

SABINE COUNTY, TEXAS  
Hemphill, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2024

## TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report.....	3	
Management's Discussion and Analysis .....	5	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	10	A-1
Statement of Activities .....	11	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	12	A-3
Reconciliation of the of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14	A-4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	15	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17	A-6
Statement of Fiduciary Net Position - Fiduciary Funds .....	18	A-7
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	19	A-8
Notes to the Financial Statements .....	20	
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	34	B-1
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Road and Bridge #1 .....	39	B-2
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Road and Bridge #2 .....	40	B-3
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Road and Bridge #3 .....	41	B-4
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Road and Bridge #4 .....	42	B-5
Notes to the Budgetary Schedules.....	43	
Schedule of Changes in Net Pension Liability and Related Ratios - Texas County and District Retirement System .....	44	B-6
Schedule of Employer Contributions - Texas County and District Retirement System.....	45	B-7
Combining Statements as Supplementary Information:		
Special Revenue Funds:		
Combining Schedule of Balance Sheets - Special Revenue Funds.....	47	C-1
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds .....	49	C-2
Fiduciary Funds:		
Combining Schedule of Fiduciary Net Position.....	51	C-3
Combining Schedule of Changes in Fiduciary Net Position.....	53	C-4
<u>COMPLIANCE AUDIT SECTION</u>		
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 <i>Government Auditing Standards</i> .....	56	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....	57	
Schedule of Expenditures of Federal Awards.....	59	
Notes to Schedule of Expenditures of Federal Awards .....	60	
Schedule of Findings and Questioned Costs .....	61	
Corrective Action Plan.....	62	
Schedule of Status of Prior Findings.....	63	

## 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, 2024, 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, 2024, 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**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise Sabine County, Texas' basic financial statements. The introductory section, combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025, 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  
May 30, 2025

  
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, 2024. 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 \$26,500,318 at December 31, an increase of \$9,345,919 for activities from the prior year.
- Total government-wide revenues for the current year were \$17,306,394 compared to \$12,329,199 in the prior year, an increase of \$4,977,195 or 40.4%.
- During the current year, the County's expenses were \$3,571,804 more than the \$11,532,279 generated in charges for services and operating and capital grants and contributions.
- The general fund reported an unassigned fund balance this year of \$5,976,202.

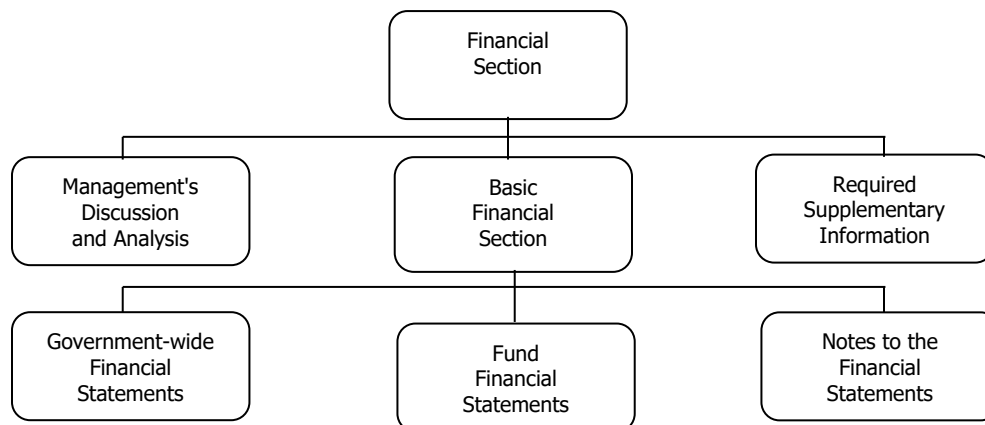
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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-capita 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 \$26,500,318. The following table provides a summary of the County's net position:

##### SUMMARY OF NET POSITION

	DECEMBER 31,		AMOUNT OF	%
	2024	2023	CHANGE	CHANGE
Current and other assets	\$ 16 197 358	\$ 13 857 103	\$ 2 340 255	16.9
Capital assets	12 893 985	3 820 572	9 073 413	237.5
TOTAL ASSETS	29 091 343	17 677 675	11 413 668	64.6
Deferred outflows related to pension	336 746	603 856	(267 110)	(44.2)
Current liabilities	2 465 127	938 078	1 527 049	162.8
Long-term liabilities	86 015	6 915	79 100	1143.9
TOTAL LIABILITIES	2 551 142	944 993	1 606 149	170.0
Deferred outflows related to pension	26 629	182 139	(155 510)	(85.4)
Deferred revenue	350 000	-	350 000	100.0
TOTAL DEFERRED INFLOWS	376 629	182 139	194 490	106.8
Net Position:				
Invested in capital assets	12 598 399	3 454 320	9 144 079	264.7
Restricted	4 811 075	5 711 784	(900 709)	(15.8)
Unrestricted	9 090 844	7 988 295	1 102 549	13.8
TOTAL NET POSITION	\$ 26 500 318	\$ 17 154 399	\$ 9 345 919	54.5

Net position of the County's governmental activities increased by \$9,345,919 during the year ending December 31, 2024, up 55% 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 \$9,090,844 at year end, an increase of 13.8%.

