212	149 212	126 854	22 358

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Justice of the Peace #1:				
Salary	82 085	88 756	86 936	1 820
Benefits	29 480	29 480	31 375	(1 895)
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 500	2 500	2 533	(33)
Maintenance	6 500	6 500	6 178	322
Insurance	200	1 800	114	1 686
Continuing education	3 000	3 000	1 755	1 245
Jury costs	100	100	-	100
Capital outlay	1 000	200	-	200
TOTAL JUSTICE OF THE PEACE #1	<u>125 165</u>	<u>132 636</u>	<u>128 891</u>	<u>3 745</u>
Justice of the Peace #2:				
Salary	80 673	80 673	77 213	3 460
Benefits	21 150	21 150	20 138	1 012
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 200	2 200	2 073	127
Maintenance	6 500	6 500	6 178	322
Insurance	200	200	4	196
Continuing education	3 000	3 000	775	2 225
Capital outlay	1 000	1 000	69	931
Jury and court costs	100	100	-	100
TOTAL JUSTICE OF THE PEACE #2	<u>115 123</u>	<u>115 123</u>	<u>106 450</u>	<u>8 673</u>
Courthouse Security:				
Salary	-	-	46 142	(46 142)
Benefits	-	-	16 263	(16 263)
Car, allowance and travel	-	-	5 260	(5 260)
Office, postage and copier	-	-	22 410	(22 410)
Continuing education	-	-	2 142	(2 142)
Capital outlay	-	-	18 492	(18 492)
TOTAL COURTHOUSE SECURITY	<u>-</u>	<u>-</u>	<u>110 709</u>	<u>(110 709)</u>
TOTAL JUDICIAL EXPENDITURES	<u>719 537</u>	<u>727 008</u>	<u>747 821</u>	<u>(20 813)</u>
Legal:				
County Attorney:				
Salary	126 765	126 765	126 727	38
Benefits	35 775	35 775	35 936	(161)
Office, postage and copier	3 200	3 200	3 164	36
Maintenance	4 700	4 700	4 445	255
Insurance	200	200	4	196
Continuing education	1 500	1 500	1 139	361
Library	500	11 200	11 200	-
Capital outlay	6 000	6 000	-	6 000
TOTAL COUNTY ATTORNEY	<u>178 640</u>	<u>189 340</u>	<u>182 615</u>	<u>6 725</u>
TOTAL LEGAL	<u>178 640</u>	<u>189 340</u>	<u>182 615</u>	<u>6 725</u>
Public Safety:				
Constable Precinct #1:				
Salary	12 000	12 000	12 000	-
Benefits	10 660	10 660	9 978	682
Office, postage and copier	720	720	499	221
Fuel, oil and tires	1 800	2 083	2 082	1
Insurance	200	2 890	2 870	20
Capital outlay	300	5 460	5 460	-
TOTAL CONSTABLE PRECINCT #1	<u>25 680</u>	<u>33 813</u>	<u>32 889</u>	<u>924</u>
Constable Precinct #2:				
Salary	12 342	12 342	13 228	(886)
Benefits	10 685	10 685	10 890	(205)
Office, postage and copier	720	720	564	156
Fuel, oil and tires	1 800	1 800	1 540	260
Insurance	200	2 000	1 879	321
Capital outlay	300	5 560	5 477	83
TOTAL CONSTABLE PRECINCT #2	<u>26 047</u>	<u>33 107</u>	<u>33 578</u>	<u>(471)</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, 2021

