

SABINE COUNTY, TEXAS
Hemphill, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2023, 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, 2023, 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 26, 2024, 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 26, 2024


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, 2023. 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 \$17,154,399 at December 31, an increase of \$1,974,731 for activities from the prior year.
- Total government-wide revenues for the current year were \$12,329,199 compared to \$11,436,040 in the prior year, an increase of \$893,159 or 7.8%.
- During the current year, the County's expenses were \$3,634,058 more than the \$6,720,410 generated in charges for services and operating and capital grants and contributions.
- The general fund reported an unassigned fund balance this year of \$6,018,036.

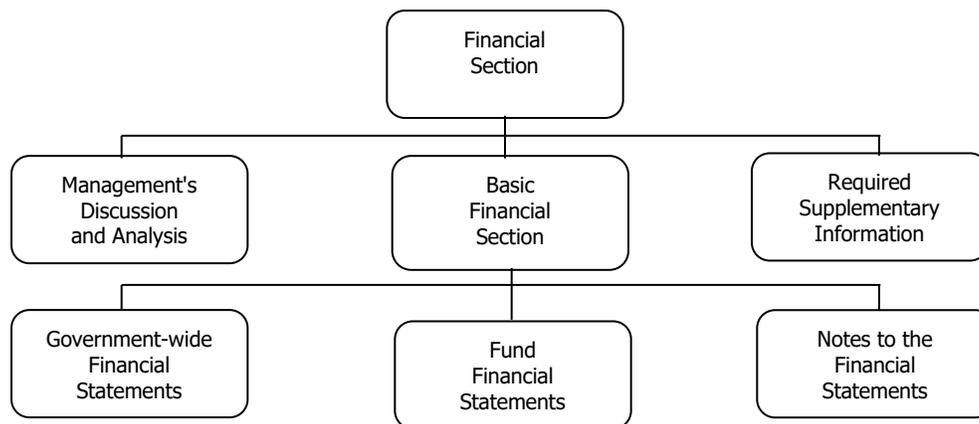
OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$17,154,399. The following table provides a summary of the County's net position:

SUMMARY OF NET POSITION

	DECEMBER 31,		AMOUNT	%
	2023	2022	OF CHANGE	CHANGE
Current and other assets	\$ 13 857 103	\$ 12 642 627	\$ 1 214 476	9.6
Capital assets	3 820 572	2 822 618	997 954	35.4
TOTAL ASSETS	<u>17 677 675</u>	<u>15 465 245</u>	<u>2 212 430</u>	14.3
Deferred outflows related to pension	<u>603 856</u>	<u>676 448</u>	<u>(72 592)</u>	(10.7)
Current liabilities	938 078	567 273	370 805	65.4
Long-term liabilities	6 915	(1 401 873)	1 408 788	(100.5)
TOTAL LIABILITIES	<u>944 993</u>	<u>(834 600)</u>	<u>1 779 593</u>	(213.2)
Deferred outflows related to pension	<u>182 139</u>	<u>1 796 625</u>	<u>(1 614 486)</u>	(89.9)
Net Position:				
Invested in capital assets	3 454 320	2 456 366	997 954	40.6
Restricted	5 711 784	5 887 919	(176 135)	(3.0)
Unrestricted	7 988 295	6 835 383	1 152 892	16.9
TOTAL NET POSITION	<u>\$ 17 154 399</u>	<u>\$ 15 179 668</u>	<u>\$ 1 974 731</u>	13.0

Net position of the County's governmental activities increased by \$1,974,731 during the year ending December 31, 2023, up 13% 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 \$7,988,295 at year end, an increase of 16.9%.

Governmental Activities

- The cost of all *governmental* activities this year was \$10,354,468.
- The amount that our taxpayers paid for these activities through property taxes was \$4,024,724.
- Some of the cost was paid by those who directly benefited from service fees and charges \$882,455 and from operating and capital grants and contributions \$5,837,955.

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	%
	2023	2022		
Program Revenues:				
Charges for services	\$ 882 455	\$ 908 555	\$ (26 100)	(2.9)
Operating grants/contributions	3 515 497	3 690 455	(174 958)	(4.7)
Capital grants/contributions	2 322 458	1 960 310	362 148	18.5
General Revenues:				
Property taxes	4 024 724	3 668 586	356 138	9.7
Other taxes	661 435	707 957	(46 522)	(6.6)
Interest income	536 399	233 174	303 225	130.0
Other income	386 231	267 003	119 228	44.7
TOTAL REVENUES/CONTRIBUTIONS	12 329 199	11 436 040	893 159	7.8
Expenses:				
General government	2 168 568	1 151 828	1 016 740	88.3
Judicial	696 086	682 422	13 664	2.0
Legal	156 432	179 101	(22 669)	(12.7)
Public safety	1 368 450	1 795 787	(427 337)	(23.8)
Highways and streets	2 766 475	1 648 275	1 118 200	67.8
Financial administration	820 912	756 214	64 698	8.6
Conservation	25 103	18 650	6 453	34.6
Pass-through to other entities	2 352 442	2 408 846	(56 404)	(2.3)
TOTAL EXPENSES	10 354 468	8 641 123	1 713 345	19.8
REVENUES OVER (UNDER) EXPENSES	1 974 731	2 794 917	(820 186)	(29.3)
Beginning net position	15 179 668	12 404 751	2 774 917	22.4
ENDING NET POSITION	\$ 17 154 399	\$ 15 179 668	\$ 1 954 731	13.0

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	%
	2023	2022		
General Fund	\$ 6 018 036	\$ 5 146 322	\$ 871 714	16.9
Road and Bridge Funds	4 331 936	3 458 046	873 890	25.3
American Recovery Fund	926 085	2 036 693	(1 110 608)	(54.5)
Special Revenue Funds	496 238	393 207	103 031	26.2
TOTAL FUND BALANCE	\$ 11 772 295	\$ 11 034 268	\$ 738 027	6.7

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 \$29,778 under final budget.

Actual revenues were \$1,212,394 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 \$871,714, when the final budget called for a \$357,210 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, the County had invested \$14,318,211 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$1,093,183 over last year.

	DECEMBER 31,		AMOUNT OF CHANGE	%
	2023	2022		
Land	\$ 120 714	\$ 120 714	\$ -	-
Buildings and improvements	1 499 727	1 457 880	41 847	2.9
Equipment and vehicles	5 634 227	5 454 371	179 856	3.3
Roads and bridges	5 356 564	5 356 564	-	-
Right of use assets - SBITA	177 833	-	177 833	100.0
Construction in progress	1 529 146	835 499	693 647	83.0
TOTAL CAPITAL ASSETS	\$ 14 318 211	\$ 13 225 028	\$ 1 093 183	8.3

Debt

	DECEMBER 31		AMOUNT OF CHANGE	% CHANGE
	2023	2022		
Capital Leases	\$ 309 552	\$ 366 254	(56 702)	(15.5)
Right of use assets - SBITA	116 692	-	116 692	100.0
TOTAL CAPITAL ASSETS	\$ 426 244	\$ 368 276	59 990	16.3

During the year, the County implemented GASB 96, Subscription-Based Information Technology Arrangement. The standard recognized \$116,692 in liability as well as \$177,833 in depreciable right of use assets. See notes on page 25 and 26 for details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2024 budget preparation is estimated to be approximately \$1,240,901,058 which is an increase of approximately 8.0767% from the 2024 appraised values of \$1,341,125,362.
- Proposed tax rate for 2024 budget is \$0.345798 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2024. The County has added no major new programs or initiatives to the 2024 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, 2023

