

SABINE COUNTY, TEXAS
Hemphill, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2022

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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, 2022, 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 fiduciary activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, 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 and standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 and *Government 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 and *Government 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

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 August 14, 2023 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
August 14, 2023


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, 2022. 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 \$15,179,668 at December 31, an increase of \$2,794,917 for activities from the prior year.
- Total government-wide revenues for the current year were \$11,436,040 compared to \$8,533,248 in the prior year, an increase of \$2,902,792 or 34.0%.
- During the current year, the County's expenses were \$2,081,803 more than the \$6,559,320 generated in charges for services and operating and capital grants and contributions.
- The general fund reported an unassigned fund balance this year of \$5,146,322.

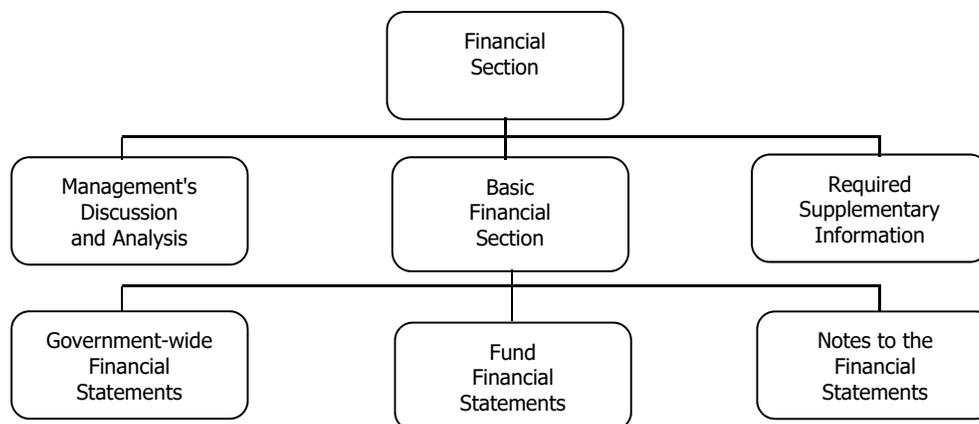
OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$15,179,668. The following table provides a summary of the County's net position:

SUMMARY OF NET POSITION

	DECEMBER 31,		AMOUNT OF CHANGE	%
	2022	2021		
Current and other assets	\$ 12 642 627	\$ 10 705 220	\$ 1 937 407	19.9
Capital assets	2 822 618	2 270 661	551 957	23.3
TOTAL ASSETS	15 465 245	12 975 881	2 489 364	19.2
Deferred outflows related to pension	676 448	989 211	(312 763)	(31.6)
Current liabilities	567 273	360 234	207 039	57.5
Long-term liabilities	(1 401 873)	573 009	(1 974 882)	(344.6)
TOTAL LIABILITIES	(834 600)	933 243	(1 767 843)	(211.6)
Deferred outflows related to pension	1 796 625	647 098	1 149 527	177.6
Net Position:				
Invested in capital assets	2 456 366	1 846 100	610 266	33.1
Restricted	5 887 919	4 393 896	1 494 023	34.0
Unrestricted	6 835 383	6 144 755	690 628	11.2
TOTAL NET POSITION	\$ 15 179 668	\$ 12 384 751	\$ 2 794 917	22.6

Net position of the County's governmental activities increased by \$2,794,917 during the year ending December 31, 2022, up 22.6% 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 \$6,835,383 at year end, an increase of 11.2%.

Governmental Activities

- The cost of all *governmental* activities this year was \$8,641,123.
- The amount that our taxpayers paid for these activities through property taxes was \$3,668,586.
- Some of the cost was paid by those who directly benefited from service fees and charges \$908,555 and from operating and capital grants and contributions \$5,650,765.

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	%
	2022	2021		
Program Revenues:				
Charges for services	\$ 908 555	\$ 1 128 310	\$ (219 755)	(19.5)
Operating grants/contributions	3 690 455	2 484 447	1 206 008	48.5
Capital grants/contributions	1 960 310	598 135	1 362 175	227.7
General Revenues:				
Property taxes	3 668 586	3 471 880	196 706	5.7
Other taxes	707 957	643 199	64 758	10.1
Interest income	233 174	144 108	89 066	61.8
Other income	267 003	63 169	203 834	322.7
TOTAL REVENUES/CONTRIBUTIONS	<u>11 436 040</u>	<u>8 533 248</u>	<u>2 902 792</u>	34.0
Expenses:				
General government	1 151 828	1 037 350	114 478	11.0
Judicial	682 422	788 644	(106 222)	(13.5)
Legal	179 101	192 309	(13 208)	(6.8)
Public safety	1 795 787	1 800 538	(4 751)	(0.3)
Highways and streets	1 648 275	1 782 094	(133 819)	(7.5)
Financial administration	756 214	740 614	15 600	2.1
Conservation	18 650	12 511	6 139	49.1
Pass-through to other entities	2 408 846	1 112 864	1 295 982	116.5
TOTAL EXPENSES	<u>8 641 123</u>	<u>7 466 924</u>	<u>1 174 199</u>	15.7
REVENUES OVER (UNDER) EXPENSES	2 794 917	1 066 324	1 728 593	162.1
Beginning net position	12 384 751	11 318 427	1 066 324	9.4
ENDING NET POSITION	<u>\$ 15 179 668</u>	<u>\$ 12 384 751</u>	<u>\$ 2 794 917</u>	22.6

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	%
	2022	2021		
General Fund	\$ 5 146 322	\$ 4 831 602	\$ 314 720	6.5
Road and Bridge Funds	3 458 046	2 901 077	556 969	9.2
American Recovery Fund	2 036 693	1 033 962	1 002 731	96.9
Special Revenue Funds	393 207	458 879	(65 672)	(14.3)
TOTAL FUND BALANCE	<u>\$ 11 034 268</u>	<u>\$ 9 225 520</u>	<u>\$ 1 808 748</u>	19.6

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 \$573,836 over final budget.

Actual revenues were \$250,605 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 \$314,720, when the final budget called for a \$389,282 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, the County had invested \$13,225,028 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$1,486,612 over last year.

	DECEMBER 31,		AMOUNT OF CHANGE	% CHANGE
	2022	2021		
Land	\$ 120 714	\$ 120 714	\$ -	-
Buildings and improvements	1 457 880	1 317 337	140 543	10.7
Equipment and vehicles	5 454 371	4 919 601	534 770	10.9
Roads and bridges	5 356 564	5 356 564	-	-
Construction in progress	835 499	24 200	811 299	3,352.5
TOTAL CAPITAL ASSETS	\$ <u>13 225 028</u>	\$ <u>11 738 416</u>	\$ <u>1 486 612</u>	12.7

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 2023 budget preparation is estimated to be approximately \$1,116,293,820 which is an increase of approximately 14.5% from the 2023 appraised values of \$974,950,287.
- Proposed tax rate for 2023 budget is \$0.3843741 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2023. The County has added no major new programs or initiatives to the 2023 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, 2022

EXHIBIT A-1

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 10 571 431
Restricted cash	218 185
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 271 651
Due from state	27 542
Due from other funds	357 573
Other	25 738
Prepaid expenditures	170 507
TOTAL CURRENT ASSETS	12 642 627
Noncurrent Assets:	
Capital Assets, Net of Depreciation:	
Land	120 714
Streets and infrastructure	794 201
Buildings and improvements	328 201
Vehicles	124 754
Machinery and equipment	619 249
Construction in progress	835 499
TOTAL CAPITAL ASSETS	2 822 618
TOTAL NONCURRENT ASSETS	2 822 618
TOTAL ASSETS	15 465 245
DEFERRED OUTFLOW	
Contribution subsequent to measurement date	197 909
Pension deferred outflows	478 539
TOTAL DEFERRED OUTFLOW	676 448
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 16 141 693
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 252 926
Due to state	20 143
Accrued interest	7 517
Accrued liabilities	112 145
Current debt	174 542
TOTAL CURRENT LIABILITIES	567 273
Noncurrent Liabilities:	
Long-term debt	191 710
Pension liability (Asset)	(1 593 583)
TOTAL NONCURRENT LIABILITIES	(1 401 873)
TOTAL LIABILITIES	(834 600)
DEFERRED INFLOWS	
Deferred pension inflows	1 796 625
NET POSITION	
Net investment in capital assets	2 456 366
Restricted	5 887 919
Unrestricted	6 835 383
TOTAL NET POSITION	\$ 15 179 668