#### Governmental Activities

- The cost of all *governmental* activities this year was \$7,960,475.
- The amount that our taxpayers paid for these activities through property taxes was \$4,258,912.
- Some of the cost was paid by those who directly benefited from service fees and charges \$867,163 and from operating and capital grants and contributions \$10,665,116.

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	%
	2024	2023	CHANGE	CHANGE
Program Revenues:				
Charges for services	\$ 867 163	\$ 882 455	\$ (15 292)	(1.7)
Operating grants/contributions	1 548 451	3 515 497	(1 967 046)	(56.0)
Capital grants/contributions	9 116 665	2 322 458	6 794 207	292.5
General Revenues:				
Property taxes	4 258 912	4 024 724	234 188	5.8
Other taxes	648 735	661 435	(12 700)	(1.9)
Interest income	569 217	536 399	32 818	6.1
Other income	297 251	386 231	(88 980)	(23.0)
<b>TOTAL REVENUES/CONTRIBUTIONS</b>	<b>17 306 394</b>	<b>12 329 199</b>	<b>4 977 195</b>	<b>40.4</b>
Expenses:				
General government	1 137 751	2 168 568	(1 030 817)	(47.5)
Judicial	744 970	696 086	48 884	7.0
Legal	174 066	156 432	17 634	11.3
Public safety	2 365 993	1 368 450	997 543	72.9
Highways and streets	2 251 788	2 766 475	(514 687)	(18.6)
Financial administration	791 688	820 912	(29 224)	(3.6)
Conservation	22 421	25 103	(2 682)	(10.7)
Pass-through to other entities	471 798	2 352 442	(1 880 644)	(79.9)
<b>TOTAL EXPENSES</b>	<b>7 960 475</b>	<b>10 354 468</b>	<b>(2 393 993)</b>	<b>(23.1)</b>
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>9 345 919</b>	<b>1 974 731</b>	<b>7 371 188</b>	<b>373.3</b>
Beginning net position	17 154 399	15 179 668	1 974 731	13.0
<b>ENDING NET POSITION</b>	<b>\$ 26 500 318</b>	<b>\$ 17 154 399</b>	<b>\$ 9 345 919</b>	<b>54.5</b>

**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	%
	2024	2023	CHANGE	CHANGE
General Fund	\$ 5 976 202	\$ 6 018 036	\$ (41 834)	(0.7)
Road and Bridge Funds	4 316 135	4 331 936	(15 801)	(0.4)
Glo Grant	42 454	42 454	-	-
Special Revenue Funds	889 969	1 379 869	(489 900)	(35.5)
<b>TOTAL FUND BALANCE</b>	<b>\$ 11 224 760</b>	<b>\$ 11 772 295</b>	<b>\$ (547 535)</b>	<b>(4.7)</b>

**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 \$585,370 under final budget.

Actual revenues were \$395,095 under the final budgeted revenues.

Taking both budget factors into account, the County experienced a decrease in the fund balance of the General fund of \$41,834, when the final budget called for a \$232,159 decrease in fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, the County had invested \$12,893,985 in a broad range of capital assets, including land, equipment, buildings, and vehicles, net of depreciation. This amount represents a net increase (including additions and deductions) of \$9,073,413 over last year.

	DECEMBER 31,		AMOUNT OF	%
	2024	2023	CHANGE	CHANGE
Land	\$ 120 714	\$ 120 714	\$ -	-
Buildings and improvements	1 499 727	1 499 727	-	-
Equipment and vehicles	5 857 173	5 634 227	222 946	4.0
Roads and bridges	5 356 564	5 356 564	-	-
Right of use assets - SBITA	177 833	177 833	-	100.0
Construction in progress	10 698 277	1 529 146	9 169 131	599.6
<b>TOTAL CAPITAL ASSETS</b>	<b>23 710 288</b>	<b>14 318 211</b>	<b>9 392 077</b>	<b>65.6</b>
Less: Accumulated depreciation	(10 816 303)	(10 497 639)	(318 664)	3.0
<b>NET CAPITAL ASSETS</b>	<b>\$ 12 893 985</b>	<b>\$ 3 820 572</b>	<b>\$ 9 073 413</b>	<b>237.5</b>

## Debt

	DECEMBER 31		AMOUNT OF CHANGE	% CHANGE
	2024	2023		
Capital Leases	\$ 236 144	\$ 309 552	\$ (73 408)	(23.7)
Right of use assets - SBITA	59 442	116 692	(57 250)	100.0
TOTAL CAPITAL ASSETS	\$ 295 586	\$ 426 244	\$ (130 658)	(30.5)