EXHIBIT A-1

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 11 132 106
Restricted cash	212 698
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 486 879
Due from other funds	582 614
Other	442 806
TOTAL CURRENT ASSETS	13 857 103
Noncurrent Assets:	
Capital Assets, Net of Depreciation:	
Land	120 714
Streets and infrastructure	678 767
Buildings and improvements	335 236
Vehicles	266 977
Machinery and equipment	765 387
Right of use asset - SBITA	124 345
Construction in progress	1 529 146
TOTAL CAPITAL ASSETS	3 820 572
TOTAL NONCURRENT ASSETS	3 820 572
TOTAL ASSETS	17 677 675
DEFERRED OUTFLOW	
Contribution subsequent to measurement date	236 557
Pension deferred outflows	367 299
TOTAL DEFERRED OUTFLOW	603 856
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 18 281 531
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 491 294
Due to state	21 314
Accrued interest	11 927
Accrued liabilities	128 640
Current debt	284 018
TOTAL CURRENT LIABILITIES	938 078
Noncurrent Liabilities:	
Long-term debt	142 226
Pension liability (Asset)	(135 311)
TOTAL NONCURRENT LIABILITIES	6 915
TOTAL LIABILITIES	944 993
DEFERRED INFLOWS	
Deferred pension inflows	182 139
NET POSITION	
Net investment in capital assets	3 454 320
Restricted	5 711 784
Unrestricted	7 988 295
TOTAL NET POSITION	\$ 17 154 399

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, 2023

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	\$ 2 168 568	\$ 194 730	\$ 1 083 157	\$ -	\$ (890 681)
Judicial	696 086	145 182	42 782	-	(508 122)
Legal	156 432	97 913	37 116	-	(21 403)
Public safety	1 368 450	-	-	-	(1 368 450)
Highways and bridges	2 766 475	444 630	-	2 322 458	613
Financial administration	820 912	-	-	-	(820 912)
Conservation	25 103	-	-	-	(25 103)
Pass through to other entities	2 352 442	-	2 352 442	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10 354 468	\$ 882 455	\$ 3 515 497	\$ 2 322 458	(3 634 058)
General Revenues:					
Taxes:					
Property taxes					4 024 724
Other tax revenue					661 435
Unrestricted investment earnings					536 399
Other unrestricted revenue					386 231
TOTAL GENERAL REVENUES					5 608 789
CHANGE IN NET POSITION					1 974 731
Net position, beginning					15 179 668
NET POSITION, ENDING					\$ 17 154 399

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

SABINE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	GENERAL	ROAD & BRIDGE 1	ROAD & BRIDGE 2
ASSETS			
Cash and investments	\$ 5 603 983	\$ 1 346 566	\$ 765 747
Restricted cash	212 698	-	-
Taxes receivable	1 486 879	-	-
Other receivables	949	989	688
Due from fiduciary funds	<u>352 461</u>	<u>82 929</u>	<u>71 887</u>
TOTAL ASSETS	<u>\$ 7 656 970</u>	<u>\$ 1 430 484</u>	<u>\$ 838 322</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 77 841	\$ 1 096	\$ -
Due to state	22 199	-	-
Accrued liabilities	<u>96 219</u>	<u>9 685</u>	<u>12 740</u>
TOTAL LIABILITIES	<u>196 259</u>	<u>10 781</u>	<u>12 740</u>
 Deferred Inflows:			
Unearned revenues	<u>1 442 675</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	<u>1 442 675</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Restricted Fund Balance:			
Road and bridge maintenance	-	1 419 703	825 582
Hotel/motel tax usage	-	-	-
Federal and state grants	-	-	-
Construction	-	-	-
Record retention	-	-	-
Unrestricted Reported in:			
Unassigned	<u>6 018 036</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>6 018 036</u>	<u>1 419 703</u>	<u>825 582</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 <u>\$ 7 656 970</u>	 <u>\$ 1 430 484</u>	 <u>\$ 838 322</u>

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
\$ 1 140 740	\$ 889 278	\$ 942 022	\$ 443 770	\$ 11 132 106
-	-	-	-	212 698
-	-	-	-	1 486 879
688	688	20 000	418 804	442 806
<u>6 151</u>	<u>59 102</u>	<u>-</u>	<u>10 084</u>	<u>582 614</u>
\$ <u>1 147 579</u>	\$ <u>949 068</u>	\$ <u>962 022</u>	\$ <u>872 658</u>	\$ <u>13 857 103</u>

\$ -	\$ -	\$ 35 937	\$ 376 420	\$ 491 294
-	-	-	-	22 199
<u>4 305</u>	<u>5 691</u>	<u>-</u>	<u>-</u>	<u>128 640</u>
<u>4 305</u>	<u>5 691</u>	<u>35 937</u>	<u>376 420</u>	<u>642 133</u>

<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 442 675</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 442 675</u>

1 143 274	943 377	-	5 967	4 337 903
-	-	-	149 131	149 131
-	-	926 085	-	926 085
-	-	-	83 611	83 611
-	-	-	215 054	215 054
<u>-</u>	<u>-</u>	<u>-</u>	<u>42 475</u>	<u>6 060 511</u>
<u>1 143 274</u>	<u>943 377</u>	<u>926 085</u>	<u>496 238</u>	<u>11 772 295</u>
\$ <u>1 147 579</u>	\$ <u>949 068</u>	\$ <u>962 022</u>	\$ <u>872 658</u>	\$ <u>13 857 103</u>

SABINE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2023

EXHIBIT A-4

Total fund balances - Governmental funds balance sheet	\$ 11 772 295
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.	3 820 572
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 442 675
Debt proceeds and accrued interest are recorded as other financing sources in the funds and liabilities in the governmental activities.	(438 171)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	135 311
Deferred resource outflows and inflows related to the pension are not reported in the funds.	<u>421 717</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 17 154 399</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, 2023

	<u>GENERAL</u>	<u>ROAD & BRIDGE 1</u>	<u>ROAD & BRIDGE 2</u>
Revenues:			
Property taxes	\$ 3 434 713	\$ 85 211	\$ 88 915
Other taxes	613 419	-	-
Fines and fees	370 856	100 195	104 551
Interest	280 297	58 490	32 423
Intergovernmental	3 515 497	284 632	297 007
Miscellaneous	<u>111 695</u>	<u>93 028</u>	<u>90 839</u>
TOTAL REVENUES	<u>8 326 477</u>	<u>621 556</u>	<u>613 735</u>
Expenditures:			
General administration	1 034 653	-	-
Judicial	690 688	-	-
Legal	188 898	-	-
Public safety	2 358 127	-	-
Highways and streets	-	358 188	471 739
Financial administration	792 473	-	-
Conservation	24 234	-	-
Pass through to other entities	<u>2 352 442</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>7 441 515</u>	<u>358 188</u>	<u>471 739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>884 962</u>	<u>263 368</u>	<u>141 996</u>
Other Financing Sources (Uses):			
Transfers out	(38 653)	-	-
Transfers in	<u>25 405</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13 248)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	871 714	263 368	141 996
Fund balance, beginning	<u>5 146 322</u>	<u>1 156 335</u>	<u>683 586</u>
FUND BALANCE, ENDING	<u>\$ 6 018 036</u>	<u>\$ 1 419 703</u>	<u>\$ 825 582</u>

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

EXHIBIT A-5

	ROAD & BRIDGE 3	ROAD & BRIDGE 4	AMERICAN RECOVERY FUNDS	NON MAJOR GOVERNMENTAL	TOTAL
\$	100 030	\$ 96 325	\$ -	\$ -	\$ 3 805 194
	-	-	-	48 016	661 435
	117 620	113 264	-	75 969	882 455
	37 335	36 195	72 864	18 795	536 399
	334 133	321 756	-	1 084 930	5 837 955
	17 034	73 635	-	-	386 231
	<u>606 152</u>	<u>641 175</u>	<u>72 864</u>	<u>1 227 710</u>	<u>12 109 669</u>
	-	-	1 183 472	78 180	2 296 305
	-	-	-	990	691 678
	-	-	-	-	188 898
	-	-	-	-	2 358 127
	337 484	441 317	-	1 058 757	2 667 485
	-	-	-	-	792 473
	-	-	-	-	24 234
	-	-	-	-	2 352 442
	<u>337 484</u>	<u>441 317</u>	<u>1 183 472</u>	<u>1 137 927</u>	<u>11 371 642</u>
	<u>268 668</u>	<u>199 858</u>	<u>(1 110 608)</u>	<u>89 783</u>	<u>738 027</u>
	-	-	-	(45 530)	(84 183)
	-	-	-	58 778	84 183
	-	-	-	13 248	-
	268 668	199 858	(1 110 608)	103 031	738 027
	<u>874 606</u>	<u>743 519</u>	<u>2 036 693</u>	<u>393 207</u>	<u>11 034 268</u>
\$	<u>1 143 274</u>	<u>\$ 943 377</u>	<u>\$ 926 085</u>	<u>\$ 496 238</u>	<u>\$ 11 772 295</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, 2023