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, 2022

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	\$ 1 151 828	\$ 208 658	\$ 1 209 976	\$ -	\$ 266 806
Judicial	682 422	57 085	54 006	-	(571 331)
Legal	179 101	-	-	-	(179 101)
Public safety	1 795 787	161 440	17 627	-	(1 616 720)
Highways and bridges	1 648 275	481 372	-	1 960 310	793 407
Financial administration	756 214	-	-	-	(756 214)
Conservation	18 650	-	-	-	(18 650)
Pass through to other entities	2 408 846	-	2 408 846	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 8 641 123</u>	<u>\$ 908 555</u>	<u>\$ 3 690 455</u>	<u>\$ 1 960 310</u>	<u>(2 081 803)</u>
General Revenues:					
Taxes:					
Property taxes					3 668 586
Other tax revenue					707 957
Unrestricted investment earnings					233 174
Other unrestricted revenue					267 003
TOTAL GENERAL REVENUES					<u>4 876 720</u>
CHANGE IN NET POSITION					2 794 917
Net position, beginning					<u>12 384 751</u>
NET POSITION, ENDING					<u>\$ 15 179 668</u>

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

SABINE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
ASSETS			
Cash and investments	\$ 4 667 870	\$ 1 162 631	\$ 687 780
Restricted cash	218 185	-	-
Taxes receivable	1 271 651	-	-
Other receivables	12 889	1 270	1 270
Due from state	27 542	-	-
Prepaid expenses	170 507	-	-
Due from fiduciary funds	353 917	-	-
TOTAL ASSETS	\$ 6 722 561	\$ 1 163 901	\$ 689 050
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 243 798	\$ 433	\$ -
Due to state	20 143	-	-
Accrued liabilities	89 153	7 133	5 464
TOTAL LIABILITIES	353 094	7 566	5 464
 Deferred Inflows:			
Unearned revenues	1 223 145	-	-
TOTAL DEFERRED INFLOWS	1 223 145	-	-
 Fund Balances:			
Non Spendable Fund Balance:			
Prepaid Expenses	170 507	-	-
Restricted Fund Balance:			
Road and bridge maintenance	-	1 156 335	683 586
Hotel/motel tax usage	-	-	-
Federal and state grants	-	-	-
Construction	-	-	-
Record retention	-	-	-
Unrestricted Reported in:			
Unassigned	4 975 815	-	-
TOTAL FUND BALANCES	5 146 322	1 156 335	683 586
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 6 722 561	\$ 1 163 901	\$ 689 050

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

	ROAD & BRIDGE 3	ROAD & BRIDGE 4	AMERICAN RECOVERY FUNDS	NON MAJOR GOVERNMENTAL	TOTAL
\$	876 398	\$ 749 582	\$ 2 045 193	\$ 381 977	\$ 10 571 431
	-	-	-	-	218 185
	-	-	-	-	1 271 651
	1 270	1 270	-	7 769	25 738
	-	-	-	-	27 542
	-	-	-	-	170 507
	-	-	-	4 426	358 343
\$	<u>877 668</u>	<u>\$ 750 852</u>	<u>\$ 2 045 193</u>	<u>\$ 394 172</u>	<u>\$ 12 643 397</u>
\$	-	\$ -	\$ 8 500	\$ 965	\$ 253 696
	-	-	-	-	20 143
	<u>3 062</u>	<u>7 333</u>	<u>-</u>	<u>-</u>	<u>112 145</u>
	<u>3 062</u>	<u>7 333</u>	<u>8 500</u>	<u>965</u>	<u>385 984</u>
	-	-	-	-	1 223 145
	-	-	-	-	1 223 145
	-	-	-	-	170 507
	874 606	743 519	-	438	3 458 484
	-	-	-	157 366	157 366
	-	-	2 036 693	-	2 036 693
	-	-	-	79 821	79 821
	-	-	-	155 555	155 555
	-	-	-	27	4 975 842
	<u>874 606</u>	<u>743 519</u>	<u>2 036 693</u>	<u>393 207</u>	<u>11 034 268</u>
\$	<u>877 668</u>	<u>\$ 750 852</u>	<u>\$ 2 045 193</u>	<u>\$ 394 172</u>	<u>\$ 12 643 397</u>

SABINE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2022

EXHIBIT A-4

Total fund balances - Governmental funds balance sheet	\$ 11 034 268
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.	2 822 618
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 223 145
Debt proceeds and accrued interest are recorded as other financing sources in the funds and liabilities in the governmental activities.	(373 769)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	1 593 583
Deferred resource outflows and inflows related to the pension are not reported in the funds.	<u>(1 120 177)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$ <u>15 179 668</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, 2022

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
Revenues:			
Property taxes	\$ 3 289 206	\$ 81 420	\$ 84 960
Other taxes	663 047	-	-
Fines and fees	364 065	103 586	108 089
Interest	120 285	23 500	13 311
Intergovernmental	2 666 625	290 860	303 506
Miscellaneous	130 093	18 104	22 616
TOTAL REVENUES	7 233 321	517 470	532 482
Expenditures:			
General administration	980 723	-	-
Judicial	686 086	-	-
Legal	180 162	-	-
Public safety	1 785 891	-	-
Highways and streets	-	410 173	469 323
Financial administration	760 694	-	-
Conservation	18 760	-	-
Pass through to other entities	2 408 846	-	-
TOTAL EXPENDITURES	6 821 162	410 173	469 323
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	412 159	107 297	63 159
Other Financing Sources (Uses):			
Transfers in (out)	(97 439)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(97 439)	-	-
NET CHANGE IN FUND BALANCES	314 720	107 297	63 159
Fund balance, beginning	4 831 602	1 049 038	620 427
FUND BALANCE, ENDING	\$ 5 146 322	\$ 1 156 335	\$ 683 586

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
\$	95 580	\$ 92 040	\$ -	\$ -	\$ 3 643 206
	-	-	-	44 910	707 957
	121 600	117 097	-	94 118	908 555
	14 059	14 214	38 401	9 404	233 174
	341 444	328 799	1 023 830	695 701	5 650 765
	<u>77 812</u>	<u>18 378</u>	<u>-</u>	<u>-</u>	<u>267 003</u>
	<u>650 495</u>	<u>570 528</u>	<u>1 062 231</u>	<u>844 133</u>	<u>11 410 660</u>
	-	-	59 500	143 823	1 184 046
	-	-	-	885	686 971
	-	-	-	-	180 162
	-	-	-	20 028	1 805 919
	402 888	431 622	-	842 508	2 556 514
	-	-	-	-	760 694
	-	-	-	-	18 760
	-	-	-	-	<u>2 408 846</u>
	<u>402 888</u>	<u>431 622</u>	<u>59 500</u>	<u>1 007 244</u>	<u>9 601 912</u>
	<u>247 607</u>	<u>138 906</u>	<u>1 002 731</u>	<u>(163 111)</u>	<u>1 808 748</u>
	-	-	-	97 439	-
	-	-	-	97 439	-
	247 607	138 906	1 002 731	(65 672)	1 808 748
	<u>626 999</u>	<u>604 613</u>	<u>1 033 962</u>	<u>458 879</u>	<u>9 225 520</u>
\$	<u>874 606</u>	\$ <u>743 519</u>	\$ <u>2 036 693</u>	\$ <u>393 207</u>	\$ <u>11 034 268</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, 2022

EXHIBIT A-6

Net change in fund balances - Total governmental funds.	\$ 1 808 748
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	858 598
The depreciation of capital assets used in governmental activities is not reported in the funds.	(306 641)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	25 380
Proceeds from debt and debt principal repayment are not recognized in the SOA, but are in the funds.	59 831
Pension contributions made after the measurement date, but in current FY were de-expended and reduced NP.	197 909
Pension expense relating to GASB 68 is recorded in the SOA, but not in the funds.	<u>151 092</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u>\$ 2 794 917</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, 2022

EXHIBIT A-7

	CUSTODIAL FUNDS
ASSETS	
Restricted Assets:	
Cash and cash equivalents	\$ 1 881 014
TOTAL ASSETS	1 881 014
LIABILITIES	
Due to the County	358 343
TOTAL LIABILITIES	358 343
NET POSITION	\$ 1 522 671

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, 2022

EXHIBIT A-8

	CUSTODIAL FUNDS
Inflows:	
Fees	\$ 16 977 018
Interest	32 322
TOTAL INFLOWS	17 009 340
Outflows:	
Distribution to others	17 101 540
TOTAL OUTFLOWS	17 101 540
CHANGE IN NET POSITION	(92 200)
Beginning net position	1 614 871
ENDING NET POSITION	\$ 1 522 671

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, 2022

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, 2022

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. 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 \$195,472 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 has prepaid expense of \$170,507 at December 31.