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Sheriff:				
Salary	832 651	832 651	773 326	59 325
Benefits	295 795	295 795	264 032	31 763
Car, phone allowance and travel	19 300	19 300	9 649	9 651
Office, postage and copier	21 950	21 950	27 888	(5 938)
Utilities	36 000	36 000	33 264	2 736
Fuel, oil and tires	50 000	50 000	59 047	(9 047)
Maintenance	41 000	41 000	47 401	(6 401)
Insurance	29 100	29 100	29 188	(88)
Continuing education	3 500	3 500	1 111	2 389
Equipment leasing	23 000	23 000	17 485	5 515
Prisoner housing costs	216 000	216 000	155 116	60 884
Capital outlay	60 000	60 000	113 250	(53 250)
TOTAL SHERIFF	1 628 296	1 628 296	1 530 757	97 539
Probation:				
Office, postage and copier	1 000	1 000	787	213
Probation fees	16 059	16 059	16 059	-
TOTAL PROBATION	17 059	17 059	16 846	213
Emergency Management Coordinator:				
Salary	46 036	46 036	-	46 036
Benefits	16 165	16 165	-	16 165
Car, allowance and travel	6 000	5 261	-	5 261
Office, postage and copier	1 470	1 016	-	1 016
Continuing education	1 500	2 142	-	2 142
Professional fees	24 000	21 755	-	21 755
Capital outlay	10 750	18 493	-	18 493
TOTAL EMERGENCY MANAGEMENT COORDINATOR	105 921	110 868	-	110 868
9-1-1:				
Salary	36 000	36 000	36 632	(632)
Benefits	14 044	14 044	4 865	9 179
Car, allowance and travel	500	500	135	365
Office, postage and copier	2 000	2 000	641	1 359
Continuing education	1 500	1 500	-	1 500
Other charges	-	-	1 402	(1 402)
Capital outlay	1 000	1 000	-	1 000
TOTAL 9-1-1	55 044	55 044	43 675	11 369
DARE Program:				
Office, postage and copier	-	-	458	(458)
TOTAL DARE PROGRAM	-	-	458	(458)
Specialized Drug Investigator Grant:				
Salary	-	54 953	40 507	14 446
Benefits	-	-	14 221	(14 221)
TOTAL SPECIALIZED DRUG INVESTIGATOR GRANT	-	54 953	54 728	225
TOTAL PUBLIC SAFETY	1 858 047	1 933 140	1 712 951	220 209
Financial Administration:				
County Auditor:				
Salary	48 218	48 218	48 218	-
Benefits	15 770	15 770	15 849	(79)
Office, postage and copier	1 750	1 750	1 114	636
Insurance	100	100	50	50
Continuing education	3 000	3 000	660	2 340
Capital outlay	300	300	799	(499)
TOTAL COUNTY AUDITOR	69 138	69 138	66 690	2 448

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
County Treasurer:				
Salary	116 040	116 040	114 958	1 082
Benefits	43 225	43 225	43 336	(111)
Office, postage and copier	7 200	7 200	5 939	1 261
Insurance	750	750	250	500
Maintenance	3 500	3 500	620	2 880
Continuing education	3 800	3 800	2 786	1 014
Capital outlay	3 050	3 050	2 817	233
TOTAL COUNTY TREASURER	177 565	177 565	170 706	6 859
Tax Assessor/Collector:				
Salary	218 270	218 270	212 301	5 969
Benefits	84 510	84 510	84 305	205
Car, allowance and travel	300	300	-	300
Office, postage and copier	12 760	12 760	6 632	6 128
Insurance	2 000	2 000	125	1 875
Continuing education	6 000	6 000	9 056	(3 056)
Appraisal district payments	110 000	110 000	109 532	468
Equipment leasing	40 000	40 000	39 835	165
Other charges	1 400	1 400	4 099	(2 699)
TOTAL TAX ASSESSOR/COLLECTOR	475 240	475 240	465 885	9 355
TOTAL FINANCIAL ADMINISTRATION	721 943	721 943	703 281	18 662
Conservation:				
County Agent:				
Salary	11 226	11 226	7 484	3 742
Benefits	1 265	1 265	1 063	202
Car, allowance and travel	7 500	7 500	3 333	4 167
Office, postage and copier	1 500	1 500	-	1 500
TOTAL COUNTY AGENT	21 491	21 491	11 880	9 611
TOTAL CONSERVATION	21 491	21 491	11 880	9 611
Pass-through to Other Entities:				
Federal forest payments to schools	1 112 863	1 112 863	1 112 864	(1)
TOTAL PASS-THROUGH TO OTHER ENTITIES	1 112 863	1 112 863	1 112 864	(1)
TOTAL EXPENDITURES	5 521 170	5 772 318	5 521 903	250 415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145 416)	(396 564)	186 756	583 320
Other Financing Sources (Uses):				
Transfer in	23 000	23 000	530 208	507 208
Transfer out	-	-	(507 206)	(507 206)
TOTAL OTHER FINANCING SOURCES (USES)	23 000	23 000	23 002	2
NET CHANGE IN FUND BALANCES	(122 416)	(373 564)	209 758	583 322
Fund balance, beginning	4 621 844	4 621 844	4 621 844	-
FUND BALANCE, ENDING	\$ 4 499 428	\$ 4 248 280	\$ 4 831 602	\$ 583 322