EXHIBIT A-6

Net change in fund balances - Total governmental funds.	\$ 738 027
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	1 406 862
The depreciation of capital assets used in governmental activities is not reported in the funds.	(408 908)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	219 530
Proceeds from debt and debt principal repayment are not recognized in the SOA, but are in the funds.	(64 402)
Pension contributions made after the measurement date, but in current FY were de-expended and reduced NP.	236 557
Pension expense relating to GASB 68 is recorded in the SOA, but not in the funds.	<u>(152 935)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u>\$ 1 974 731</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, 2023

EXHIBIT A-7

	CUSTODIAL FUNDS
ASSETS	
Restricted Assets:	
Cash and cash equivalents	\$ 1 418 124
TOTAL ASSETS	1 418 124
LIABILITIES	
Due to the County	582 614
TOTAL LIABILITIES	582 614
NET POSITION	\$ 835 510

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, 2023

EXHIBIT A-8

	CUSTODIAL FUNDS
Additions:	
Fees	\$ 16 076 385
Interest	<u>62 318</u>
TOTAL INFLOWS	<u>16 138 703</u>
Deductions:	
Distribution to others	<u>16 825 864</u>
TOTAL OUTFLOWS	<u>16 825 864</u>
CHANGE IN NET POSITION	(687 161)
Beginning net position	<u>1 522 671</u>
ENDING NET POSITION	\$ <u><u>835 510</u></u>

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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.

American Recovery Funds: This is a special revenue fund that accounts for all grant revenues and expenditures of the American Rescue Plan Act.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

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 \$224,225 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.

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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Receivable and Payable Balances

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

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

Interfund Activity

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

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. Abatement set to start during fiscal year 2024.

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.

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 \$12,762,928 and the bank balance was \$13,317,747. 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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

III. DEPOSITS AND INVESTMENTS - CONTINUED

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	\$ 926 857
Certificates of deposit - Road & Bridge 2	< 1 year	323 067
Certificates of deposit - Road & Bridge 3	< 1 year	426 807
Certificates of deposit - Road & Bridge 4	< 1 year	402 742
LOGIC Investment Pool	N/A	481 239
Texas Class Investment Pool		419 529
TOTAL INVESTMENTS		\$ 2 980 241

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.

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.

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

IV. CAPITAL ASSETS

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

	BALANCE 12/31/2022	ADDITIONS	DELETIONS	BALANCE 12/31/2023
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 120 714	\$ -	\$ -	\$ 120 714
Construction in progress	835 499	1 054 405	(360 758)	1 529 146
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	956 213	1 054 405	(360 758)	1 649 860
Capital Assets Being Depreciated:				
Buildings and improvement	1 457 880	41 847	-	1 499 727
Equipment	4 261 541	278 129	(214 731)	4 324 939
Vehicles	1 192 830	215 406	(98 948)	1 309 288
Infrastructure	5 356 564	-	-	5 356 564
Right of use asset - SBITA	-	177 833	-	177 833
TOTAL CAPITAL ASSETS BEING DEPRECIATED	12 268 815	713 215	(313 679)	12 668 351
Less Accumulated Depreciation For:				
Buildings and improvement	(1 129 679)	(34 812)	-	(1 164 491)
Equipment	(3 642 292)	(131 992)	214 731	(3 559 553)
Vehicles	(1 068 077)	(73 182)	98 948	(1 042 311)
Infrastructure	(4 562 363)	(115 434)	-	(4 677 797)
Right of use asset - SBITA	-	(53 488)	-	(53 488)
TOTAL ACCUMULATED DEPRECIATION	(10 402 410)	(408 908)	313 679	(10 497 639)
TOTAL NET CAPITAL ASSETS BEING DEPRECIATED	1 866 405	304 307	-	2 170 712
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	\$ 2 822 618	\$ 1 358 712	\$ (360 758)	\$ 3 820 572

Depreciation was charged to functions as follows:

General government	\$ 104 109
Judicial	31 359
Legal	8 564
Public safety	106 912
Highways and streets	120 937
Financial administration	35 929
Conservation	1 098
TOTAL EXPENDITURES	\$ 408 908

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	\$ 582 614	Pending transfer of fees
		<u>\$ 582 614</u>	

All amounts due are scheduled 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
District Clerk Archive Fee Fund	District Clerk Special Revenue	\$ 150	Close out District Clerk Archive Fee Fund
General Fund	Grant Fund	12 800	Reimburse fees
Records Preservation Fund	General Fund	25	Close out Records Preservation Funds
Treasurer Fund	General Fund	25 380	Reimburse fees
Treasurer Fund	American Recovery Fund	20 000	Reimburse fees
Treasurer Fund	Record Retention Fund	7 900	Close out Records Preservation Funds
Treasurer Fund	District Clerk Special Revenue	17 928	Close out Records Preservation Funds
		<u>\$ 84 183</u>	

VI. LONG-TERM DEBT

	ORIGINAL AMOUNT	INTEREST RATE	MATURITY DATE	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	CURRENT PORTION
2019 Motor Grader (Pct. 4)	261 250	3.80	05/22/2024	\$ 142 596	\$ -	\$ (142 596)	\$ -	\$ -
2019 Motor Grader (Pct. 4) (Refinanced)	99 647	5.16	04/18/2026	-	99 646	-	99 646	31 559
2019 Mack Dump Truck (Pct. 2)	131 814	3.99	05/28/2024	92 046	-	(14 327)	77 719	77 719
FNB - 2022 Mack Dump Truck (Pct. 3)	149 132	3.00	11/15/2024	120 659	-	(14 880)	105 779	105 779
Postage Meter	13 877	1.40	11/15/2026	10 953	-	(2 740)	8 213	2 778
Brookshire Brothers Building Lease	27 795	3.66	05/01/2026	-	27 795	(9 600)	18 195	8 934
NET Data - Financial								
Software	162 533	3.84	02/01/2025	-	162 533	(55 885)	106 648	52 320
Verity - HART Interactive	15 300	3.74	04/01/2025	-	15 300	(5 256)	10 044	4 929
				<u>\$ 366 254</u>	<u>\$ 305 274</u>	<u>\$ (245 284)</u>	<u>\$ 426 244</u>	<u>\$ 284 018</u>

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

VI. LONG-TERM DEBT - CONTINUED

	GOVERNMENTAL DEBT		CAPITAL LEASES		RIGHT OF USE ASSETS - SBITA		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	\$ 215 057	\$ 12 783	\$ 11 712	\$ 763	\$ 57 249	\$ 4 471	\$ 284 018	\$ 18 017
2025	33 187	3 513	12 078	397	59 443	2 277	104 708	6 187
2026	34 900	1 801	2 618	18	-	-	37 518	1 819
	<u>\$ 283 144</u>	<u>\$ 18 097</u>	<u>\$ 26 408</u>	<u>\$ 1 178</u>	<u>\$ 116 692</u>	<u>\$ 6 748</u>	<u>\$ 426 244</u>	<u>\$ 26 023</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, 4.7% average over career including inflation
Investment Rate of Return	7.60%
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, 2022 actuarial valuation analysis for Sabine County. This information may also be found in the Sabine County December 31, 2022 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