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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Receivable and Payable Balances

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

There are no significant receivables which are scheduled for collection within one year of year end.

Interfund Activity

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

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

- Nonspendable Fund Balance - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).
- Restricted Fund Balance - Represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed Fund Balance - Represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitution provisions, or enabling legislation.
- Assigned Fund Balance - Represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners Court or by an official or body to which the Commissioners Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.
- 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, 2022

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 approved an abatement agreement with a local company that will be investing \$100,000,000 in a modernization project. The construction will begin in 2022 and the abatement will begin after that is complete.

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, 2022

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 \$12,670,630 and the bank balance was \$12,649,618. 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	\$ 885 494
Certificates of deposit - Road & Bridge 2	< 1 year	307 772
Certificates of deposit - Road & Bridge 3	< 1 year	406 602
Certificates of deposit - Road & Bridge 4	< 1 year	383 676
LOGIC Investment Pool	N/A	52 374
TOTAL INVESTMENTS		\$ 2 035 918

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, 2022

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 12/31/2021	PRIOR PERIOD ADJUSTMENTS	ADDITIONS	DELETIONS	BALANCE 12/31/2022
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 120 714	\$ -	\$ -	\$ -	\$ 120 714
Construction in progress	24 200	-	811 299	-	835 499
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>144 914</u>	<u>-</u>	<u>811 299</u>	<u>-</u>	<u>956 213</u>
Capital Assets Being Depreciated:					
Buildings and improvement	1 317 337	92 000	48 543	-	1 457 880
Equipment	3 899 378	356 900	5 263	-	4 261 541
Vehicles	1 020 223	210 385	6 863	(44 641)	1 192 830
Infrastructure	5 356 564	-	-	-	5 356 564
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>11 593 502</u>	<u>659 285</u>	<u>60 669</u>	<u>(44 641)</u>	<u>12 268 815</u>
Less Accumulated Depreciation For:					
Buildings and improvement	(1 011 641)	(92 000)	(26 038)	-	(1 129 679)
Equipment	(3 199 369)	(343 486)	(99 437)	-	(3 642 292)
Vehicles	(822 251)	(210 385)	(53 297)	17 856	(1 068 077)
Infrastructure	(4 434 494)	-	(127 869)	-	(4 562 363)
TOTAL ACCUMULATED DEPRECIATION	<u>(9 467 755)</u>	<u>(645 871)</u>	<u>(306 641)</u>	<u>17 856</u>	<u>(10 402 410)</u>
TOTAL NET CAPITAL ASSETS BEING DEPRECIATED	<u>2 125 747</u>	<u>13 415</u>	<u>(245 972)</u>	<u>(26 785)</u>	<u>1 866 405</u>
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	<u>\$ 2 270 661</u>	<u>\$ 13 415</u>	<u>\$ 565 327</u>	<u>\$ (26 785)</u>	<u>\$ 2 822 618</u>

Depreciation was charged to functions as follows:

General government	\$ 50 476
Judicial	32 929
Legal	7 680
Public safety	73 343
Highways and streets	108 985
Financial administration	32 428
Conservation	800
	<u>\$ 306 641</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	\$ 358 343	Pending transfer of fees
		<u>\$ 358 343</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	\$ 23 000	Reimburse fees
General Fund	Grant Fund	120 439	Reimburse fees
		<u>\$ 143 439</u>	

VI. LONG-TERM DEBT

During the year ending December 31, 2019, the County leased a 2019 John Deere Motor Grader for Pct. 4 for \$131,814 at 3.99% interest with payments of \$18,000 to \$80,819 per year and a 2019 Mack Dump Truck for Pct. 2 for \$261,250 at 3.80% interest with payments of \$48,013 to \$148,014 per year. During the year ending December 31, 2021, The County leased a 2022 Mack Dump Truck for Pct. 3 for \$149,142 at 3.0% interest with payments of \$18,500 to \$105,779 per year. The County leased a postage meter for \$13,654 at 1.4% interest with payments of \$2,875 annually.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2022

VI. LONG-TERM DEBT - CONTINUED

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	CURRENT PORTION
2019 Dump Truck	\$ 183 631	\$ -	\$ 41 035	\$ 142 596	\$ 142 596
2019 Motor Grader	105 824	-	13 778	92 046	14 327
2022 Mack Dump Truck	135 106	-	14 447	120 659	14 880
Postage meter	-	13 654	2 701	10 953	2 739
	<u>\$ 424 561</u>	<u>\$ 13 654</u>	<u>\$ 71 961</u>	<u>\$ 366 252</u>	<u>\$ 174 542</u>

	PRINCIPAL	INTEREST	TOTAL
2023	\$ 174 542	\$ 12 848	\$ 187 390
2024	186 276	7 738	194 014
2025	2 817	58	2 875
2026	2 617	18	2 635
	<u>\$ 366 252</u>	<u>\$ 20 662</u>	<u>\$ 386 914</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, 2021 actuarial valuation analysis for Sabine County. This information may also be found in the Sabine County December 31, 2021 Summary Valuation Report.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2022

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	Years of Service	Before 30	Ages 30-39	Ages 40-49	50 and Later
0	5.25%	4.75%	4.25%	3.50%	16	1.50%	1.25%	0.85%	0.60%
1	4.50%	4.00%	3.50%	2.75%	17	1.40%	1.15%	0.75%	0.55%
2	4.10%	3.25%	2.85%	2.20%	18	1.30%	1.05%	0.70%	0.50%
3	3.70%	3.00%	2.50%	1.75%	19	1.25%	1.00%	0.65%	0.45%
4	3.35%	2.75%	2.25%	1.65%	20	1.20%	0.95%	0.60%	0.40%
5	3.10%	2.60%	2.15%	1.55%	21	1.15%	0.90%	0.55%	0.40%
6	2.85%	2.40%	2.05%	1.40%	22	1.10%	0.85%	0.50%	0.40%
7	2.65%	2.25%	1.90%	1.25%	23	1.00%	0.75%	0.45%	0.40%
8	2.50%	2.15%	1.80%	1.15%	24	0.94%	0.65%	0.40%	0.40%
9	2.35%	2.00%	1.65%	1.05%	25	0.88%	0.60%	0.40%	0.40%
10	2.20%	1.85%	1.50%	0.95%	26	0.82%	0.60%	0.40%	0.40%
11	2.10%	1.75%	1.35%	0.85%	27	0.76%	0.60%	0.40%	0.40%
12	1.95%	1.65%	1.25%	0.80%	28	0.70%	0.60%	0.40%	0.40%
13	1.85%	1.55%	1.10%	0.75%	29	0.65%	0.60%	0.40%	0.40%
14	1.75%	1.45%	1.00%	0.70%	30 & Up	0.60%	0.60%	0.40%	0.40%
15	1.65%	1.35%	0.90%	0.65%					

* 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 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.25% 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.

Demographic Assumptions

TCDRS System-Wide Demographic Assumptions:

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

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

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2022

VIII. PENSION PLAN - CONTINUED

Table 2
Annual Rates of Disability*

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than 25	0.001%	0.000%	43	0.001%	0.058%
25	0.001%	0.003%	44	0.001%	0.066%
26	0.001%	0.006%	45	0.001%	0.074%
27	0.001%	0.009%	46	0.001%	0.082%
28	0.001%	0.011%	47	0.001%	0.090%
29	0.001%	0.013%	48	0.001%	0.099%
30	0.001%	0.014%	49	0.001%	0.108%
31	0.001%	0.016%	50	0.001%	0.117%
32	0.001%	0.018%	51	0.001%	0.126%
33	0.001%	0.020%	52	0.001%	0.135%
34	0.001%	0.023%	53	0.001%	0.144%
35	0.001%	0.025%	54	0.001%	0.153%
36	0.001%	0.028%	55	0.001%	0.162%
37	0.001%	0.030%	56	0.001%	0.171%
38	0.001%	0.034%	57	0.001%	0.180%
39	0.001%	0.038%	58	0.001%	0.189%
40	0.001%	0.042%	59	0.001%	0.198%
41	0.001%	0.046%	60 & Above	0.000%	0.000%
42	0.001%	0.050%			