During the year, the County paid down long-term debt by a total of \$130,658 or 30.5%. See notes on page 25 and 26 for details.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised values used for the 2025 budget preparation is estimated to be approximately \$1,365,318,914 which is an increase of approximately 1.803% from the 2025 appraised values of \$1,314,125,362.
- Proposed tax rate for 2025 budget is \$0.331476 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2025. The County has added no major new programs or initiatives to the 2025 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, 2024

EXHIBIT A-1

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 11 166 159
Restricted cash	244 898
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 872 624
Due from state	21 699
Due from other funds	371 925
Other	1 972 191
TOTAL CURRENT ASSETS	<u>15 649 496</u>
Noncurrent Assets:	
Pension Asset	547 862
Capital Assets, Net of Depreciation:	
Land	120 714
Streets and infrastructure	584 378
Buildings and improvements	296 751
Vehicles	311 412
Machinery and equipment	817 386
Right of use asset - SBITA	65 067
Construction in progress	10 698 277
TOTAL CAPITAL ASSETS	<u>12 893 985</u>
TOTAL NONCURRENT ASSETS	<u>13 441 847</u>
<b>TOTAL ASSETS</b>	<u>29 091 343</u>
<b>DEFERRED OUTFLOW</b>	
Contribution subsequent to measurement date	259 166
Pension deferred outflows	77 580
TOTAL DEFERRED OUTFLOW	<u>336 746</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 29 428 089</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 2 090 373
Due to state	18 384
Accrued interest	7 910
Accrued liabilities	138 889
Due in current period	209 571
TOTAL CURRENT LIABILITIES	<u>2 465 127</u>
Noncurrent Liabilities:	
Long-term debt	86 015
TOTAL NONCURRENT LIABILITIES	<u>86 015</u>
<b>TOTAL LIABILITIES</b>	<u>2 551 142</u>
<b>DEFERRED INFLOWS</b>	
Deferred inflows	350 000
Deferred pension inflows	26 629
TOTAL DEFERRED INFLOWS	<u>376 629</u>
<b>NET POSITION</b>	
Net investment in capital assets	12 598 399
Restricted	4 811 075
Unrestricted	9 090 844
TOTAL NET POSITION	<u>\$ 26 500 318</u>

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

SABINE COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2024

EXHIBIT A-2

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT
					GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General administration	\$ 1 137 751	\$ 187 612	\$ 181 893	\$ -	\$ (768 246)
Judicial	744 970	133 788	44 724	-	(566 458)
Legal	174 066	88 901	378 241	-	293 076
Public safety	2 365 993	-	-	-	(2 365 993)
Highways and bridges	2 251 788	456 862	-	9 116 665	7 321 739
Financial administration	791 688	-	-	-	(791 688)
Conservation	22 421	-	-	-	(22 421)
Pass through to other entities	471 798	-	943 593	-	471 795
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 960 475	\$ 867 163	\$ 1 548 451	\$ 9 116 665	3 571 804
General Revenues:					
Taxes:					
Property taxes					4 258 912
Other tax revenue					648 735
Unrestricted investment earnings					569 217
Other unrestricted revenue					297 251
TOTAL GENERAL REVENUES					5 774 115
CHANGE IN NET POSITION					9 345 919
Net position, beginning					17 154 399
NET POSITION, ENDING					\$ 26 500 318

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

SABINE COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2024

	<u>GENERAL</u>	<u>ROAD &amp; BRIDGE 1</u>	<u>ROAD &amp; BRIDGE 2</u>
ASSETS			
Cash and investments	\$ 5 972 161	\$ 1 405 725	\$ 741 852
Restricted cash	244 898	-	-
Taxes receivable, net	1 872 624	-	-
Other receivables	4 796	36 994	-
Due from state	21 699	-	-
Due from other funds	<u>357 788</u>	<u>1 940</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 8 473 966</u>	<u>\$ 1 444 659</u>	<u>\$ 741 852</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 187 656	\$ 7 233	\$ -
Due to state	18 384	-	-
Accrued liabilities	<u>114 634</u>	<u>15 367</u>	<u>2 886</u>
TOTAL LIABILITIES	<u>320 674</u>	<u>22 600</u>	<u>2 886</u>
Deferred Inflows:			
Unearned revenues	<u>2 177 090</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	<u>2 177 090</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted Fund Balance:			
Road and bridge maintenance	-	1 422 059	738 966
Hotel/motel tax usage	-	-	-
Federal and state grants	-	-	-
Construction	-	-	-
Record retention	-	-	-
Unrestricted Reported in:			
Unassigned	<u>5 976 202</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>5 976 202</u>	<u>1 422 059</u>	<u>738 966</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 8 473 966</u>	<u>\$ 1 444 659</u>	<u>\$ 741 852</u>