VIII. PENSION PLAN - CONTINUED

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 1.7% 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					Years of Service	Before 30	Ages 30-39	Ages 40-49	50 and Later
	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, 2023

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%	0.001%	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
 For the Year Ended December 31, 2023

VIII. PENSION PLAN - CONTINUED

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	36.3%	36.3%	29.7%	29.7%	26.4%	26.4%	24.2%	24.2%
1	27.5%	27.5%	23.1%	23.1%	19.8%	19.8%	17.6%	17.6%
2	23.1%	23.1%	19.8%	19.8%	15.4%	15.4%	14.3%	14.3%
3	19.8%	19.8%	16.5%	16.5%	13.2%	13.2%	12.1%	12.1%
4	16.5%	16.5%	14.3%	14.3%	11.0%	11.0%	9.9%	9.9%
5	14.3%	14.3%	12.1%	12.1%	9.9%	9.9%	8.8%	8.8%
6	12.1%	12.1%	11.0%	11.0%	8.8%	8.8%	7.7%	7.7%
7	11.0%	11.0%	9.9%	9.9%	7.7%	7.7%	6.6%	6.6%
8	9.9%	9.9%	8.8%	8.8%	6.6%	6.6%	6.1%	6.1%
9	8.8%	8.8%	7.7%	7.7%	6.1%	6.1%	5.5%	5.5%
10	7.7%	7.7%	7.2%	7.2%	5.6%	5.6%	0.0%	0.0%
11	7.2%	7.2%	6.6%	6.6%	5.3%	5.3%	0.0%	0.0%
12	6.6%	6.6%	6.1%	6.1%	5.0%	5.0%	0.0%	0.0%
13	6.1%	6.1%	5.5%	5.5%	4.6%	4.6%	0.0%	0.0%
14	5.5%	5.5%	5.2%	5.2%	4.2%	4.2%	0.0%	0.0%
15	4.8%	4.8%	4.8%	4.8%	3.7%	3.7%	0.0%	0.0%
16	4.4%	4.4%	4.4%	4.4%	3.3%	3.3%	0.0%	0.0%
17	4.0%	4.0%	4.0%	4.0%	2.9%	2.9%	0.0%	0.0%
18	3.6%	3.6%	3.6%	3.6%	2.4%	2.4%	0.0%	0.0%
19	3.3%	3.3%	3.3%	3.3%	2.0%	2.0%	0.0%	0.0%
20	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%
21	2.8%	2.8%	2.8%	2.8%	0.0%	0.0%	0.0%	0.0%
22	2.5%	2.5%	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%
23	2.3%	2.3%	2.3%	2.3%	0.0%	0.0%	0.0%	0.0%
24	2.1%	2.1%	2.1%	2.1%	0.0%	0.0%	0.0%	0.0%
25	1.9%	1.9%	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%
26	1.7%	1.7%	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%
27	1.4%	1.4%	1.4%	1.4%	0.0%	0.0%	0.0%	0.0%
28	1.2%	1.2%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%
29	1.1%	1.1%	1.1%	1.1%	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
For the Year Ended December 31, 2023

VIII. PENSION PLAN - CONTINUED

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

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

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

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

Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

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

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

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

SABINE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2023

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	\$ 12 339 885	\$ 10 977 594	\$ 9 825 816
Fiduciary net position	\$ 11 112 907	\$ 11 112 908	\$ 11 112 907
Net pension liability/(asset)	\$ 1 226 978	\$ (135 311)	\$ (1 287 091)

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, 2022	\$ 10 340 647	\$ 11 934 230	\$ (1 593 583)
Changes for the Year:			
Service cost	335 432	-	335 432
Interest on total pension liability ⁽¹⁾	790 737	-	790 737
Effect of plan changes ⁽²⁾	117 518	-	117 518
Effect of economic/demographic gains or losses	(53 256)	-	(53 256)
Refund of contributions	(79 271)	(79 271)	-
Benefit payments	(474 211)	(474 211)	-
Administrative expenses	-	(6 512)	6 512
Member contributions	-	196 908	(196 908)
Net investment income	-	(689 489)	689 489
Employer contributions	-	237 978	(237 978)
Other ⁽³⁾	-	(6 726)	6 726
Balances as of December 31, 2023	<u>\$ 10 977 596</u>	<u>\$ 11 112 907</u>	<u>\$ (135 311)</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, 2022 to December 31, 2022
Service cost	\$	335 432
Interest on total pension liability ⁽¹⁾		790 735
Effect of plan changes		117 518
Administrative expenses		6 512
Member contributions		(196 908)
Expected investment return, net		(902 083)
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of economic/demographic gains or losses		(106 506)
Recognition of assumption changes or inputs		117 356
Recognition of investment gains or losses		24 221
Other ⁽²⁾		6 724
PENSION EXPENSE/(INCOME)	\$	<u>193 001</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, 2023, 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	\$ 165 826	\$ 18 896
Change of assumptions	16 313	133 667
Difference between projected and actual earnings	-	214 736
Contributions made subsequent to measurement date	-	236 557
	<u>\$ 182 139</u>	<u>\$ 603 856</u>

SABINE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended December 31, 2023

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:

<u>Year Ended December 31,</u>	
2023	\$ (138 340)
2024	\$ (17 463)
2025	\$ 22 650
2026	\$ 318 313
2027	\$ -
Thereafter	\$ -

Membership Information

<u>Membership Class</u>	
Inactive employees entitled to but not yet receiving benefits	51
Active employees	75
Currently receiving benefits	45

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, 2023, 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 26, 2024, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2023

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Property taxes	\$ 3 389 603	\$ 3 389 603	\$ 3 434 713	\$ 45 110
Sales taxes	550 000	550 000	604 114	54 114
Other taxes	5 500	5 500	9 305	3 805
TOTAL TAXES	3 945 103	3 945 103	4 048 132	103 029
Intergovernmental:				
Tax collection fees	104 050	104 050	104 653	603
Federal forest program	-	2 352 442	2 352 442	-
Salary supplements	67 200	67 200	67 982	782
Other grants	31 500	165 453	990 420	824 967
TOTAL INTERGOVERNMENTAL	202 750	2 689 145	3 515 497	826 352
Fines and Fees:				
Fees of office	208 750	208 750	229 456	20 706
Other fines and fees	116 515	116 515	141 400	24 885
TOTAL FINES AND FEES	325 265	325 265	370 856	45 591
Interest				
	74 325	74 325	280 297	205 972
Other Income:				
Miscellaneous	79 741	80 245	111 695	31 450
TOTAL OTHER INCOME	79 741	80 245	111 695	31 450
TOTAL REVENUES	4 627 184	7 114 083	8 326 477	1 212 394
Expenditures:				
General Administration Expenditures:				
County Judge:				
Salary	115 015	115 015	115 091	(76)
Benefits	38 518	38 705	38 295	410
Travel	2 600	2 600	-	2 600
Office, postage and copier	2 000	2 000	1 948	52
Insurance	685	436	4	432
Continuing education	1 500	1 562	1 562	-
Capital outlays	500	500	482	18
TOTAL COUNTY JUDGE	160 818	160 818	157 382	3 436
County Clerk:				
Salary	169 705	168 122	164 702	3 420
Benefits	66 989	67 083	72 256	(5 173)
Office, postage and copier	6 150	6 826	6 144	682
Maintenance	19 912	28 273	27 213	1 060
Insurance	700	803	803	-
Continuing education	4 000	5 787	4 803	984
Capital outlay	1 000	1 000	-	1 000
Election cost	92 634	83 196	63 239	19 957
Library cost	2 300	2 300	417	1 883
TOTAL COUNTY CLERK	363 390	363 390	339 577	23 813
Veteran Affairs:				
Salary	19 089	19 089	16 881	2 208
Benefits	2 989	2 989	2 638	351
Car allowance and travel	500	500	-	500
Office, postage and copier	500	500	25	475
Maintenance	500	500	495	5
Capital outlay	1 000	1 000	-	1 000
Continuing education	1 500	1 500	-	1 500
TOTAL VETERAN AFFAIRS	26 078	26 078	20 039	6 039
Courthouse:				
Salary	27 184	27 184	27 190	(6)
Benefits	14 391	14 485	14 483	2
Office, postage and copier	3 500	3 918	3 917	1
Utilities	40 000	46 162	46 161	1
Maintenance	50 000	43 326	31 429	11 897
TOTAL COURTHOUSE	135 075	135 075	123 180	11 895