* 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	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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	Active Svc<15	Active Svc 15-24	Active Svc 25-29	Active Svc 30+	Deferred All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6%	6.8%	8.3%	9.4%	0.0%
51	5.6%	6.8%	8.3%	9.4%	0.0%
52	6.0%	7.2%	8.8%	10.0%	0.0%
53	6.0%	7.2%	8.8%	10.0%	0.0%
54	6.8%	8.1%	9.9%	11.3%	0.0%
55	6.8%	8.1%	9.9%	11.3%	0.0%
56	6.8%	8.1%	9.9%	11.3%	0.0%
57	7.5%	9.0%	11.0%	12.5%	0.0%
58	7.5%	9.0%	11.0%	12.5%	0.0%
59	7.5%	9.0%	11.0%	12.5%	0.0%
60	9.0%	10.8%	13.2%	15.0%	12.0%
61	9.0%	10.8%	13.2%	15.0%	12.0%
62	13.5%	16.2%	19.8%	22.5%	18.0%
63	11.3%	13.5%	16.5%	18.8%	15.0%
64	11.3%	13.5%	16.5%	18.8%	15.0%
65	22.5%	22.5%	27.5%	27.5%	25.0%
66	22.5%	22.5%	27.5%	27.5%	25.0%
67	21.6%	21.6%	26.4%	26.4%	24.0%
68	18.9%	18.9%	23.1%	23.1%	21.0%
69	18.9%	18.9%	23.1%	23.1%	21.0%
70	20.7%	20.7%	25.3%	25.3%	23.0%
71	20.7%	20.7%	25.3%	25.3%	23.0%
72	20.7%	20.7%	25.3%	25.3%	23.0%
73	20.7%	20.7%	25.3%	25.3%	23.0%
74	20.7%	20.7%	25.3%	25.3%	23.0%
75 & Above	100.0%	100.0%	100.0%	100.0%	100.0%

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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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	26.4%	26.4%	21.6%	21.6%	19.2%	19.2%	17.6%	17.6%
1	20.0%	20.0%	16.8%	16.8%	14.4%	14.4%	12.8%	12.8%
2	16.8%	16.8%	14.4%	14.4%	11.2%	11.2%	10.4%	10.4%
3	14.4%	14.4%	12.0%	12.0%	9.6%	9.6%	8.8%	8.8%
4	12.0%	12.0%	10.4%	10.4%	8.0%	8.0%	7.2%	7.2%
5	10.4%	10.4%	8.8%	8.8%	7.2%	7.2%	6.4%	6.4%
6	8.8%	8.8%	8.0%	8.0%	6.4%	6.4%	5.6%	5.6%
7	8.0%	8.0%	7.2%	7.2%	5.6%	5.6%	4.8%	4.8%
8	7.2%	7.2%	6.4%	6.4%	4.8%	4.8%	4.4%	4.4%
9	6.4%	6.4%	5.6%	5.6%	4.4%	4.4%	4.0%	4.0%
10	5.6%	5.6%	5.2%	5.2%	4.1%	4.1%	0.0%	0.0%
11	5.2%	5.2%	4.8%	4.8%	3.8%	3.8%	0.0%	0.0%
12	4.8%	4.8%	4.4%	4.4%	3.6%	3.6%	0.0%	0.0%
13	4.4%	4.4%	4.0%	4.0%	3.4%	3.4%	0.0%	0.0%
14	4.0%	4.0%	3.8%	3.8%	3.0%	3.0%	0.0%	0.0%
15	3.5%	3.5%	3.5%	3.5%	2.7%	2.7%	0.0%	0.0%
16	3.2%	3.2%	3.2%	3.2%	2.4%	2.4%	0.0%	0.0%
17	2.9%	2.9%	2.9%	2.9%	2.1%	2.1%	0.0%	0.0%
18	2.6%	2.6%	2.6%	2.6%	1.8%	1.8%	0.0%	0.0%
19	2.4%	2.4%	2.4%	2.4%	1.4%	1.4%	0.0%	0.0%
20	2.2%	2.2%	2.2%	2.2%	0.0%	0.0%	0.0%	0.0%
21	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
22	1.8%	1.8%	1.8%	1.8%	0.0%	0.0%	0.0%	0.0%
23	1.7%	1.7%	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%
24	1.5%	1.5%	1.5%	1.5%	0.0%	0.0%	0.0%	0.0%
25	1.4%	1.4%	1.4%	1.4%	0.0%	0.0%	0.0%	0.0%
26	1.2%	1.2%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%
27	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%
28	0.9%	0.9%	0.9%	0.9%	0.0%	0.0%	0.0%	0.0%
29	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%
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	26%
1	100%	16	25%
2	100%	17	24%
3	100%	18	23%
4	100%	19	22%
5	100%	20	21%
6	100%	21	20%
7	100%	22	19%
8	34%	23	19%
9	33%	24	18%
10	32%	25	18%
11	31%	26	17%
12	30%	27	17%
13	29%	28	16%
14	27%	29*	16%

* 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 2022 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
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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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
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%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	(1.05)%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 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
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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	\$ 11 617 639	\$ 10 340 647	\$ 9 257 990
Fiduciary net position	\$ 11 934 229	\$ 11 934 230	\$ 11 934 229
Net pension liability/(asset)	\$ (316 590)	\$ (1 593 583)	\$ (2 676 239)

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, 2020	\$ 10 095 493	\$ 9 877 785	\$ 217 708
Changes for the Year:			
Service cost	361 188	-	361 188
Interest on total pension liability ⁽¹⁾	777 296	-	777 296
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(377 649)	-	(377 649)
Effect of assumptions changes or inputs	(48 940)	-	(48 940)
Refund of contributions	(31 574)	(31 574)	-
Benefit payments	(435 167)	(435 167)	-
Administrative expenses	-	(6 457)	6 457
Member contributions	-	193 217	(193 217)
Net investment income	-	2 158 657	(2 158 657)
Employer contributions	-	177 759	(177 759)
Other ⁽³⁾	-	7	(7)
Balances as of December 31, 2021	<u>\$ 10 340 647</u>	<u>\$ 11 934 230</u>	<u>\$ (1 593 583)</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, 2021 to December 31, 2021
Service cost	\$	361 187
Interest on total pension liability ⁽¹⁾		777 296
Effect of plan changes		-
Administrative expenses		6 457
Member contributions		(193 217)
Expected investment return, net		(746 899)
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of economic/demographic gains or losses		(86 250)
Recognition of assumption changes or inputs		117 356
Recognition of investment gains or losses		(387 010)
Other ⁽²⁾		(7)
PENSION EXPENSE/(INCOME)	\$	<u>(151 085)</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, 2022, 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	\$ 251 767	\$ 51 587
Change of assumptions	32 626	267 336
Difference between projected and actual earnings	1 512 232	159 616
Contributions made subsequent to measurement date	-	197 909
	<u>\$ 1 796 625</u>	<u>\$ 676 448</u>

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2022

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,		
2022	\$	(269 929)
2023	\$	(443 340)
2024	\$	(322 463)
2025	\$	(282 354)
2026	\$	-
Thereafter	\$	-

Membership Information

Membership Class	
Inactive employees entitled to but not yet receiving benefits	54
Active employees	73
Currently receiving benefits	42

IX. HEALTH CARE COVERAGE

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

X. COMMITMENTS AND CONTINGENCIES

Contingencies

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

Litigation

As of December 31, 2022, 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 August 14, 2023, the date when the financial statements were available to be issued.

XII. PRIOR PERIOD ADJUSTMENT

The County in implementing Government Accounting Standards Board "GASB" Statement #87 - Leases recorded a prior period adjustment to capital assets of \$13,415, and long term debt of \$13,415, for no effect on the prior period net position.