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

## EXHIBIT A-3

ROAD & BRIDGE 3	ROAD & BRIDGE 4	GLO GRANT (FORMERLY NON MAJOR)	AMERICAN RECOVERY FUNDS (FORMERLY MAJOR)	NON MAJOR GOVERNMENTAL	TOTAL
\$ 1 130 258	\$ 1 030 854	\$ 10	\$ -	\$ 885 299	\$ 11 166 159
-	-	-	-	-	244 898
-	-	-	-	-	1 872 624
-	-	1 930 401	-	-	1 972 191
-	-	-	-	-	21 699
-	-	-	-	12 197	371 925
<u>\$ 1 130 258</u>	<u>\$ 1 030 854</u>	<u>\$ 1 930 411</u>	<u>\$ -</u>	<u>\$ 897 496</u>	<u>\$ 15 649 496</u>
\$ -	\$ -	\$ 1 887 957	\$ -	\$ 7 527	\$ 2 090 373
-	-	-	-	-	18 384
<u>2 059</u>	<u>3 943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138 889</u>
<u>2 059</u>	<u>3 943</u>	<u>1 887 957</u>	<u>-</u>	<u>7 527</u>	<u>2 247 646</u>
-	-	-	-	-	2 177 090
-	-	-	-	-	2 177 090
1 128 199	1 026 911	-	-	7 396	4 323 531
-	-	-	-	163 342	163 342
-	-	42 454	-	-	42 454
-	-	-	-	87 557	87 557
-	-	-	-	194 191	194 191
-	-	-	-	437 483	6 413 685
<u>1 128 199</u>	<u>1 026 911</u>	<u>42 454</u>	<u>-</u>	<u>889 969</u>	<u>11 224 760</u>
<u>\$ 1 130 258</u>	<u>\$ 1 030 854</u>	<u>\$ 1 930 411</u>	<u>\$ -</u>	<u>\$ 897 496</u>	<u>\$ 15 649 496</u>

SABINE COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2024

EXHIBIT A-4

Total fund balances - Governmental funds balance sheet	\$ 11 224 760
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.	12 893 985
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 827 090
Debt proceeds and accrued interest are recorded as other financing sources in the funds and liabilities in the governmental activities.	(303 496)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	547 862
Deferred resource outflows and inflows related to the pension are not reported in the funds.	<u>310 117</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$ <u>26 500 318</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, 2024

	<u>GENERAL</u>	<u>ROAD &amp; BRIDGE 1</u>	<u>ROAD &amp; BRIDGE 2</u>
Revenues:			
Property taxes	\$ 3 390 545	\$ 111 309	\$ 120 988
Other taxes	596 418	-	-
Fines and fees	354 115	99 849	108 766
Interest	311 322	71 376	39 678
Intergovernmental	1 548 451	14 798	16 086
Miscellaneous	<u>70 979</u>	<u>34 974</u>	<u>69 379</u>
TOTAL REVENUES	<u>6 271 830</u>	<u>332 306</u>	<u>354 897</u>
Expenditures:			
General administration	1 059 769	-	-
Judicial	773 585	-	-
Legal	200 653	-	-
Public safety	2 530 775	-	-
Highways and streets	-	438 463	559 462
Financial administration	812 588	-	-
Conservation	22 700	-	-
Pass through to other entities	<u>471 798</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5 871 868</u>	<u>438 463</u>	<u>559 462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>399 962</u>	<u>(106 157)</u>	<u>(204 565)</u>
Other Financing Sources (Uses):			
Transfers out	(471 796)	-	-
Transfers in	<u>30 000</u>	<u>108 513</u>	<u>117 949</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(441 796)</u>	<u>108 513</u>	<u>117 949</u>
NET CHANGE IN FUND BALANCES	<u>(41 834)</u>	<u>2 356</u>	<u>(86 616)</u>
Fund balance, beginning	6 018 036	1 419 703	825 582
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING AFTER ADJUSTMENT	<u>6 018 036</u>	<u>1 419 703</u>	<u>825 582</u>
FUND BALANCE, ENDING	\$ <u>5 976 202</u>	\$ <u>1 422 059</u>	\$ <u>738 966</u>

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

## EXHIBIT A-5

ROAD & BRIDGE 3	ROAD & BRIDGE 4	GLO GRANT (FORMERLY NON MAJOR)	AMERICAN RECOVERY FUNDS (FORMERLY MAJOR)	NON MAJOR GOVERNMENTAL	TOTAL
\$ 120 988	\$ 130 667	\$ -	\$ -	\$ -	\$ 3 874 497
-	-	-	-	52 317	648 735
108 532	117 215	-	-	78 686	867 163
45 211	43 928	-	-	57 702	569 217
16 086	17 372	9 052 323	-	-	10 665 116
18 886	103 033	-	-	-	297 251
<u>309 703</u>	<u>412 215</u>	<u>9 052 323</u>	<u>-</u>	<u>188 705</u>	<u>16 921 979</u>
-	-	-	-	101 606	1 161 375
-	-	-	-	1 009	774 594
-	-	-	-	-	200 653
-	-	-	-	-	2 530 775
442 727	456 066	9 169 132	-	429 181	11 495 031
-	-	-	-	-	812 588
-	-	-	-	-	22 700
-	-	-	-	-	471 798
<u>442 727</u>	<u>456 066</u>	<u>9 169 132</u>	<u>-</u>	<u>531 796</u>	<u>17 469 514</u>
<u>(133 024)</u>	<u>(43 851)</u>	<u>(116 809)</u>	<u>-</u>	<u>(343 091)</u>	<u>(547 535)</u>
-	-	(60 000)	-	(206 809)	(738 605)
117 949	127 385	176 809	-	60 000	738 605
117 949	127 385	116 809	-	(146 809)	-
<u>(15 075)</u>	<u>83 534</u>	<u>-</u>	<u>-</u>	<u>(489 900)</u>	<u>(547 535)</u>
1 143 274	943 377	-	926 085	496 238	11 772 295
-	-	42 454	(926 085)	883 631	-
<u>1 143 274</u>	<u>943 377</u>	<u>42 454</u>	<u>-</u>	<u>1 379 869</u>	<u>11 772 295</u>
\$ <u>1 128 199</u>	\$ <u>1 026 911</u>	\$ <u>42 454</u>	\$ <u>-</u>	\$ <u>889 969</u>	\$ <u>11 224 760</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, 2024