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, 2021

EXHIBIT B-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 400	\$ 4 400	\$ 4 238	\$ (162)
Federal forest funds	40 000	40 000	127 979	87 979
Property taxes	47 576	47 576	47 576	-
Payments in lieu of taxes	15 000	15 000	9 592	(5 408)
TOTAL INTERGOVERNMENTAL	<u>106 976</u>	<u>106 976</u>	<u>189 385</u>	<u>82 409</u>
Fines and Fees:				
License and permits	110 000	110 000	104 048	(5 952)
TOTAL FINES AND FEES	<u>110 000</u>	<u>110 000</u>	<u>104 048</u>	<u>(5 952)</u>
Interest				
	<u>16 000</u>	<u>16 000</u>	<u>17 111</u>	<u>1 111</u>
Other Income:				
Material reimbursement	4 100	4 100	1 960	(2 140)
Miscellaneous	7 000	43 676	80 631	36 955
TOTAL OTHER INCOME	<u>11 100</u>	<u>47 767</u>	<u>82 591</u>	<u>34 815</u>
TOTAL REVENUES	<u>244 076</u>	<u>280 776</u>	<u>393 135</u>	<u>112 383</u>
Expenditures:				
Road and Bridge:				
Salary	168 445	168 445	165 351	3 094
Benefits	67 645	67 645	64 358	3 287
Car, allowance and travel	9 000	9 000	9 000	-
Road material	65 600	94 631	100 594	(5 958)
Office, postage and copier	5 300	5 300	5 420	(120)
Utilities	4 000	4 000	3 057	943
Fuel, oil and tires	29 245	46 542	43 725	2 817
Maintenance	22 500	22 500	56 366	(33 866)
Insurance	7 940	12 048	11 729	319
Continuing education	3 000	3 000	2 483	517
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	20 000	20 000	-	20 000
TOTAL EXPENDITURES	<u>410 175</u>	<u>460 616</u>	<u>462 083</u>	<u>(1 467)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(166 099)</u>	<u>(179 864)</u>	<u>(68 948)</u>	<u>110 916</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(7 502)	(7 502)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(7 502)</u>	<u>(7 502)</u>
NET CHANGE IN FUND BALANCES				
	<u>(166 099)</u>	<u>(179 864)</u>	<u>(76 450)</u>	<u>103 414</u>
Fund balances, beginning				
	<u>1 125 488</u>	<u>1 125 488</u>	<u>1 125 488</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 959 389</u>	<u>\$ 945 624</u>	<u>\$ 1 049 038</u>	<u>\$ 103 414</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, 2021