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, 2022

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Property taxes	\$ 3 281 311	\$ 3 281 311	\$ 3 289 206	\$ 7 895
Sales taxes	490 000	520 000	654 985	134 985
Other taxes	4 000	4 000	8 062	4 062
TOTAL TAXES	3 775 311	3 805 311	3 952 253	146 942
Intergovernmental:				
Tax collection fees	89 050	89 050	116 257	27 207
Federal forest program	2 408 846	2 408 846	2 408 846	-
Salary supplements	78 200	83 200	79 206	(3 994)
Other grants	62 062	79 689	62 316	(17 373)
TOTAL INTERGOVERNMENTAL	2 638 158	2 660 785	2 666 625	5 840
Fines and Fees:				
Fees of office	214 250	214 250	223 483	9 233
Other fines and fees	122 400	122 400	140 582	18 182
TOTAL FINES AND FEES	336 650	336 650	364 065	27 415
Interest	68 000	68 000	120 285	52 285
Other Income:				
Miscellaneous	111 970	111 970	130 093	18 123
TOTAL OTHER INCOME	111 970	111 970	130 093	18 123
TOTAL REVENUES	6 930 089	6 982 716	7 233 321	250 605
Expenditures:				
General Administration Expenditures:				
County Judge:				
Salary	110 712	115 713	110 815	4 898
Benefits	37 190	37 190	37 175	15
Office, postage and copier	2 100	1 837	1 758	79
Insurance	722	759	722	37
Continuing education	1 500	1 500	1 352	148
Capital outlays	237	237	218	19
TOTAL COUNTY JUDGE	152 461	157 461	152 040	5 421
County Clerk:				
Salary	206 093	195 329	184 418	10 911
Benefits	81 005	81 005	69 838	11 167
Office, postage and copier	11 443	14 436	8 456	5 890
Maintenance	20 000	20 000	19 260	740
Insurance	1 311	1 922	1 311	611
Continuing education	4 000	4 000	3 262	738
Capital outlay	1 000	1 000	-	1 000
Election cost	20 086	27 246	37 002	(16 916)
Library cost	-	-	130	(130)
TOTAL COUNTY CLERK	344 938	344 938	323 677	21 261
Veteran Affairs:				
Salary	17 893	17 893	16 106	1 787
Benefits	2 915	2 915	2 563	352
Car allowance and travel	500	500	-	500
Office, postage and copier	500	500	64	436
Maintenance	500	500	450	50
Capital outlay	400	400	-	400
Continuing education	2 000	2 000	-	2 000
TOTAL VETERAN AFFAIRS	24 708	24 708	19 183	5 525
Courthouse:				
Salary	25 032	25 032	23 685	1 347
Benefits	13 723	13 846	13 710	136
Office, postage and copier	3 500	3 500	2 761	739
Utilities	43 387	49 274	42 474	6 800
Maintenance	64 000	88 000	63 815	24 185
TOTAL COURTHOUSE	149 642	179 652	146 445	33 207

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2022

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Non Departmental:				
Benefits	33 490	42 960	33 918	9 042
Office, postage and copier	38 513	37 848	44 719	(6 871)
Maintenance	21 415	28 830	21 415	7 415
Insurance	36 752	43 504	36 752	6 752
Professional fees	29 260	29 260	28 917	343
Senior citizen assistance	15 000	15 000	15 000	-
Burke Center	9 602	9 602	9 602	-
Law library	8 400	8 400	-	8 400
Child safety instruction	1 800	1 800	1 800	-
Emergency and ambulance services	10 000	10 000	10 000	-
Autopsy fees	17 800	15 600	17 755	(2 155)
Library	10 000	10 000	10 000	-
Historical and cultural	150	150	-	150
Pineywoods SWCD #429	1 100	1 100	-	1 100
Miscellaneous	64 896	72 620	48 066	24 554
Continuing education	16 300	16 300	3 488	12 812
Record management fees	77 000	77 000	3 191	73 809
Capital outlays	97 505	97 505	54 755	42 750
TOTAL NON DEPARTMENTAL	<u>488 983</u>	<u>509 079</u>	<u>339 378</u>	<u>169 701</u>
TOTAL GENERAL GOVERNMENT	<u>1 160 732</u>	<u>1 215 838</u>	<u>980 723</u>	<u>235 115</u>
Judicial Expenditures:				
County Court At Law:				
Court appointed attorney	16 379	17 758	16 379	1 379
Jury and court costs	3 136	1 272	1 635	(363)
TOTAL COUNTY COURT AT LAW	<u>19 515</u>	<u>19 515</u>	<u>18 014</u>	<u>1 016</u>
District Court:				
Salary	74 401	74 401	72 972	1 429
Benefits	21 665	21 665	19 636	2 029
Office, postage and copier	3 059	3 059	3 059	-
Court appointed attorneys	93 217	89 794	102 659	(12 865)
Jury and court costs	32 877	36 300	21 748	14 552
TOTAL DISTRICT COURT	<u>225 219</u>	<u>225 219</u>	<u>220 074</u>	<u>5 145</u>
District Attorney:				
Salary	61 598	61 598	47 959	13 639
Benefits	28 690	28 690	21 024	7 666
Office, postage and copier	5 587	5 587	3 942	1 645
Maintenance	609	609	7	602
Insurance	126	126	126	-
Continuing education	1 023	1 023	759	264
TOTAL DISTRICT ATTORNEY	<u>97 633</u>	<u>97 633</u>	<u>73 817</u>	<u>23 816</u>
District Clerk:				
Salary	99 450	95 819	87 059	8 760
Benefits	35 985	36 210	33 413	2 797
Office, postage and copier	8 096	11 492	7 657	3 835
Maintenance	5 400	5 400	4 376	1 024
Insurance	310	320	310	10
Continuing education	3 500	3 500	2 339	1 161
Capital outlay	2 000	2 000	1 072	928
TOTAL DISTRICT CLERK	<u>154 741</u>	<u>154 741</u>	<u>136 226</u>	<u>18 515</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, 2022

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Justice of the Peace #1:				
Salary	84 249	84 249	85 900	(1 651)
Benefits	28 808	28 808	28 797	11
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 100	730	1 708	(978)
Maintenance	4 304	2 408	3 415	(1 007)
Insurance	200	200	181	19
Continuing education	630	630	628	2
Jury costs	100	100	-	100
Capital outlay	1 000	-	-	-
TOTAL JUSTICE OF THE PEACE #1	<u>121 691</u>	<u>117 425</u>	<u>120 629</u>	<u>(3 204)</u>
Justice of the Peace #2:				
Salary	84 977	84 977	83 673	1 304
Benefits	23 403	23 403	23 191	212
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 100	2 100	982	1 118
Maintenance	6 200	6 200	3 306	2 894
Insurance	200	200	181	19
Continuing education	3 000	3 000	824	2 176
Capital outlay	887	887	841	46
Jury and court costs	100	100	-	100
TOTAL JUSTICE OF THE PEACE #2	<u>121 167</u>	<u>121 167</u>	<u>112 998</u>	<u>8 169</u>
Courthouse Security:				
Salary	4 328	4 328	4 328	-
Benefits	401	401	-	401
TOTAL COURTHOUSE SECURITY	<u>4 729</u>	<u>4 729</u>	<u>4 328</u>	<u>401</u>
TOTAL JUDICIAL EXPENDITURES	<u>744 695</u>	<u>740 429</u>	<u>686 086</u>	<u>54 343</u>
Legal:				
County Attorney:				
Salary	131 319	131 319	131 438	(119)
Benefits	40 515	40 515	40 497	18
Office, postage and copier	2 803	2 803	3 103	(300)
Maintenance	4 500	4 500	3 769	731
Insurance	200	200	163	37
Continuing education	1 500	1 500	520	980
Library	6 000	6 000	-	6 000
Capital outlay	672	672	672	-
TOTAL COUNTY ATTORNEY	<u>187 509</u>	<u>187 509</u>	<u>180 162</u>	<u>7 347</u>
TOTAL LEGAL	<u>187 509</u>	<u>187 509</u>	<u>180 162</u>	<u>7 347</u>
Public Safety:				
Constable Precinct #1:				
Salary	24 000	24 000	24 000	-
Benefits	13 524	13 524	13 518	6
Office, postage and copier	720	720	558	162
Fuel, oil and tires	4 976	4 976	4 743	233
Maintenance	1 600	1 600	1 042	-
Insurance	200	200	-	200
Capital outlay	3 411	3 411	2 543	868
TOTAL CONSTABLE PRECINCT #1	<u>48 431</u>	<u>48 431</u>	<u>46 404</u>	<u>1 469</u>
Constable Precinct #2:				
Salary	24 914	24 914	24 914	-
Benefits	13 673	13 673	13 666	7
Office, postage and copier	720	720	622	98
Fuel, oil and tires	4 466	4 466	3 477	989
Maintenance	1 600	1 600	1 042	-
Insurance	1 200	1 200	-	1 200
Continuing education	60	60	60	-
Capital outlay	2 861	2 861	1 993	868
TOTAL CONSTABLE PRECINCT #2	<u>49 494</u>	<u>49 494</u>	<u>45 774</u>	<u>3 162</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, 2022