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2023

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Non Departmental:				
Benefits	24 000	18 670	18 606	64
Office, postage and copier	56 000	56 622	63 964	(7 342)
Maintenance	20 000	20 000	16 659	3 341
Insurance	42 000	45 225	45 224	1
Professional fees	40 000	29 739	44 006	(14 267)
Senior citizen assistance	15 000	15 000	15 000	-
Burke Center	9 602	9 602	9 602	-
Law library	16 000	16 000	3 262	12 738
Child safety instruction	1 800	1 800	1 800	-
Emergency and ambulance services	10 000	10 000	10 000	-
Autopsy fees	20 000	16 286	8 991	7 295
Library	10 000	10 000	10 000	-
Historical and cultural	150	150	150	-
Pineywoods SWCD #429	1 100	1 100	-	1 100
Miscellaneous	38 000	49 138	64 522	(15 384)
Continuing education	-	-	4 232	(4 232)
Record management fees	2 500	2 500	6 156	(3 656)
Capital outlays	63 710	76 974	72 301	4 673
TOTAL NON DEPARTMENTAL	369 862	378 806	394 475	(15 669)
TOTAL GENERAL GOVERNMENT	1 055 223	1 064 167	1 034 653	29 514
Judicial Expenditures:				
County Court At Law:				
Court appointed attorney	20 000	19 916	13 725	6 191
Jury and court costs	5 000	5 000	1 275	3 725
TOTAL COUNTY COURT AT LAW	25 000	24 916	15 000	9 916
District Court:				
Salary	80 775	84 462	72 605	11 857
Benefits	23 290	23 290	18 109	5 181
Car allowance and travel	3 500	3 500	1 840	1 660
Office, postage and copier	3 000	3 836	3 836	-
Court appointed attorneys	80 000	75 837	79 071	(3 234)
Jury and court costs	38 000	38 640	5 309	33 331
TOTAL DISTRICT COURT	228 565	229 565	180 770	48 795
District Attorney:				
Salary	68 925	59 596	55 496	4 100
Benefits	15 996	16 090	16 082	8
Office, postage and copier	2 950	3 839	2 806	1 033
Maintenance	4 460	12 806	495	12 311
Insurance	100	100	18	82
Continuing education	3 500	3 500	640	2 860
TOTAL DISTRICT ATTORNEY	95 931	95 931	75 537	20 394
District Clerk:				
Salary	110 451	110 451	107 706	2 745
Benefits	37 445	37 445	36 511	934
Office, postage and copier	4 700	4 335	3 934	401
Maintenance	5 400	5 400	5 400	-
Insurance	300	367	367	-
Continuing education	3 000	3 103	3 103	-
Capital outlay	2 000	2 195	2 195	-
TOTAL DISTRICT CLERK	163 296	163 296	159 216	4 080

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2023

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Justice of the Peace #1:				
Salary	89 053	89 053	89 121	(68)
Benefits	23 966	24 060	24 052	8
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 000	2 248	2 122	126
Maintenance	6 200	6 200	18 483	(12 283)
Insurance	200	5	4	1
Continuing education	3 000	2 853	2 568	285
Jury costs	100	100	-	100
TOTAL JUSTICE OF THE PEACE #1	<u>124 819</u>	<u>124 819</u>	<u>136 350</u>	<u>(11 531)</u>
Justice of the Peace #2:				
Salary	89 281	89 281	89 616	(335)
Benefits	24 000	24 094	24 066	28
Car, allowance and travel	300	300	297	3
Office, postage and copier	2 100	2 006	1 077	929
Maintenance	6 200	6 200	6 178	22
Insurance	200	200	4	196
Continuing education	3 000	3 000	1 453	1 547
Jury and court costs	100	100	-	100
TOTAL JUSTICE OF THE PEACE #2	<u>125 181</u>	<u>125 181</u>	<u>122 691</u>	<u>2 490</u>
Courthouse Security:				
Salary	-	1 010	1 010	-
Benefits	-	116	114	2
Capital outlay	43 655	43 655	-	43 655
TOTAL COURTHOUSE SECURITY	<u>43 655</u>	<u>44 781</u>	<u>1 124</u>	<u>43 657</u>
TOTAL JUDICIAL EXPENDITURES	<u>806 447</u>	<u>808 489</u>	<u>690 688</u>	<u>117 801</u>
Legal:				
County Attorney:				
Salary	135 623	135 623	135 622	1
Benefits	41 297	41 484	41 479	5
Office, postage and copier	3 200	3 588	3 588	-
Maintenance	4 500	4 445	4 445	-
Insurance	200	4	4	-
Continuing education	1 500	2 666	2 666	-
Library	2 000	644	644	-
Capital outlay	500	450	450	-
TOTAL COUNTY ATTORNEY	<u>188 820</u>	<u>188 904</u>	<u>188 898</u>	<u>6</u>
TOTAL LEGAL	<u>188 820</u>	<u>188 904</u>	<u>188 898</u>	<u>6</u>
Public Safety:				
Constable Precinct #1:				
Salary	26 134	26 134	26 134	-
Benefits	14 176	14 270	14 268	2
Office, postage and copier	1 220	1 220	574	646
Fuel, oil and tires	7 000	7 000	1 959	5 041
Maintenance	1 600	1 600	1 525	75
Insurance	950	950	-	950
Capital outlay	2 000	1 906	37	1 869
TOTAL CONSTABLE PRECINCT #1	<u>53 080</u>	<u>53 080</u>	<u>44 497</u>	<u>8 583</u>
Constable Precinct #2:				
Salary	27 066	27 066	27 066	-
Benefits	14 320	14 414	14 412	2
Office, postage and copier	1 220	1 220	638	582
Fuel, oil and tires	7 000	7 000	1 641	5 359
Maintenance	1 600	1 600	1 525	75
Insurance	950	950	-	950
Continuing education	-	70	70	-
Capital outlay	2 000	1 836	37	1 799
TOTAL CONSTABLE PRECINCT #2	<u>54 156</u>	<u>54 156</u>	<u>45 389</u>	<u>8 767</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, 2023