EXHIBIT B-3

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 422	\$ (178)
Federal forest funds	40 000	40 000	133 544	93 544
Property taxes	49 644	49 644	49 644	-
Payments in lieu of taxes	9 000	9 000	10 009	1 009
TOTAL INTERGOVERNMENTAL	103 244	103 244	197 619	94 375
Fines and Fees:				
License and permits	114 000	114 000	108 572	(5 428)
TOTAL FINES AND FEES	114 000	114 000	108 572	(5 428)
Interest				
	12 000	12 000	10 283	(1 717)
Other Income:				
Material reimbursement	10 100	10 100	14 754	4 654
Miscellaneous	8 000	8 000	36 557	28 557
TOTAL OTHER INCOME	18 100	18 100	51 311	33 211
TOTAL REVENUES	247 344	247 344	367 785	120 441
Expenditures:				
Road and Bridge:				
Salary	170 865	170 865	167 099	3 766
Benefits	67 990	67 990	65 800	2 190
Car, allowance and travel	9 000	9 000	9 000	-
Road material	136 600	136 600	68 469	68 131
Office, postage and copier	4 350	4 350	3 635	715
Utilities	1 298	1 298	1 139	159
Fuel, oil and tires	40 000	40 000	38 215	1 785
Maintenance	28 000	28 000	7 808	20 192
Insurance	6 900	6 900	4 813	2 087
Continuing education	1 500	1 500	1 266	234
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	20 000	20 000	34 636	(14 636)
TOTAL EXPENDITURES	494 003	494 003	401 880	92 123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(246 659)	(246 659)	(34 095)	212 564
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(7 500)	(7 500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(7 500)	(7 500)
NET CHANGE IN FUND BALANCES				
	(246 659)	(246 659)	(41 595)	205 064
Fund balances, beginning				
	662 022	662 022	662 022	-
FUND BALANCES, ENDING				
	\$ 415 363	\$ 415 363	\$ 620 427	\$ 205 064

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, 2021

EXHIBIT B-4

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 975	\$ 375
Federal forest funds	40 000	40 000	150 237	110 237
Property taxes	55 850	55 850	55 850	-
Payments in lieu of taxes	9 000	9 000	11 260	2 260
TOTAL INTERGOVERNMENTAL	<u>109 450</u>	<u>109 450</u>	<u>222 322</u>	<u>112 872</u>
Fines and Fees:				
License and permits	114 000	114 000	122 143	8 143
TOTAL FINES AND FEES	<u>114 000</u>	<u>114 000</u>	<u>122 143</u>	<u>8 143</u>
Interest				
	10 000	10 000	9 435	(565)
Other Income:				
Material reimbursement	1 050	1 050	8 254	7 204
Miscellaneous	6 000	6 000	7 423	1 423
TOTAL OTHER INCOME	<u>7 050</u>	<u>7 050</u>	<u>15 677</u>	<u>8 627</u>
TOTAL REVENUES	<u>240 500</u>	<u>240 500</u>	<u>369 577</u>	<u>129 077</u>
Expenditures:				
Road and Bridge:				
Salary	184 433	184 433	152 093	32 340
Benefits	70 355	70 355	51 215	19 140
Car, allowance and travel	9 000	9 000	9 000	-
Road material	98 550	98 550	13 298	85 252
Office, postage and copier	4 750	4 750	2 708	2 042
Utilities	2 000	2 000	1 748	252
Fuel, oil and tires	34 000	34 000	44 014	(10 014)
Maintenance	23 000	23 000	12 771	10 229
Insurance	6 300	6 300	5 937	363
Continuing education	3 000	3 000	2 024	976
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	20 000	20 000	30 611	(10 611)
TOTAL EXPENDITURES	<u>462 888</u>	<u>462 888</u>	<u>325 419</u>	<u>137 469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(222 388)</u>	<u>(222 388)</u>	<u>44 158</u>	<u>266 546</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(7 500)	(7 500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(7 500)</u>	<u>(7 500)</u>
NET CHANGE IN FUND BALANCES				
	<u>(222 388)</u>	<u>(222 388)</u>	<u>36 658</u>	<u>259 046</u>
Fund balances, beginning				
	<u>590 341</u>	<u>590 341</u>	<u>590 341</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 367 953</u>	<u>\$ 367 953</u>	<u>\$ 626 999</u>	<u>\$ 259 046</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, 2021