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Sheriff:				
Salary	830 396	830 396	822 654	7 742
Benefits	290 940	290 940	284 635	6 305
Car, phone allowance and travel	16 240	16 240	10 166	6 074
Office, postage and copier	21 357	21 357	27 657	(6 300)
Utilities	37 834	37 834	37 833	1
Fuel, oil and tires	68 872	68 872	68 872	-
Maintenance	41 000	41 000	28 620	12 380
Insurance	33 960	33 960	30 585	3 375
Continuing education	3 500	3 500	575	2 925
Equipment leasing	24 000	24 000	5 828	18 172
Prisoner housing costs	180 333	180 333	163 383	16 950
Capital outlay	226 718	226 718	47 534	179 184
TOTAL SHERIFF	1 775 150	1 775 150	1 528 342	246 808
Probation:				
Office, postage and copier	585	585	585	-
Probation fees	16 059	16 059	16 059	-
TOTAL PROBATION	16 644	16 644	16 644	-
Emergency Management Coordinator:				
Salary	48 206	48 206	48 206	-
Benefits	18 287	18 287	18 276	11
Car, allowance and travel	5 366	5 366	5 033	333
Office, postage and copier	1 608	1 608	1 330	278
Continuing education	2 548	2 548	2 548	-
Capital outlay	10 071	10 071	10 071	-
TOTAL EMERGENCY MANAGEMENT COORDINATOR	86 086	86 086	85 464	622
9-1-1:				
Salary	38 089	38 089	36 872	1 217
Benefits	6 319	6 319	6 302	17
Car, allowance and travel	500	500	52	448
Office, postage and copier	1 591	1 591	1 587	4
Continuing education	1 500	1 500	-	1 500
Other charges	1 500	1 500	824	676
Capital outlay	1 000	1 000	-	1 000
TOTAL 9-1-1	50 499	50 499	45 637	4 862
Specialized Drug Investigator Grant:				
Salary	13 119	13 119	13 119	-
Benefits	4 508	4 508	4 507	1
TOTAL SPECIALIZED DRUG INVESTIGATOR GRANT	17 627	17 627	17 626	1
TOTAL PUBLIC SAFETY	2 043 931	2 043 931	1 785 891	258 040
Financial Administration:				
County Auditor:				
Salary	50 370	50 370	50 370	-
Benefits	17 824	17 824	17 816	8
Office, postage and copier	1 064	1 064	1 044	20
Insurance	100	100	50	50
Continuing education	3 857	3 857	3 856	1
Capital outlay	9 050	9 050	9 050	-
TOTAL COUNTY AUDITOR	82 265	82 265	82 186	79
County Treasurer:				
Salary	121 980	121 980	121 822	158
Benefits	49 068	49 068	48 975	93
Office, postage and copier	6 900	6 900	5 504	1 396
Insurance	750	750	694	56
Maintenance	1 633	1 633	596	1 037
Continuing education	5 020	5 020	5 020	-
Capital outlay	3 582	3 582	3 331	251
TOTAL COUNTY TREASURER	188 933	188 933	185 942	2 991

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2022

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Tax Assessor/Collector:				
Salary	232 953	232 953	228 205	4 748
Benefits	94 660	94 660	92 547	2 113
Office, postage and copier	10 379	10 379	9 822	557
Insurance	2 000	2 000	1 905	95
Continuing education	7 044	7 044	7 044	-
Appraisal district payments	112 680	112 680	112 251	429
Equipment leasing	41 000	41 000	38 225	2 775
Other charges	5 040	5 040	2 567	2 473
TOTAL TAX ASSESSOR/COLLECTOR	<u>505 756</u>	<u>505 756</u>	<u>492 566</u>	<u>13 190</u>
TOTAL FINANCIAL ADMINISTRATION	<u>776 954</u>	<u>776 954</u>	<u>760 694</u>	<u>16 260</u>
Conservation:				
County Agent:				
Salary	11 226	11 226	9 355	1 871
Benefits	1 272	1 265	1 048	217
Car, allowance and travel	7 265	7 500	6 667	833
Office, postage and copier	1 763	1 500	1 690	(190)
TOTAL COUNTY AGENT	<u>21 526</u>	<u>21 491</u>	<u>18 760</u>	<u>2 731</u>
TOTAL CONSERVATION	<u>21 526</u>	<u>21 491</u>	<u>18 760</u>	<u>2 731</u>
Pass-through to Other Entities:				
Federal forest payments to schools	2 408 846	2 408 846	2 408 846	-
TOTAL PASS-THROUGH TO OTHER ENTITIES	<u>2 408 846</u>	<u>2 408 846</u>	<u>2 408 846</u>	<u>-</u>
TOTAL EXPENDITURES	<u>7 344 193</u>	<u>7 394 998</u>	<u>6 821 162</u>	<u>573 836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(414 104)</u>	<u>(412 282)</u>	<u>412 159</u>	<u>824 441</u>
Other Financing Sources (Uses):				
Transfer in	-	23 000	23 000	-
Transfer out	-	-	(120 439)	(120 439)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>23 000</u>	<u>(97 439)</u>	<u>(120 439)</u>
NET CHANGE IN FUND BALANCES	<u>(414 104)</u>	<u>(389 282)</u>	<u>314 720</u>	<u>704 002</u>
Fund balance, beginning	4 831 602	4 831 602	4 831 602	-
FUND BALANCE, ENDING	<u>\$ 4 417 498</u>	<u>\$ 4 442 320</u>	<u>\$ 5 146 322</u>	<u>\$ 704 002</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #1
For the Year Ended December 31, 2022

EXHIBIT B-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 200	\$ 4 200	\$ 4 008	\$ (192)
Federal forest funds	40 000	40 000	277 017	237 017
Property taxes	81 420	81 420	81 420	-
Payments in lieu of taxes	9 500	9 500	9 835	335
TOTAL INTERGOVERNMENTAL	135 120	135 120	372 280	237 160
Fines and Fees:				
License and permits	110 000	110 000	103 586	(6 414)
TOTAL FINES AND FEES	110 000	110 000	103 586	(6 414)
Interest				
	16 000	16 000	23 500	7 500
Other Income:				
Material reimbursement	3 600	3 600	3 212	(388)
Miscellaneous	7 000	7 000	14 892	7 892
TOTAL OTHER INCOME	10 600	10 600	18 104	7 504
TOTAL REVENUES	271 720	271 720	517 470	245 750
Expenditures:				
Road and Bridge:				
Salary	177 197	177 197	172 836	4 361
Benefits	75 355	75 355	72 318	3 037
Car, allowance and travel	9 000	9 000	9 000	-
Road material	89 660	89 660	72 648	17 012
Office, postage and copier	5 039	5 039	3 648	1 391
Utilities	4 000	4 000	3 167	833
Fuel, oil and tires	46 638	46 638	40 248	6 390
Maintenance	31 660	31 660	20 383	11 277
Insurance	8 300	8 300	6 474	1 826
Continuing education	2 000	2 000	1 551	449
Equipment leasing	7 750	7 750	7 900	(150)
Capital outlay	25 121	25 121	-	25 121
TOTAL EXPENDITURES	481 720	481 720	410 173	71 547
NET CHANGE IN FUND BALANCES				
	(210 000)	(210 000)	107 297	317 297
Fund balances, beginning				
	1 049 038	1 049 038	1 049 038	-
FUND BALANCES, ENDING				
	\$ 839 038	\$ 839 038	\$ 1 156 335	\$ 317 297