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Sheriff:				
Salary	930 545	894 518	894 299	219
Benefits	336 639	300 569	306 175	(5 606)
Car, phone allowance and travel	16 240	14 480	11 231	3 249
Office, postage and copier	31 040	29 892	29 463	429
Utilities	40 000	40 000	39 736	264
Fuel, oil and tires	75 000	70 100	70 087	13
Maintenance	41 000	32 743	32 603	140
Insurance	34 900	27 735	26 956	779
Continuing education	3 500	2 600	2 558	42
Equipment leasing	24 000	23 125	23 122	3
Prisoner housing costs	216 000	318 073	318 066	7
Capital outlay	65 000	66 613	237 119	(170 506)
TOTAL SHERIFF	1 813 864	1 820 448	1 991 415	(170 967)
Probation:				
Office, postage and copier	600	600	595	5
Probation fees	19 540	19 540	19 540	-
TOTAL PROBATION	20 140	20 140	20 135	5
Emergency Management Coordinator:				
Salary	50 358	50 358	49 847	511
Benefits	18 800	18 895	18 885	10
Car, allowance and travel	6 000	6 000	5 633	367
Office, postage and copier	1 470	1 646	1 535	111
Continuing education	3 000	2 354	399	1 955
Capital outlay	12 000	12 375	12 375	-
TOTAL EMERGENCY MANAGEMENT COORDINATOR	91 628	91 628	88 674	2 954
9-1-1:				
Salary	40 232	40 232	38 535	1 697
Benefits	6 718	6 792	6 525	267
Car, allowance and travel	500	500	-	500
Office, postage and copier	1 720	1 720	656	1 064
Continuing education	1 500	1 500	-	1 500
Other charges	2 000	2 000	792	1 208
Capital outlay	1 000	926	91	835
TOTAL 9-1-1	53 670	53 670	46 599	7 071
DARE Program:				
Office, postage and copier	9 000	9 000	600	8 400
TOTAL DARE PROGRAM	9 000	9 000	600	8 400
Specialized Drug Investigator Grant:				
Salary	-	26 654	26 654	-
Benefits	-	10 462	10 462	-
Capital outlay	-	83 702	83 702	-
TOTAL SPECIALIZED DRUG INVESTIGATOR GRANT	-	120 818	120 818	-
TOTAL PUBLIC SAFETY	2 095 538	2 222 940	2 358 127	(135 187)
Financial Administration:				
County Auditor:				
Salary	52 522	52 522	52 522	-
Benefits	18 355	18 449	18 442	7
Office, postage and copier	1 500	1 708	1 524	184
Insurance	100	100	50	50
Continuing education	2 500	2 500	1 596	904
Capital outlay	500	198	-	198
TOTAL COUNTY AUDITOR	75 477	75 477	74 134	1 343
County Treasurer:				
Salary	129 539	129 178	127 075	2 103
Benefits	50 553	50 833	50 682	151
Office, postage and copier	5 500	5 500	4 702	798
Insurance	750	750	250	500
Maintenance	3 000	2 089	1 220	869
Continuing education	3 800	3 800	2 317	1 483
Capital outlay	3 750	4 742	4 741	1
TOTAL COUNTY TREASURER	196 892	196 892	190 987	5 905

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2023

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Tax Assessor/Collector:				
Salary	245 344	242 336	238 853	3 483
Benefits	99 088	99 648	98 382	1 266
Office, postage and copier	8 400	9 178	8 557	621
Insurance	2 000	2 000	173	1 827
Continuing education	7 000	8 670	8 669	1
Appraisal district payments	131 974	131 974	131 974	-
Equipment leasing	42 000	42 000	37 910	4 090
Other charges	3 240	3 240	2 834	406
TOTAL TAX ASSESSOR/COLLECTOR	<u>539 046</u>	<u>539 046</u>	<u>527 352</u>	<u>11 694</u>
TOTAL FINANCIAL ADMINISTRATION	<u>811 415</u>	<u>811 415</u>	<u>792 473</u>	<u>18 942</u>
Conservation:				
County Agent:				
Salary	12 000	12 000	14 845	(2 845)
Benefits	1 336	1 336	1 332	4
Car, allowance and travel	7 500	7 500	6 332	1 168
Office, postage and copier	2 100	2 100	1 725	375
TOTAL COUNTY AGENT	<u>22 936</u>	<u>22 936</u>	<u>24 234</u>	<u>(1 298)</u>
TOTAL CONSERVATION	<u>22 936</u>	<u>22 936</u>	<u>24 234</u>	<u>(1 298)</u>
Pass-through to Other Entities:				
Federal forest payments to schools	-	2 352 442	2 352 442	-
TOTAL PASS-THROUGH TO OTHER ENTITIES	<u>-</u>	<u>2 352 442</u>	<u>2 352 442</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4 980 379</u>	<u>7 471 293</u>	<u>7 441 515</u>	<u>29 778</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(353 195)</u>	<u>(357 210)</u>	<u>884 962</u>	<u>1 242 172</u>
Other Financing Sources (Uses):				
Transfer in	-	-	25 405	25 405
Transfer out	-	-	(38 653)	(38 653)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(13 248)</u>	<u>(13 248)</u>
NET CHANGE IN FUND BALANCES	<u>(353 195)</u>	<u>(357 210)</u>	<u>871 714</u>	<u>1 228 924</u>
Fund balance, beginning	5 146 322	5 146 322	5 146 322	-
FUND BALANCE, ENDING	<u>\$ 4 793 127</u>	<u>\$ 4 789 112</u>	<u>\$ 6 018 036</u>	<u>\$ 1 228 924</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, 2023

EXHIBIT B-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 200	\$ 4 200	\$ 3 563	\$ (637)
Federal forest funds	40 000	40 000	270 531	230 531
Property taxes	85 211	85 211	85 211	-
Payments in lieu of taxes	9 500	9 500	10 538	1 038
TOTAL INTERGOVERNMENTAL	138 911	138 911	369 843	230 932
Fines and Fees:				
License and permits	115 000	115 000	100 195	(14 805)
TOTAL FINES AND FEES	115 000	115 000	100 195	(14 805)
Interest				
	16 000	16 000	58 490	42 490
Other Income:				
Material reimbursement	100	100	86 890	86 790
Miscellaneous	10 000	10 000	6 138	(3 862)
TOTAL OTHER INCOME	10 100	10 100	93 028	82 928
TOTAL REVENUES	280 011	280 011	621 556	341 545
Expenditures:				
Road and Bridge:				
Salary	186 860	186 860	178 973	7 887
Benefits	75 265	75 920	72 992	2 928
Car, allowance and travel	9 000	9 000	9 000	-
Road material	91 100	92 734	41 989	50 745
Office, postage and copier	4 900	4 900	3 417	1 483
Utilities	4 000	4 000	3 006	994
Fuel, oil and tires	46 500	46 500	34 362	12 138
Maintenance	22 500	22 500	2 364	20 136
Insurance	8 400	8 400	7 223	1 177
Continuing education	2 000	2 000	1 862	138
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	46 986	44 697	3 000	41 697
TOTAL EXPENDITURES	505 011	505 011	358 188	146 823
NET CHANGE IN FUND BALANCES	(225 000)	(225 000)	263 368	488 368
Fund balances, beginning				
	1 156 335	1 156 335	1 156 335	-
FUND BALANCES, ENDING	\$ 931 335	\$ 931 335	\$ 1 419 703	\$ 488 368

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, 2023

EXHIBIT B-3

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 3 718	\$ (882)
Federal forest funds	40 000	40 000	282 293	242 293
Property taxes	88 915	88 915	88 915	-
Payments in lieu of taxes	9 000	9 000	10 996	1 996
TOTAL INTERGOVERNMENTAL	142 515	142 515	385 922	243 407
Fines and Fees:				
License and permits	114 000	114 000	104 551	(9 449)
TOTAL FINES AND FEES	114 000	114 000	104 551	(9 449)
Interest				
	12 000	12 000	32 423	20 423
Other Income:				
Material reimbursement	100	100	84 280	84 180
Miscellaneous	20 000	20 000	6 559	(13 441)
TOTAL OTHER INCOME	20 100	20 100	90 839	70 739
TOTAL REVENUES	288 615	288 615	613 735	325 120
Expenditures:				
Road and Bridge:				
Salary	186 486	186 486	179 336	7 150
Benefits	75 355	75 355	69 743	5 612
Car, allowance and travel	9 000	9 000	9 000	-
Road material	126 600	136 500	111 409	25 091
Office, postage and copier	4 000	5 809	4 343	1 466
Utilities	1 280	1 402	1 402	-
Fuel, oil and tires	58 000	50 807	48 812	1 995
Maintenance	28 000	22 597	8 071	14 526
Insurance	6 300	6 300	5 184	1 116
Continuing education	1 500	2 180	2 180	-
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	24 594	24 679	32 259	(7 580)
TOTAL EXPENDITURES	528 615	528 615	471 739	56 876
NET CHANGE IN FUND BALANCES	(240 000)	(240 000)	141 996	381 996
Fund balances, beginning	683 586	683 586	683 586	-
FUND BALANCES, ENDING	\$ 443 586	\$ 443 586	\$ 825 582	\$ 381 996