EXHIBIT B-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 800	\$ 4 800	\$ 4 790	\$ (10)
Federal forest funds	40 000	40 000	144 672	104 672
Property taxes	53 782	53 782	53 782	-
Payments in lieu of taxes	9 400	9 400	10 843	1 443
TOTAL INTERGOVERNMENTAL	<u>107 982</u>	<u>107 982</u>	<u>214 087</u>	<u>106 105</u>
Fines and Fees:				
License and permits	<u>120 000</u>	<u>120 000</u>	<u>117 620</u>	<u>(2 380)</u>
TOTAL FINES AND FEES	<u>120 000</u>	<u>120 000</u>	<u>117 620</u>	<u>(2 380)</u>
Interest				
	<u>10 000</u>	<u>10 000</u>	<u>10 283</u>	<u>283</u>
Other Income:				
Material reimbursement	4 100	4 100	10 189	6 089
Miscellaneous	6 000	40 856	41 958	1 102
TOTAL OTHER INCOME	<u>10 100</u>	<u>44 956</u>	<u>52 147</u>	<u>7 191</u>
TOTAL REVENUES	<u>248 082</u>	<u>282 938</u>	<u>394 137</u>	<u>111 199</u>
Expenditures:				
Road and Bridge:				
Salary	180 895	180 895	176 507	4 388
Benefits	69 930	69 930	63 018	6 912
Car, allowance and travel	9 000	9 000	9 000	-
Road material	143 100	143 100	153 174	(10 074)
Office, postage and copier	4 350	4 350	5 421	(1 071)
Utilities	2 100	2 100	1 278	822
Fuel, oil and tires	40 000	40 000	46 238	(6 238)
Maintenance	18 000	18 000	20 154	(2 154)
Insurance	6 600	6 600	4 992	1 608
Continuing education	1 500	1 500	1 512	(12)
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	50 000	50 000	60 494	(10 494)
TOTAL EXPENDITURES	<u>532 975</u>	<u>532 975</u>	<u>541 788</u>	<u>(8 813)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(284 893)</u>	<u>(250 037)</u>	<u>(147 651)</u>	<u>102 386</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(7 500)	(7 500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(7 500)</u>	<u>(7 500)</u>
NET CHANGE IN FUND BALANCES				
	<u>(284 893)</u>	<u>(250 037)</u>	<u>(155 151)</u>	<u>94 886</u>
Fund balances, beginning				
	<u>759 764</u>	<u>759 764</u>	<u>759 764</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 474 871</u>	<u>\$ 509 727</u>	<u>\$ 604 613</u>	<u>\$ 94 886</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULES
For the Year Ended December 31, 2021

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, 2021.