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, 2022

EXHIBIT B-3

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 182	\$ (418)
Federal forest funds	40 000	40 000	289 061	249 061
Property taxes	84 960	84 960	84 960	-
Payments in lieu of taxes	9 000	9 000	10 263	1 263
TOTAL INTERGOVERNMENTAL	<u>138 560</u>	<u>138 560</u>	<u>388 466</u>	<u>249 906</u>
Fines and Fees:				
License and permits	<u>114 000</u>	<u>114 000</u>	<u>108 089</u>	<u>(5 911)</u>
TOTAL FINES AND FEES	<u>114 000</u>	<u>114 000</u>	<u>108 089</u>	<u>(5 911)</u>
Interest				
	<u>12 000</u>	<u>12 000</u>	<u>13 311</u>	<u>1 311</u>
Other Income:				
Material reimbursement	10 100	10 100	15 529	5 429
Miscellaneous	<u>8 000</u>	<u>8 000</u>	<u>7 087</u>	<u>(913)</u>
TOTAL OTHER INCOME	<u>18 100</u>	<u>18 100</u>	<u>22 616</u>	<u>4 516</u>
TOTAL REVENUES	<u>282 660</u>	<u>282 660</u>	<u>532 482</u>	<u>249 822</u>
Expenditures:				
Road and Bridge:				
Salary	179 867	179 867	173 448	6 419
Benefits	75 615	75 615	71 304	4 311
Car, allowance and travel	9 000	9 000	9 000	-
Road material	102 925	102 925	81 122	21 803
Office, postage and copier	4 677	4 677	2 552	2 125
Utilities	1 200	1 200	1 173	27
Fuel, oil and tires	58 800	58 800	56 871	1 929
Maintenance	29 613	29 613	22 793	6 820
Insurance	6 400	6 400	4 803	1 597
Continuing education	2 685	2 685	2 684	1
Equipment leasing	7 750	7 750	7 900	(150)
Capital outlay	24 128	24 128	35 673	(11 545)
TOTAL EXPENDITURES	<u>502 660</u>	<u>502 660</u>	<u>469 323</u>	<u>33 337</u>
NET CHANGE IN FUND BALANCES				
	(220 000)	(220 000)	63 159	283 159
Fund balances, beginning				
	<u>620 427</u>	<u>620 427</u>	<u>620 427</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 400 427</u>	<u>\$ 400 427</u>	<u>\$ 683 586</u>	<u>\$ 283 159</u>

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, 2022

EXHIBIT B-4

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 4 705	\$ 105
Federal forest funds	40 000	40 000	325 194	285 194
Property taxes	95 580	95 580	95 580	-
Payments in lieu of taxes	9 000	9 000	11 545	2 545
TOTAL INTERGOVERNMENTAL	149 180	149 180	437 024	287 844
Fines and Fees:				
License and permits	120 000	120 000	121 600	1 600
TOTAL FINES AND FEES	120 000	120 000	121 600	1 600
Interest				
	10 000	10 000	14 059	4 059
Other Income:				
Material reimbursement	57 000	57 000	55 840	(1 160)
Miscellaneous	6 000	6 000	21 972	15 972
TOTAL OTHER INCOME	63 000	63 000	77 812	14 812
TOTAL REVENUES	342 180	342 180	650 495	308 315
Expenditures:				
Road and Bridge:				
Salary	199 169	199 169	136 926	62 243
Benefits	77 570	77 570	48 708	28 862
Car, allowance and travel	9 000	9 000	9 000	-
Road material	144 729	144 729	106 474	38 255
Office, postage and copier	5 625	5 625	3 261	2 364
Utilities	2 000	2 000	1 702	298
Fuel, oil and tires	45 864	45 864	41 222	4 642
Maintenance	24 932	24 932	10 493	14 439
Insurance	6 900	6 900	6 034	866
Continuing education	3 000	3 000	2 511	489
Equipment leasing	7 750	7 750	7 900	(150)
Capital outlay	25 641	25 641	28 657	(3 016)
TOTAL EXPENDITURES	552 180	552 180	402 888	149 292
NET CHANGE IN FUND BALANCES	(210 000)	(210 000)	247 607	457 607
Fund balances, beginning				
	626 999	626 999	626 999	-
FUND BALANCES, ENDING	\$ 416 999	\$ 416 999	\$ 874 606	\$ 457 607

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, 2022

EXHIBIT B-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 800	\$ 4 800	\$ 4 531	\$ (269)
Federal forest funds	40 000	40 000	313 150	273 150
Property taxes	92 040	92 040	92 040	-
Payments in lieu of taxes	9 400	9 400	11 118	1 718
TOTAL INTERGOVERNMENTAL	146 240	146 240	420 839	274 599
Fines and Fees:				
License and permits	120 000	120 000	117 097	(2 903)
TOTAL FINES AND FEES	120 000	120 000	117 097	(2 903)
Interest				
	10 000	10 000	14 214	4 214
Other Income:				
Material reimbursement	4 100	4 100	10 201	6 101
Miscellaneous	6 000	6 000	8 177	2 177
TOTAL OTHER INCOME	10 100	10 100	18 378	8 278
TOTAL REVENUES	286 340	286 340	570 528	284 188
Expenditures:				
Road and Bridge:				
Salary	189 326	189 326	164 982	24 344
Benefits	77 425	77 425	61 609	15 816
Car, allowance and travel	9 000	9 000	9 000	-
Road material	115 518	115 518	44 782	70 736
Office, postage and copier	7 423	7 423	4 288	3 135
Utilities	2 100	2 100	1 733	367
Fuel, oil and tires	54 320	54 320	51 467	2 853
Maintenance	18 449	18 449	10 133	8 316
Insurance	6 500	6 500	5 207	1 293
Continuing education	1 551	1 551	1 551	-
Equipment leasing	7 750	7 750	7 900	(150)
Capital outlay	71 978	71 978	68 970	13 147
TOTAL EXPENDITURES	561 340	561 340	431 622	129 718
NET CHANGE IN FUND BALANCES	(275 000)	(275 000)	138 906	413 906
Fund balances, beginning				
	604 613	604 613	604 613	-
FUND BALANCES, ENDING	\$ 329 613	\$ 329 613	\$ 743 519	\$ 413 906

See independent auditors' report.

SABINE COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULES
For the Year Ended December 31, 2022

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, 2022.

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

EXHIBIT B-6

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service cost	\$ 361 187	\$ 321 173	\$ 285 831	\$ 283 980	\$ 272 744	\$ 280 221	\$ 244 579	\$ 239 179
Interest (on the total pension liability)	777 296	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	(48 939)	534 676	-	-	63 540	-	(49 759)	54 021
Effect of economic/demographic (gains) or losses	(377 649)	75 587	55 179	27 770	25 160	(46 710)	84 442	-
Benefit payments/refunds of contributions	(466 741)	(388 342)	(453 073)	(368 184)	(397 244)	(339 100)	(309 345)	(245 616)
NET CHANGE IN TOTAL PENSION LIABILITY	245 154	1 268 661	562 507	574 799	548 907	435 211	441 560	513 136
Total pension liability - Beginning	10 095 493	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	10 340 647	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	177 759	182 409	148 415	138 491	127 547	125 756	119 460	109 848
Contributions - Member	193 217	198 271	177 590	177 399	161 451	153 362	149 860	138 797
Investment income net of investment expenses	2 158 657	926 211	1 284 113	(150 147)	1 035 711	489 008	(20 944)	436 792
Benefit payments/refunds of contributions	(466 741)	(388 342)	(453 073)	(368 184)	(397 244)	(312 286)	(309 344)	(245 617)
Administrative expenses	(6 457)	(7 228)	(6 832)	(6 280)	(5 340)	(5 385)	(4 839)	(5 038)
Other	7	667	(3 101)	(752)	(1 501)	(43 831)	10 013	(3 831)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2 056 445	911 988	1 147 112	(209 473)	920 624	406 624	(55 794)	430 951
Plan fiduciary net position - Beginning	9 877 785	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	11 934 230	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	\$ (1 593 583)	\$ 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	115.41%	97.84%	101.57%	94.61%	104.40%	99.54%	99.93%	(7.87)%
Covered employee payroll	\$ 2 760 236	\$ 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	(57.73)%	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%
2021	\$ 176 103	\$ 177 759	\$ (1 656)	\$ 2 760 236	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, 2022

		APPELLATE JUDICIAL SYSTEM FUND	DISTRICT CLERK RECORD ARCHIVE FEE FUND	CONVENTION CENTER BUILDING	RECORD RETENTION FUND
ASSETS					
Cash and investments	\$	17	\$ 105	\$ 79 821	\$ 98 994
Due from others		-	-	-	-
Due from Fiduciary funds		65	-	-	1 904
TOTAL ASSETS	\$	<u>82</u>	<u>\$ 105</u>	<u>\$ 79 821</u>	<u>\$ 100 898</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	<u>65</u>	\$ -	\$ -	\$ -
TOTAL LIABILITIES		<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:					
Restricted Fund Balance:					
Road and bridge maintenance		-	-	-	-
Hotel/motel tax		-	-	-	-
Construction		-	-	79 821	-
Record retention		-	105	-	100 898
Unassigned		<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES		<u>17</u>	<u>105</u>	<u>79 821</u>	<u>100 898</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$	 <u>82</u>	 <u>\$ 105</u>	 <u>\$ 79 821</u>	 <u>\$ 100 898</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
\$ 150 497	\$ 4 782	\$ -	\$ 47 854	\$ (103)	\$ 10	\$ 381 977
7 769	-	-	-	-	-	7 769
-	306	-	1 610	541	-	4 426
<u>\$ 158 266</u>	<u>\$ 5 088</u>	<u>\$ -</u>	<u>\$ 49 464</u>	<u>\$ 438</u>	<u>\$ 10</u>	<u>\$ 394 172</u>
\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 965
<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965</u>
-	-	-	-	438	-	438
157 366	-	-	-	-	-	157 366
-	-	-	-	-	-	79 821
-	5 088	-	49 464	-	-	155 555
-	-	-	-	-	10	27
<u>157 366</u>	<u>5 088</u>	<u>-</u>	<u>49 464</u>	<u>438</u>	<u>10</u>	<u>393 207</u>
<u>\$ 158 266</u>	<u>\$ 5 088</u>	<u>\$ -</u>	<u>\$ 49 464</u>	<u>\$ 438</u>	<u>\$ 10</u>	<u>\$ 394 172</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2022