EXHIBIT A-6

Net change in fund balances - Total governmental funds.	\$ (547 535)
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	9 527 827
The depreciation of capital assets used in governmental activities is not reported in the funds.	(454 414)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	384 415
Proceeds from debt and debt principal repayment are not recognized in the SOA, but are in the funds.	134 675
Pension contributions made after the measurement date, but in current FY were de-expended and reduced NP.	259 166
Pension expense relating to GASB 68 is recorded in the SOA, but not in the funds.	<u>41 785</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$ <u><u>9 345 919</u></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, 2024

EXHIBIT A-7

	<u>CUSTODIAL FUNDS</u>
ASSETS	
Restricted Assets:	
Cash and cash equivalents	\$ <u>2 749 482</u>
TOTAL ASSETS	<u>2 749 482</u>
LIABILITIES	
Due to the County	<u>371 925</u>
TOTAL LIABILITIES	<u>371 925</u>
NET POSITION	\$ <u><u>2 377 557</u></u>

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, 2024

EXHIBIT A-8

	CUSTODIAL FUNDS
	<u>                    </u>
Additions:	
Fees	\$ 16 869 906
Interest	68 883
TOTAL INFLOWS	<u>16 938 789</u>
Deductions:	
Distribution to others	<u>15 396 742</u>
TOTAL OUTFLOWS	<u>15 396 742</u>
CHANGE IN NET POSITION	1 542 047
Beginning net position	<u>835 510</u>
ENDING NET POSITION	\$ <u>2 377 557</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, 2024

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.

GLO Grant Fund: This is a special revenue fund that accounts for all grant revenues and expenditures of the GLO grants.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended December 31, 2024

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 \$276,218 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, 2024

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, 2024

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 2025.

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
County Judge	\$ (431)

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 \$14,160,539 and the bank balance was \$18,011,322. 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, 2024

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	\$ 975 787
Certificates of deposit - Road & Bridge 2	< 1 year	340 298
Certificates of deposit - Road & Bridge 3	< 1 year	449 571
Certificates of deposit - Road & Bridge 4	< 1 year	424 222
LOGIC Investment Pool	N/A	507 529
Texas Class Investment Pool		976 300
TOTAL INVESTMENTS		\$ 3 673 707

**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, 2024

IV. CAPITAL ASSETS

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

	BALANCE 12/31/2023	ADDITIONS	DELETIONS	BALANCE 12/31/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 120 714	\$ -	\$ -	\$ 120 714
Construction in progress	1 529 146	9 169 131	-	10 698 277
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1 649 860	9 169 131	-	10 818 991
Capital Assets Being Depreciated:				
Buildings and improvement	1 499 727	-	-	1 499 727
Equipment	4 324 939	226 061	(19 500)	4 531 500
Vehicles	1 309 288	132 635	(116 250)	1 325 673
Infrastructure	5 356 564	-	-	5 356 564
Right of use asset - SBITA	177 833	-	-	177 833
TOTAL CAPITAL ASSETS BEING DEPRECIATED	12 668 351	358 696	(135 750)	12 891 297
Less Accumulated Depreciation For:				
Buildings and improvement	(1 164 491)	(38 485)	-	(1 202 976)
Equipment	(3 559 553)	(174 062)	19 500	(3 714 115)
Vehicles	(1 042 311)	(88 200)	116 250	(1 014 261)
Infrastructure	(4 677 797)	(94 389)	-	(4 772 186)
Right of use asset - SBITA	(53 488)	(59 278)	-	(112 766)
TOTAL ACCUMULATED DEPRECIATION	(10 497 639)	(454 414)	135 750	(10 816 303)
TOTAL NET CAPITAL ASSETS BEING DEPRECIATED	2 170 712	(95 718)	-	2 074 994
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	\$ 3 820 572	\$ 9 073 413	\$ -	\$ 12 893 985

Depreciation was charged to functions as follows:

General government	\$ 31 048
Judicial	20 708
Legal	5 364
Public safety	67 657
Highways and streets	307 306
Financial administration	21 724
Conservation	607
TOTAL EXPENDITURES	\$ 454 414

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	\$ 371 925	Pending transfer of fees
		\$ 371 925	

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
County Clerk Archive Fund	General Fund	\$ 30 000	Reimburse expenses
American Recovery Fund	GLO Grant	176 809	Reimburse expenses
GLO Grant	American Recovery Fund	60 000	Reimburse expenses
General Fund	Road & Bridge #1	108 513	To disburse federal forest revenue
General Fund	Road & Bridge #2	117 949	To disburse federal forest revenue
General Fund	Road & Bridge #3	117 949	To disburse federal forest revenue
General Fund	Road & Bridge #4	127 385	To disburse federal forest revenue
		\$ 738 605	

VI. LONG-TERM DEBT

	ORIGINAL AMOUNT	INTEREST RATE	MATURITY DATE	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	CURRENT PORTION
2019 Motor Grader (Pct. 4) (Refinanced)	\$ 99 647	5.16	04/18/2026	\$ 99 646	\$ -	\$ (31 559)	\$ 68 087	\$ 33 187
2019 Mack Dump Truck (Pct. 2)	131 814	3.99	05/28/2024	77 719	-	(77 719)	-	-
2019 Mack Dump Truck (Pct. 2) (Refinanced)	62 909	5.85	05/17/2028	-	62 909	-	62 909	14 412
FNB - 2022 Mack Dump Truck (Pct. 3)	149 132	3.00	11/15/2024	105 779	-	(15 327)	90 452	90 452
Postage Meter	13 877	1.40	11/15/2026	8 213	-	(2 778)	5 435	2 817
Brookshire Brothers Building Lease	27 795	3.66	05/01/2026	18 195	-	(8 934)	9 261	9 261
NET Data - Financial Software	162 533	3.84	02/01/2025	106 648	-	(52 320)	54 328	54 328
Verity - HART Interactive	15 300	3.74	04/01/2025	10 044	-	(4 930)	5 114	5 114
				\$ 426 244	\$ 62 909	\$ (193 567)	\$ 295 586	\$ 209 571

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended December 31, 2024

VI. LONG-TERM DEBT - CONTINUED

	GOVERNMENTAL DEBT		CAPITAL LEASES		RIGHT OF USE ASSETS - SBITA		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2025	\$ 138 051	\$ 8 562	\$ 12 078	\$ 397	\$ 59 442	\$ 2 277	\$ 209 571	\$ 11 236
2026	50 156	4 638	2 618	18	-	-	52 774	4 656
2027	16 148	1 945	-	-	-	-	16 148	1 945
2028	17 093	1 000	-	-	-	-	17 093	1 000
	<u>\$ 221 448</u>	<u>\$ 16 145</u>	<u>\$ 14 696</u>	<u>\$ 415</u>	<u>\$ 59 442</u>	<u>\$ 2 277</u>	<u>\$ 295 586</u>	<u>\$ 18 837</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.

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	Entry Age Normal <sup>(1)</sup>
<b>Asset Valuation Method</b>	5 year smoothed market
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	Varies by age and service, 4.7% average over career including inflation
<b>Investment Rate of Return</b>	7.50%
<b>Cost-of-Living Adjustments</b>	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.
<b>Retirement Age</b>	See Table 3
<b>Turnover</b>	See Table 4
<b>Mortality</b>	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, 2023 actuarial valuation analysis for Sabine County. This information may also be found in the Sabine County December 31, 2023 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, 2024

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\***

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

\* These rates do not include the wage inflation rate of 3.00% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.25% merit increase and the 3.00% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

**Demographic Assumptions**

TCDRS System-Wide Demographic Assumptions:

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

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

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended December 31, 2024

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, 2024

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 2024 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, 2024

VIII. PENSION PLAN - CONTINUED

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(1) Target asset allocation adopted at the March 2024 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 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, 2024

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	\$ 13 123 739	\$ 11 695 101	\$ 10 483 946
Fiduciary net position	\$ 12 242 963	\$ 12 242 963	\$ 12 242 963
Net pension liability/(asset)	\$ 880 776	\$ (547 862)	\$ (1 759 017)

**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, 2023	\$ 10 977 596	\$ 11 112 907	\$ (135 311)
Changes for the Year:			
Service cost	367 008	-	367 008
Interest on total pension liability <sup>(1)</sup>	842 307	-	842 307
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	41 164	-	41 164
Refund of contributions	(21 113)	(21 113)	-
Benefit payments	(511 861)	(511 861)	-
Administrative expenses	-	(6 393)	6 393
Member contributions	-	212 366	(212 366)
Net investment income	-	1 220 486	(1 220 486)
Employer contributions	-	236 333	(236 333)
Other <sup>(3)</sup>	-	238	(238)
Balances as of December 31, 2024	\$ 11 695 101	\$ 12 242 963	\$ (547 862)