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

EXHIBIT B-6

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 321 173	\$ 285 831	\$ 283 980	\$ 272 744	\$ 280 221	\$ 244 579	\$ 239 179
Interest (on the total pension liability)	725 567	674 570	631 233	584 707	540 800	506 759	465 552
Effect of plan changes	-	-	-	-	-	(35 116)	-
Effect of assumption changes or inputs	534 676	-	-	63 540	-	(49 759)	54 021
Effect of economic/demographic (gains) or losses	75 587	55 179	27 770	25 160	(46 710)	84 442	-
Benefit payments/refunds of contributions	(388 342)	(453 073)	(368 184)	(397 244)	(339 100)	(309 345)	(245 616)
NET CHANGE IN TOTAL PENSION LIABILITY	1 268 661	562 507	574 799	548 907	435 211	441 560	513 136
Total pension liability - Beginning	8 826 832	8 264 325	7 689 526	7 140 619	6 705 408	6 263 848	5 750 712
TOTAL PENSION LIABILITY - ENDING	10 095 493	8 826 832	8 264 325	7 689 526	7 140 619	6 705 408	6 263 848
Fiduciary Net Position:							
Contributions - Employer	182 409	148 415	138 491	127 547	125 756	119 460	109 848
Contributions - Member	198 271	177 590	177 399	161 451	153 362	149 860	138 797
Investment income net of investment expenses	926 211	1 284 113	(150 147)	1 035 711	489 008	(20 944)	436 792
Benefit payments/refunds of contributions	(388 342)	(453 073)	(368 184)	(397 244)	(312 286)	(309 344)	(245 617)
Administrative expenses	(7 228)	(6 832)	(6 280)	(5 340)	(5 385)	(4 839)	(5 038)
Other	667	(3 101)	(752)	(1 501)	(43 831)	10 013	(3 831)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	911 988	1 147 112	(209 473)	920 624	406 624	(55 794)	430 951
Plan fiduciary net position - Beginning	8 965 797	7 818 685	8 028 158	7 107 534	6 700 910	6 756 704	6 325 753
PLAN FIDUCIARY NET POSITION - ENDING	9 877 785	8 965 797	7 818 685	8 028 158	7 107 534	6 700 910	6 756 704
NET PENSION LIABILITY (ASSET) - ENDING	\$ 217 708	\$ (138 965)	\$ 445 640	\$ (338 632)	\$ 33 085	\$ 4 498	\$ (492 856)
Plan fiduciary net position as a percentage of total pension liability	97.84%	101.57%	94.61%	104.40%	99.54%	99.93%	(7.87)%
Covered employee payroll	\$ 2 832 438	\$ 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	7.69%	(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.

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%
2020	\$ 182 409	\$ 182 409	\$ -	\$ 2 832 438	6.4%

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, 2021

	<u>APPELLATE JUDICIAL SYSTEM FUND</u>	<u>DISTRICT CLERK RECORD ARCHIVE FEE FUND</u>	<u>CONVENTION CENTER BUILDING</u>	<u>RECORD RETENTION FUND</u>
ASSETS				
Cash and investments	\$ 197	\$ 6 930	\$ 78 057	\$ 110 469
Other receivables	-	-	-	-
Due from other funds	95	80	-	2 516
TOTAL ASSETS	<u>\$ 292</u>	<u>\$ 7 010</u>	<u>\$ 78 057</u>	<u>\$ 112 985</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 280	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:				
Restricted Fund Balance:				
Road and bridge maintenance	-	-	-	-
Hotel/motel tax	-	-	-	-
Federal and state grants	-	-	-	-
Construction	-	-	78 057	-
Record retention	-	7 010	-	112 985
Unassigned	12	-	-	-
TOTAL FUND BALANCES	<u>12</u>	<u>7 010</u>	<u>78 057</u>	<u>112 985</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 292</u>	 <u>\$ 7 010</u>	 <u>\$ 78 057</u>	 <u>\$ 112 985</u>

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
\$ 181 418	\$ 4 746	\$ 20 028	\$ 41 636	\$ 2 699	\$ 10	\$ 446 190
14 890	-	-	-	-	-	14 890
-	127	-	2 505	541	-	5 864
<u>\$ 196 308</u>	<u>\$ 4 873</u>	<u>\$ 20 028</u>	<u>\$ 44 141</u>	<u>\$ 3 240</u>	<u>\$ 10</u>	<u>\$ 466 944</u>
\$ 351	\$ -	\$ -	\$ -	\$ 7 434	\$ -	\$ 8 065
<u>351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 434</u>	<u>-</u>	<u>8 065</u>
-	-	-	-	(4 194)	-	(4 194)
195 957	-	-	-	-	-	195 957
-	-	20 028	-	-	-	20 028
-	-	-	-	-	-	78 057
-	4 873	-	44 141	-	-	169 009
-	-	-	-	-	10	22
<u>195 957</u>	<u>4 873</u>	<u>20 028</u>	<u>44 141</u>	<u>(4 194)</u>	<u>10</u>	<u>458 879</u>
<u>\$ 196 308</u>	<u>\$ 4 873</u>	<u>\$ 20 028</u>	<u>\$ 44 141</u>	<u>\$ 3 240</u>	<u>\$ 10</u>	<u>\$ 466 944</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2021