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, 2023

EXHIBIT B-4

	<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	\$ 46 000	\$ 46 000	\$ 4 182	\$ (41 818)
Federal forest funds	40 000	40 000	317 580	277 580
Property taxes	100 030	100 030	100 030	-
Payments in lieu of taxes	9 000	9 000	12 371	3 371
TOTAL INTERGOVERNMENTAL	<u>195 030</u>	<u>195 030</u>	<u>434 163</u>	<u>239 133</u>
Fines and Fees:				
License and permits	125 000	125 000	117 620	(7 380)
TOTAL FINES AND FEES	<u>125 000</u>	<u>125 000</u>	<u>117 620</u>	<u>(7 380)</u>
Interest	10 000	10 000	37 335	27 335
Other Income:				
Material reimbursement	50	50	9 829	9 779
Miscellaneous	10 000	10 000	7 205	(2 795)
TOTAL OTHER INCOME	<u>10 050</u>	<u>10 050</u>	<u>17 034</u>	<u>6 984</u>
TOTAL REVENUES	<u>340 080</u>	<u>340 080</u>	<u>606 152</u>	<u>266 072</u>
Expenditures:				
Road and Bridge:				
Salary	200 175	200 175	139 696	60 479
Benefits	77 492	77 492	48 628	28 864
Car, allowance and travel	9 000	9 000	9 000	-
Road material	104 500	98 385	48 307	50 078
Office, postage and copier	3 000	6 275	5 719	556
Utilities	2 000	2 000	1 370	630
Fuel, oil and tires	50 000	50 000	37 355	12 645
Maintenance	27 700	27 700	6 998	20 702
Insurance	7 200	7 438	6 709	729
Continuing education	3 000	5 316	5 316	-
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	78 513	78 799	28 386	50 413
TOTAL EXPENDITURES	<u>570 080</u>	<u>570 080</u>	<u>337 484</u>	<u>232 596</u>
NET CHANGE IN FUND BALANCES	(230 000)	(230 000)	268 668	498 668
Fund balances, beginning	874 606	874 606	874 606	-
FUND BALANCES, ENDING	<u>\$ 644 606</u>	<u>\$ 644 606</u>	<u>\$ 1 143 274</u>	<u>\$ 498 668</u>

See independent auditors' report.

SABINE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #4
For the Year Ended December 31, 2023

EXHIBIT B-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 800	\$ 4 800	\$ 4 027	\$ (773)
Federal forest funds	40 000	40 000	305 817	265 817
Property taxes	96 325	96 325	96 325	-
Payments in lieu of taxes	9 400	9 400	11 912	2 512
TOTAL INTERGOVERNMENTAL	150 525	150 525	418 081	267 556
Fines and Fees:				
License and permits	120 000	120 000	113 264	(6 736)
TOTAL FINES AND FEES	120 000	120 000	113 264	(6 736)
Interest				
	10 000	10 000	36 195	26 195
Other Income:				
Material reimbursement	100	100	66 196	66 096
Miscellaneous	10 000	10 000	7 439	(2 561)
TOTAL OTHER INCOME	10 100	10 100	73 635	63 535
TOTAL REVENUES	290 625	290 625	641 175	350 550
Expenditures:				
Road and Bridge:				
Salary	183 668	184 078	174 568	9 510
Benefits	75 024	75 024	62 271	12 753
Car, allowance and travel	9 000	9 000	9 000	-
Road material	114 100	104 109	65 330	38 779
Office, postage and copier	3 800	5 852	5 630	222
Utilities	1 800	1 877	1 876	1
Fuel, oil and tires	52 000	52 000	38 747	13 253
Maintenance	18 000	18 000	8 722	9 278
Insurance	6 500	6 971	6 190	781
Continuing education	1 500	1 699	1 699	-
Capital outlay	65 233	72 015	67 284	4 731
TOTAL EXPENDITURES	530 625	530 625	441 317	89 308
NET CHANGE IN FUND BALANCES	(240 000)	(240 000)	199 858	439 858
Fund balances, beginning	743 519	743 519	743 519	-
FUND BALANCES, ENDING	\$ 503 519	\$ 503 519	\$ 943 377	\$ 439 858

See independent auditors' report.

SABINE COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULES
For the Year Ended December 31, 2023

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, 2023.

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

EXHIBIT B-6

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 335 432	\$ 361 187	\$ 321 173	\$ 285 831	\$ 283 980	\$ 272 744	\$ 280 221	\$ 244 579	\$ 239 179
Interest (on the total pension liability)	790 735	777 296	725 567	674 570	631 233	584 707	540 800	506 759	465 552
Effect of plan changes	117 518	-	-	-	-	-	-	(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	(53 256)	(377 649)	75 587	55 179	27 770	25 160	(46 710)	84 442	-
Benefit payments/refunds of contributions	(553 482)	(466 741)	(388 342)	(453 073)	(368 184)	(397 244)	(339 100)	(309 345)	(245 616)
NET CHANGE IN TOTAL PENSION LIABILITY	636 947	245 154	1 268 661	562 507	574 799	548 907	435 211	441 560	513 136
Total pension liability - Beginning	10 340 647	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	10 977 594	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	237 978	177 759	182 409	148 415	138 491	127 547	125 756	119 460	109 848
Contributions - Member	196 908	193 217	198 271	177 590	177 399	161 451	153 362	149 860	138 797
Investment income net of investment expenses	(689 486)	2 158 657	926 211	1 284 113	(150 147)	1 035 711	489 008	(20 944)	436 792
Benefit payments/refunds of contributions	(553 482)	(466 741)	(388 342)	(453 073)	(368 184)	(397 244)	(312 286)	(309 344)	(245 617)
Administrative expenses	(6 512)	(6 457)	(7 228)	(6 832)	(6 280)	(5 340)	(5 385)	(4 839)	(5 038)
Other	(6 725)	7	667	(3 101)	(752)	(1 501)	(43 831)	10 013	(3 831)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(821 319)	2 056 442	911 988	1 147 112	(209 473)	920 624	406 624	(55 794)	430 951
Plan fiduciary net position - Beginning	11 934 230	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	11 112 908	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	\$ (135 311)	\$ (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	101.23%	115.41%	97.84%	101.57%	94.61%	104.40%	99.54%	99.93%	(7.87)%
Covered employee payroll	\$ 2 812 973	\$ 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	(4.81)%	(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 VIII 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%
2022	\$ 237 978	\$ 237 978	\$ -	\$ 2 812 973	8.5%

Additional years will be provided as they become available.
See Note VIII 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, 2023

	<u>APPELLATE JUDICIAL SYSTEM FUND</u>	<u>DISTRICT CLERK RECORD ARCHIVE FEE FUND</u>	<u>CONVENTION CENTER BUILDING</u>	<u>RECORD RETENTION FUND</u>
ASSETS				
Cash and investments	\$ 21	\$ -	\$ 83 611	\$ 132 955
Due from others	-	-	-	-
Due from Fiduciary funds	<u>60</u>	<u>-</u>	<u>-</u>	<u>2 048</u>
TOTAL ASSETS	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 83 611</u>	<u>\$ 135 003</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:				
Restricted Fund Balance:				
Road and bridge maintenance	-	-	-	-
Hotel/motel tax	-	-	-	-
Construction	-	-	83 611	-
Record retention	-	-	-	135 003
Unassigned	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>21</u>	<u>-</u>	<u>83 611</u>	<u>135 003</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 81</u>	 <u>\$ -</u>	 <u>\$ 83 611</u>	 <u>\$ 135 003</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
\$ 143 904	\$ 24 687	\$ -	\$ 53 156	\$ 5 426	\$ 10	\$ 443 770
-	-	-	-	-	418 804	418 804
5 227	358	-	1 850	541	-	10 084
<u>\$ 149 131</u>	<u>\$ 25 045</u>	<u>\$ -</u>	<u>\$ 55 006</u>	<u>\$ 5 967</u>	<u>\$ 418 814</u>	<u>\$ 872 658</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376 360	\$ 376 420
-	-	-	-	-	376 360	376 420
-	-	-	-	5 967	-	5 967
149 131	-	-	-	-	-	149 131
-	-	-	-	-	-	83 611
-	25 045	-	55 006	-	-	215 054
-	-	-	-	-	42 454	42 475
<u>149 131</u>	<u>25 045</u>	<u>-</u>	<u>55 006</u>	<u>5 967</u>	<u>42 454</u>	<u>496 238</u>
<u>\$ 149 131</u>	<u>\$ 25 045</u>	<u>\$ -</u>	<u>\$ 55 006</u>	<u>\$ 5 967</u>	<u>\$ 418 814</u>	<u>\$ 872 658</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2023