	<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	\$ 885	\$ 155	\$ -	\$ 30 785
Other taxes	-	-	-	-
Grants and contributions	-	-	-	-
Interest	<u>5</u>	<u>60</u>	<u>1 764</u>	<u>2 376</u>
TOTAL REVENUES	<u>890</u>	<u>215</u>	<u>1 764</u>	<u>33 161</u>
Expenditures:				
General government	-	7 120	-	45 248
Judicial	885	-	-	-
Public safety	-	-	-	-
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>885</u>	<u>7 120</u>	<u>-</u>	<u>45 248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5</u>	<u>(6 905)</u>	<u>1 764</u>	<u>(12 087)</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	5	(6 905)	1 764	(12 087)
Fund balances, beginning	<u>12</u>	<u>7 010</u>	<u>78 057</u>	<u>112 985</u>
FUND BALANCES, ENDING	<u>\$ 17</u>	<u>\$ 105</u>	<u>\$ 79 821</u>	<u>\$ 100 898</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
\$ -	\$ 4 263	\$ -	\$ 27 030	\$ 31 000	\$ -	\$ 94 118
44 910	-	-	-	-	-	44 910
-	-	-	-	-	695 701	695 701
<u>3 786</u>	<u>120</u>	<u>-</u>	<u>1 293</u>	<u>-</u>	<u>-</u>	<u>9 404</u>
<u>48 696</u>	<u>4 383</u>	<u>-</u>	<u>28 323</u>	<u>31 000</u>	<u>695 701</u>	<u>844 133</u>
87 287	4 168	-	-	-	-	143 823
-	-	-	-	-	-	885
-	-	20 028	-	-	-	20 028
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26 368</u>	<u>816 140</u>	<u>842 508</u>
<u>87 287</u>	<u>4 168</u>	<u>20 028</u>	<u>-</u>	<u>26 368</u>	<u>816 140</u>	<u>1 007 244</u>
<u>(38 591)</u>	<u>215</u>	<u>(20 028)</u>	<u>28 323</u>	<u>4 632</u>	<u>(120 439)</u>	<u>(163 111)</u>
-	-	-	(23 000)	-	-	(23 000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120 439</u>	<u>120 439</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(23 000)</u>	<u>-</u>	<u>120 439</u>	<u>97 439</u>
(38 591)	215	(20 028)	5 323	4 632	-	(65 672)
<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>157 366</u>	\$ <u>5 088</u>	\$ <u>-</u>	\$ <u>49 464</u>	\$ <u>438</u>	\$ <u>10</u>	\$ <u>393 207</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 December 31, 2022

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	TAX ASSESSOR COLLECTOR
ASSETS				
Cash and cash equivalents	\$ 504 904	\$ 39 766	\$ 85 248	\$ 1 186 056
TOTAL ASSETS	\$ 504 904	\$ 39 766	\$ 85 248	\$ 1 186 056
LIABILITIES				
Due to the County	\$ -	\$ -	\$ -	\$ 353 917
TOTAL NET LIABILITIES	\$ -	\$ -	\$ -	\$ 353 917
NET POSITION				
Net position	\$ 504 904	\$ 39 766	\$ 85 248	\$ 832 139
TOTAL NET POSITION	\$ 504 904	\$ 39 766	\$ 85 248	\$ 832 139

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>27 315</u>	\$ <u>29 142</u>	\$ <u>8 583</u>	\$ <u>1 881 014</u>
\$ <u>27 315</u>	\$ <u>29 142</u>	\$ <u>8 583</u>	\$ <u>1 881 014</u>
\$ <u>-</u>	\$ <u>4 426</u>	\$ <u>-</u>	\$ <u>358 343</u>
\$ <u>-</u>	\$ <u>4 426</u>	\$ <u>-</u>	\$ <u>358 343</u>
\$ <u>27 315</u>	\$ <u>24 716</u>	\$ <u>8 583</u>	\$ <u>1 522 671</u>
\$ <u>27 315</u>	\$ <u>24 716</u>	\$ <u>8 583</u>	\$ <u>1 522 671</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 December 31, 2022

	<u>DISTRICT CLERK</u>	<u>COUNTY CLERK</u>	<u>SHERIFF</u>	<u>TAX ASSESSOR COLLECTOR</u>
Inflows:				
Fees	\$ 20 725	\$ 32 830	\$ 98 300	\$ 16 365 963
Interest	<u>7 856</u>	<u>942</u>	<u>1 636</u>	<u>21 297</u>
TOTAL INFLOWS	<u>28 581</u>	<u>33 772</u>	<u>99 936</u>	<u>16 387 260</u>
Outflows:				
Distribution to others	<u>38 133</u>	<u>41 315</u>	<u>73 927</u>	<u>16 482 920</u>
TOTAL OUTFLOWS	<u>38 133</u>	<u>41 315</u>	<u>73 927</u>	<u>16 482 920</u>
CHANGE IN NET POSITION	(9 552)	(7 543)	26 009	(95 660)
Beginning net position	<u>514 456</u>	<u>47 309</u>	<u>59 239</u>	<u>927 799</u>
ENDING NET POSITION	<u>\$ 504 904</u>	<u>\$ 39 766</u>	<u>\$ 85 248</u>	<u>\$ 832 139</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>
\$ 1 005	\$ 458 195	\$ -	\$ 16 977 018
<u>591</u>	<u>-</u>	<u>-</u>	<u>32 322</u>
<u>1 596</u>	<u>458 195</u>	<u>-</u>	<u>17 009 340</u>
<u>1 503</u>	<u>458 462</u>	<u>5 280</u>	<u>17 101 540</u>
<u>1 503</u>	<u>458 462</u>	<u>5 280</u>	<u>17 101 540</u>
93	(267)	(5 280)	(92 200)
<u>27 222</u>	<u>24 983</u>	<u>13 863</u>	<u>1 614 871</u>
\$ <u>27 315</u>	\$ <u>24 716</u>	\$ <u>8 583</u>	\$ <u>1 522 671</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, 2022, and the related notes to the financial statements, which collectively comprise Sabine County, Texas' basic financial statements, and have issued our report thereon dated August 14, 2023.

Report on 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.

Report on 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
August 14, 2023


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

Opinion of 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general 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). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sabine County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sabine County, Texas's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts and grant agreements applicable to Sabine County, Texas's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sabine County, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is no a guarantee that an audit conducted in accordance with general accepted audit standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Noncompliance with compliance requirements referred to above is considered material if that is substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sabine County, Texas's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with general accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risk. Such procedures include examining, on a test basis, evidence regarding Sabine County, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain and understanding of Sabine County, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on the internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sabine County, Texas's internal controls over compliance. Accordingly, no such opinion is expressed.

Report on 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
August 14, 2023

SABINE COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2022

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	\$ 42,761
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>42,761</u>
U. S. Department of Housing and Urban Development:			
Through Office of Governor:			
Community Development Block Grant	14.228	22-085-025-0266	487,541
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>487,541</u>
U. S. Department of Justice:			
Edward Bryne Memorial Justice Assistance Grant	16.738	N/A	17,627
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>17,627</u>
U. S. Department of Agriculture:			
Schools and Roads Grant	10.666	N/A	3,613,268
Through the Texas Department of Agriculture:			
Community Development Block Grant	14.228	7220401	208,160
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>3,821,428</u>
U. S. Department of Treasury:			
Coronavirus State and Local Recovery Funds	21.027	N/A	59,500
TOTAL U. S. DEPARTMENT OF TREASURY			<u>59,500</u>
 TOTAL FEDERAL AWARDS			 \$ <u>4,428,857</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, 2022

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, 2022

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