	<u>APPELLATE JUDICIAL SYSTEM FUND</u>	<u>DISTRICT CLERK RECORD ARCHIVE FEE FUND</u>	<u>CONVENTION CENTER BUILDING</u>	<u>RECORD RETENTION FUND</u>
Revenues:				
Fines and fees	\$ 1 070	\$ 1 445	\$ -	\$ 31 531
Other taxes	-	-	-	-
Grants and contributions	-	-	-	-
Interest	<u>4</u>	<u>102</u>	<u>1 276</u>	<u>1 694</u>
TOTAL REVENUES	<u>1 074</u>	<u>1 547</u>	<u>1 276</u>	<u>33 225</u>
Expenditures:				
General government	-	-	-	18 683
Judicial	1 070	-	-	-
Public safety	-	-	-	-
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1 070</u>	<u>-</u>	<u>-</u>	<u>18 683</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4</u>	<u>1 547</u>	<u>1 276</u>	<u>14 542</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4	1 547	1 276	14 542
Fund balances, beginning	<u>8</u>	<u>5 463</u>	<u>76 781</u>	<u>98 443</u>
FUND BALANCES, ENDING	<u>\$ 12</u>	<u>\$ 7 010</u>	<u>\$ 78 057</u>	<u>\$ 112 985</u>

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
\$ -	\$ 2 046	\$ -	\$ 30 800	\$ -	\$ -	\$ 66 892
83 400	-	-	-	-	-	83 400
-	-	-	-	-	26 541	26 541
<u>2 703</u>	<u>120</u>	<u>-</u>	<u>758</u>	<u>-</u>	<u>-</u>	<u>6 657</u>
<u>86 103</u>	<u>2 166</u>	<u>-</u>	<u>31 558</u>	<u>-</u>	<u>26 541</u>	<u>183 490</u>
47 816	4 095	-	-	-	-	70 594
-	-	-	-	-	-	1 070
-	-	1 300	-	-	-	1 300
-	-	-	-	35 135	26 541	61 676
<u>47 816</u>	<u>4 095</u>	<u>1 300</u>	<u>-</u>	<u>35 135</u>	<u>26 541</u>	<u>134 640</u>
<u>38 287</u>	<u>(1 929)</u>	<u>(1 300)</u>	<u>31 558</u>	<u>(35 135)</u>	<u>-</u>	<u>48 850</u>
-	-	-	(23 000)	-	-	(23 000)
-	-	-	-	30 000	-	30 000
-	-	-	<u>(23 000)</u>	<u>30 000</u>	<u>-</u>	<u>7 000</u>
38 287	(1 929)	(1 300)	8 558	(5 135)	-	55 850
<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>195 957</u>	\$ <u>4 873</u>	\$ <u>20 028</u>	\$ <u>44 141</u>	\$ <u>(4 194)</u>	\$ <u>10</u>	\$ <u>458 879</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 December 31, 2021

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	TAX ASSESSOR COLLECTOR
ASSETS				
Cash and cash equivalents	\$ 514 456	\$ 47 309	\$ 59 239	\$ 927 799
TOTAL ASSETS	\$ 514 456	\$ 47 309	\$ 59 239	\$ 927 799
NET POSITION				
Net position	\$ 514 456	\$ 47 309	\$ 59 239	\$ 927 799
TOTAL NET POSITION	\$ 514 456	\$ 47 309	\$ 59 239	\$ 927 799

See independent auditors' report.