	<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	\$ 990	\$ 40	\$ -	\$ 31 983
Other taxes	-	-	-	-
Grants and contributions	-	-	-	-
Interest	<u>4</u>	<u>5</u>	<u>3 790</u>	<u>5 175</u>
TOTAL REVENUES	<u>994</u>	<u>45</u>	<u>3 790</u>	<u>37 158</u>
Expenditures:				
General government	-	-	-	10 953
Judicial	990	-	-	-
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>990</u>	<u>-</u>	<u>-</u>	<u>10 953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4</u>	<u>45</u>	<u>3 790</u>	<u>26 205</u>
Other Financing Sources (Uses):				
Transfers out	-	(150)	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 900</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>7 900</u>
NET CHANGE IN FUND BALANCES	4	(105)	3 790	34 105
Fund balances, beginning	<u>17</u>	<u>105</u>	<u>79 821</u>	<u>100 898</u>
FUND BALANCES, ENDING	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 83 611</u>	<u>\$ 135 003</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
\$ -	\$ 5 627	\$ -	\$ 28 329	\$ 9 000	\$ -	\$ 75 969
48 016	-	-	-	-	-	48 016
-	-	-	-	-	1 084 930	1 084 930
6 859	346	-	2 616	-	-	18 795
<u>54 875</u>	<u>5 973</u>	<u>-</u>	<u>30 945</u>	<u>9 000</u>	<u>1 084 930</u>	<u>1 227 710</u>
63 110	4 094	-	23	-	-	78 180
-	-	-	-	-	-	990
-	-	-	-	3 471	1 055 286	1 058 757
<u>63 110</u>	<u>4 094</u>	<u>-</u>	<u>23</u>	<u>3 471</u>	<u>1 055 286</u>	<u>1 137 927</u>
<u>(8 235)</u>	<u>1 879</u>	<u>-</u>	<u>30 922</u>	<u>5 529</u>	<u>29 644</u>	<u>89 783</u>
-	-	-	(25 380)	-	(20 000)	(45 530)
-	18 078	-	-	-	32 800	58 778
-	18 078	-	(25 380)	-	12 800	13 248
(8 235)	19 957	-	5 542	5 529	42 444	103 031
157 366	5 088	-	49 464	438	10	393 207
<u>\$ 149 131</u>	<u>\$ 25 045</u>	<u>\$ -</u>	<u>\$ 55 006</u>	<u>\$ 5 967</u>	<u>\$ 42 454</u>	<u>\$ 496 238</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 December 31, 2023

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	TAX ASSESSOR COLLECTOR
ASSETS				
Cash and cash equivalents	\$ 621 192	\$ 47 030	\$ 51 487	\$ 625 243
TOTAL ASSETS	\$ 621 192	\$ 47 030	\$ 51 487	\$ 625 243
LIABILITIES				
Due to the County	\$ -	\$ -	\$ -	\$ 569 482
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ 569 482
TOTAL NET POSITION	\$ 621 192	\$ 47 030	\$ 51 487	\$ 55 761

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>29 873</u>	\$ <u>35 572</u>	\$ <u>7 727</u>	\$ <u>1 418 124</u>
\$ <u>29 873</u>	\$ <u>35 572</u>	\$ <u>7 727</u>	\$ <u>1 418 124</u>
\$ <u>-</u>	\$ <u>13 132</u>	\$ <u>-</u>	\$ <u>582 614</u>
\$ <u>-</u>	\$ <u>13 132</u>	\$ <u>-</u>	\$ <u>582 614</u>
\$ <u>29 873</u>	\$ <u>22 440</u>	\$ <u>7 727</u>	\$ <u>835 510</u>

SABINE COUNTY, TEXAS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 December 31, 2023

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	TAX ASSESSOR COLLECTOR
Inflows:				
Fees	\$ 171 077	\$ 16 652	\$ 23 479	\$ 15 393 594
Interest	<u>17 360</u>	<u>1 868</u>	<u>3 085</u>	<u>38 700</u>
TOTAL INFLOWS	<u>188 437</u>	<u>18 520</u>	<u>26 564</u>	<u>15 432 294</u>
Outflows:				
Distribution to others	<u>72 149</u>	<u>11 256</u>	<u>60 325</u>	<u>16 208 672</u>
TOTAL OUTFLOWS	<u>72 149</u>	<u>11 256</u>	<u>60 325</u>	<u>16 208 672</u>
CHANGE IN NET POSITION	116 288	7 264	(33 761)	(776 378)
Beginning net position	<u>504 904</u>	<u>39 766</u>	<u>85 248</u>	<u>832 139</u>
ENDING NET POSITION	<u>\$ 621 192</u>	<u>\$ 47 030</u>	<u>\$ 51 487</u>	<u>\$ 55 761</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>
\$ 1 855	\$ 469 728	\$ -	\$ 16 076 385
<u>1 305</u>	<u>-</u>	<u>-</u>	<u>62 318</u>
<u>3 160</u>	<u>469 728</u>	<u>-</u>	<u>16 138 703</u>
<u>602</u>	<u>472 004</u>	<u>856</u>	<u>16 825 864</u>
<u>602</u>	<u>472 004</u>	<u>856</u>	<u>16 825 864</u>
2 558	(2 276)	(856)	(687 161)
<u>27 315</u>	<u>24 716</u>	<u>8 583</u>	<u>1 522 671</u>
<u>\$ 29 873</u>	<u>\$ 22 440</u>	<u>\$ 7 727</u>	<u>\$ 835 510</u>

COMPLIANCE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Daryl Melton, County Judge
and 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, 2023, 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 26, 2024.

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 26, 2024

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2023. 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, 2023.

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 judgement made by a reasonable user of the report on compliance about Sabine Count, 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.

Lufkin, Texas
August 26, 2024


CERTIFIED PUBLIC ACCOUNTANTS



SABINE COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

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	\$ 66 265
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>66 265</u>
U. S. Department of Housing and Urban Development:			
Through Office of Governor:			
Community Development Block Grant	14.228	22-085-025-0266	1 021 605
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1 021 605</u>
U. S. Department of Justice:			
Edward Bryne Memorial Justice Assistance Grant	16.738	N/A	37 116
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>37 116</u>
U. S. Department of Agriculture:			
Schools and Roads Grant	10.666	N/A	3 528 663
Through the Texas Department of Agriculture:			
Community Development Block Grant	14.228	7220401	881
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>3 529 544</u>
U. S. Department of Treasury:			
Coronavirus State and Local Recovery Funds	21.027	N/A	1 110 608
Local Assistance and Tribal Consistency Funds	21.032	N/A	397 345
TOTAL U. S. DEPARTMENT OF TREASURY			<u>1 507 953</u>
 TOTAL FEDERAL AWARDS			 \$ <u>6 162 483</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, 2023

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 December 31, 2023

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
14.228	Community Block Development Grant
21.027	Coronavirus State and Local Recovery Funds

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