(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, 2023 to December 31, 2023
Service cost	\$ 367 008
Interest on total pension liability <sup>(1)</sup>	842 308
Effect of plan changes	-
Administrative expenses	6 393
Member contributions	(212 366)
Expected investment return, net	(841 207)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	(110 010)
Recognition of assumption changes or inputs	117 356
Recognition of investment gains or losses	(211 251)
Other <sup>(2)</sup>	(239)
PENSION EXPENSE/(INCOME)	\$ (42 008)

(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, 2024, 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	\$ 26 629	\$ 30 873
Change of assumptions	-	-
Difference between projected and actual earnings	-	46 707
Contributions made subsequent to measurement date	-	259 166
	\$ 26 629	\$ 336 746

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended December 31, 2024

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>	
2024	\$ (83 028)
2025	\$ (42 915)
2026	\$ 252 751
2027	\$ (75 855)
2028	\$ -
Thereafter	\$ -

**Membership Information**

<u>Membership Class</u>	
Inactive employees entitled to but not yet receiving benefits	58
Active employees	73
Currently receiving benefits	43

IX. HEALTH CARE COVERAGE

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

X. COMMITMENTS AND CONTINGENCIES

**Contingencies**

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

**Litigation**

As of December 31, 2024, 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 May 30, 2025, the date when the financial statements were available to be issued.

XII. ADJUSTMENT IN MAJOR FUNDS

The GLO Grant fund was adjusted to a major fund and the American Recovery fund was adjusted to a non major fund.



#### 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, 2024

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Property taxes	\$ 3 904 778	\$ 3 904 778	\$ 3 390 545	\$ (514 233)
Sales taxes	550 000	550 000	587 178	37 178
Other taxes	5 500	5 500	9 240	3 740
TOTAL TAXES	<u>4 460 278</u>	<u>4 460 278</u>	<u>3 986 963</u>	<u>(473 315)</u>
Intergovernmental:				
Tax collection fees	121 050	121 050	102 474	(18 576)
Federal forest program	-	943 594	943 593	(1)
Salary supplements	69 200	530 793	431 517	(99 276)
Other grants	33 800	65 779	70 867	5 088
TOTAL INTERGOVERNMENTAL	<u>224 050</u>	<u>1 661 216</u>	<u>1 548 451</u>	<u>(112 765)</u>
Fines and Fees:				
Fees of office	230 050	230 050	218 748	(11 302)
Other fines and fees	119 225	118 726	135 367	16 641
TOTAL FINES AND FEES	<u>349 275</u>	<u>348 76</u>	<u>354 115</u>	<u>5 339</u>
Interest	<u>115 000</u>	<u>127 655</u>	<u>311 322</u>	<u>183 667</u>
Other Income:				
Miscellaneous	68 000	69 000	70 979	1 979
TOTAL OTHER INCOME	<u>68 000</u>	<u>69 000</u>	<u>70 979</u>	<u>1 979</u>
TOTAL REVENUES	<u>5 216 603</u>	<u>6 666 925</u>	<u>6 271 830</u>	<u>(395 095)</u>
Expenditures:				
General Administration Expenditures:				
County Judge:				
Salary	119 319	119 449	119 620	(171)
Benefits	39 659	39 315	39 662	(347)
Office, postage and copier	2 000	1 535	1 523	12
Insurance	725	725	651	74
Continuing education	1 500	2 010	2 010	-
Capital outlays	1 000	1 169	1 168	1
TOTAL COUNTY JUDGE	<u>164 203</u>	<u>164 203</u>	<u>164 634</u>	<u>(431)</u>
County Clerk:				
Salary	177 032	179 381	177 785	1 596
Benefits	69 982	66 351	58 876	7 475
Office, postage and copier	6 150	6 499	5 714	785
Maintenance	13 000	13 284	13 284	-
Insurance	700	1 349	1 349	-
Continuing education	4 000	4 000	3 316	684
Capital outlay	1 000	1 000	397	603
Election cost	117 007	117 007	115 805	1 202
Library cost	2 300	2 300	129	2 171
TOTAL COUNTY CLERK	<u>391 171</u>	<u>391 171</u>	<u>376 655</u>	<u>14 516</u>
Veteran Affairs:				
Salary	18 521	18 521	18 116	405
Benefits	2 920	2 920	2 855	65
Car allowance and travel	500	500	-	500
Office, postage and copier	500	500	-	500
Maintenance	500	500	495	5
Capital outlay	1 000	1 000	-	1 000
Continuing education	1 500	1 500	-	1 500
TOTAL VETERAN AFFAIRS	<u>25 441</u>	<u>25 441</u>	<u>21 466</u>	<u>3 975</u>
Courthouse:				
Salary	29 336	29 336	25 361	3 975
Benefits	15 195	15 195	11 643	3 552
Office, postage and copier	4 000	4 000	3 683	317
Utilities	45 000	45 351	45 351	-
Maintenance	50 000	49 649	34 352	15 297
TOTAL COURTHOUSE	<u>143 531</u>	<u>143 531</u>	<u>120 390</u>	<u>23 141</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, 2024