<u>COUNTY</u> <u>ATTORNEY</u>	<u>TREASURER</u> <u>FEE</u> <u>ACCOUNT</u>	<u>OTHER</u>	<u>TOTAL</u>
\$ <u>27 222</u>	\$ <u>-</u>	\$ <u>13 863</u>	\$ <u>1 589 888</u>
\$ <u>27 222</u>	\$ <u>-</u>	\$ <u>13 863</u>	\$ <u>1 589 888</u>
\$ <u>27 222</u>	\$ <u>-</u>	\$ <u>13 863</u>	\$ <u>1 589 888</u>
\$ <u>27 222</u>	\$ <u>-</u>	\$ <u>13 863</u>	\$ <u>1 589 888</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 December 31, 2021

	<u>DISTRICT CLERK</u>	<u>COUNTY CLERK</u>	<u>SHERIFF</u>	<u>TAX ASSESSOR COLLECTOR</u>
Inflows:				
Fees	\$ 31 007	\$ 23 034	\$ 36 115	\$ 4 806 629
Interest	<u>5 590</u>	<u>722</u>	<u>150</u>	<u>5 075</u>
TOTAL INFLOWS	<u>36 597</u>	<u>23 756</u>	<u>36 265</u>	<u>4 811 704</u>
Outflows:				
Distribution to others	<u>51 847</u>	<u>15 871</u>	<u>16 781</u>	<u>4 364 784</u>
TOTAL OUTFLOWS	<u>51 847</u>	<u>15 871</u>	<u>16 781</u>	<u>4 364 784</u>
CHANGE IN NET POSITION	(15 250)	7 885	19 484	446 920
Beginning net position	<u>529 706</u>	<u>39 424</u>	<u>39 755</u>	<u>480 879</u>
ENDING NET POSITION	<u>\$ 514 456</u>	<u>\$ 47 309</u>	<u>\$ 59 239</u>	<u>\$ 927 799</u>

See independent auditors' report.

<u>COUNTY</u> <u>ATTORNEY</u>	<u>TREASURER</u> <u>FEE</u> <u>ACCOUNT</u>	<u>OTHER</u>	<u>TOTAL</u>
\$ 5 944	\$ -	\$ 13 863	\$ 4 916 592
<u>407</u>	<u>-</u>	<u>-</u>	<u>11 944</u>
<u>6 351</u>	<u>-</u>	<u>13 863</u>	<u>4 928 536</u>
<u>1 742</u>	<u>24 983</u>	<u>321</u>	<u>4 476 329</u>
<u>1 742</u>	<u>24 983</u>	<u>321</u>	<u>4 476 329</u>
4 609	(24 983)	13 542	452 207
<u>22 613</u>	<u>24 983</u>	<u>321</u>	<u>1 137 681</u>
\$ <u>27 222</u>	\$ <u>-</u>	\$ <u>13 863</u>	\$ <u>1 589 888</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, 2021, and the related notes to the financial statements, which collectively comprise Sabine County, Texas' basic financial statements, and have issued our report thereon dated September 12, 2022.

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.

Lufkin, Texas
September 12, 2022

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited Sabine County, Texas' (County) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of this federal awards applicable to Sabine County, Texas's federal programs.

Auditor's Responsibility for the Audit of Compliance

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

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

Opinion on Each Major Federal Program

I In our opinion, Sabine County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control over Compliance

Management of Sabine County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sabine County, Texas's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine that auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on 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, Texas's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be

prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities of the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, no such opinion is expressed.

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

Lufkin, Texas
September 12, 2022

CERTIFIED PUBLIC ACCOUNTANTS

SABINE COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

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	\$ 57 483
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>57 483</u>
U. S. Department of Housing and Urban Development:			
Community Development Block Grant	14.228	N/A	2 341
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2 341</u>
U. S. Department of Justice:			
Edward Bryne Memorial Justice Assistance Grant	16.738	N/A	54 953
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>54 953</u>
U. S. Department of Agriculture:			
Schools and Roads Grant	10.666	N/A	1 669 295
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>1 669 295</u>
 TOTAL FEDERAL AWARDS			 \$ <u><u>1 784 072</u></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, 2021

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, 2021

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
10.666	Schools and Roads Grant

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