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Non Departmental:				
Benefits	23 000	18 000	18 747	(747)
Office, postage and copier	55 000	56 641	48 635	8 006
Maintenance	44 700	35 683	14 892	20 791
Insurance	45 000	52 047	52 046	1
Professional fees	47 150	45 824	32 015	13 809
Senior citizen assistance	15 000	15 000	15 000	-
Burke Center	9 602	9 602	9 602	-
Child safety instruction	1 800	1 800	1 800	-
Emergency and ambulance services	10 000	10 000	10 000	-
Autopsy fees	20 000	21 415	21 415	-
Library	10 000	10 000	10 000	-
Law library	23 200	23 200	6 586	16 614
Historical and cultural	150	150	150	-
Pineywoods SWCD #429	1 100	1 100	-	1 100
Miscellaneous	86 190	90 499	62 212	28 287
Continuing education	18 700	18 700	3 829	14 871
Record management fees	39 700	39 700	4 004	35 696
Capital outlays	339 932	299 216	65 691	233 525
TOTAL NON DEPARTMENTAL	790 224	748 577	376 624	371 953
TOTAL GENERAL GOVERNMENT	1 514 570	1 472 923	1 059 769	413 154
Judicial Expenditures:				
County Court At Law:				
Court appointed attorney	20 000	20 000	13 050	6 950
Jury and court costs	5 000	3 452	1 275	2 177
TOTAL COUNTY COURT AT LAW	25 000	23 452	14 325	9 127
District Court:				
Salary	96 063	96 063	78 910	17 153
Benefits	28 390	19 119	11 903	7 216
Car allowance and travel	3 500	3 500	2 402	1 098
Office, postage and copier	4 000	4 308	4 308	-
Court appointed attorneys	100 000	108 963	105 400	3 563
Jury and court costs	18 000	17 990	9 848	8 142
TOTAL DISTRICT COURT	249 953	249 943	212 771	37 172
District Attorney:				
Salary	80 917	90 917	92 049	(1 132)
Benefits	17 141	18 734	18 709	25
Office, postage and copier	4 925	4 925	2 484	2 441
Maintenance	3 960	3 960	3 960	-
Insurance	100	100	18	82
Continuing education	3 500	3 500	2 050	1 450
Capital outlay	2 000	2 000	2 000	-
TOTAL DISTRICT ATTORNEY	112 543	124 136	121 270	2 866
District Clerk:				
Salary	118 229	118 229	115 764	2 465
Benefits	39 575	39 575	38 993	582
Office, postage and copier	4 700	4 700	4 066	634
Maintenance	5 400	5 400	5 400	-
Insurance	300	300	88	212
Continuing education	3 000	3 346	3 345	1
Capital outlay	2 000	1 654	-	1 654
TOTAL DISTRICT CLERK	173 204	173 204	167 656	5 548

SABINE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2024

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Justice of the Peace #1:				
Salary	93 357	93 357	93 221	136
Benefits	25 088	25 089	25 081	8
Car, allowance and travel	300	300	-	300
Office, postage and copier	2 000	2 030	1 845	185
Maintenance	6 200	6 200	6 178	22
Insurance	200	200	4	196
Continuing education	3 000	2 969	1 481	1 488
Jury costs	100	100	-	100
TOTAL JUSTICE OF THE PEACE #1	130 245	130 245	127 810	2 435
Justice of the Peace #2:				
Salary	93 585	93 585	93 913	(328)
Benefits	25 127	25 127	25 120	7
Car, allowance and travel	300	300	398	(98)
Office, postage and copier	2 100	2 100	1 251	849
Maintenance	6 200	6 200	6 178	22
Insurance	200	200	43	157
Continuing education	3 000	3 000	904	2 096
Jury and court costs	100	100	400	(300)
TOTAL JUSTICE OF THE PEACE #2	130 612	130 612	128 207	2 405
Courthouse Security:				
Salary	-	1 337	1 337	-
Benefits	-	211	209	2
Capital outlay	-	43 655	-	43 655
TOTAL COURTHOUSE SECURITY	-	45 203	1 546	43 657
TOTAL JUDICIAL EXPENDITURES	821 557	876 795	773 585	103 210
Legal:				
County Attorney:				
Salary	140 177	148 177	147 453	724
Benefits	42 876	44 138	44 126	12
Office, postage and copier	3 200	3 200	2 773	427
Maintenance	4 500	4 500	4 460	40
Insurance	200	200	181	19
Continuing education	1 500	935	595	340
Library	2 000	2 000	-	2 000
Capital outlay	500	1 065	1 065	-
TOTAL COUNTY ATTORNEY	194 953	204 215	200 653	3 562
TOTAL LEGAL	194 953	204 215	200 653	3 562
Public Safety:				
Constable Precinct #1:				
Salary	26 206	26 206	26 206	-
Benefits	14 610	14 610	14 600	10
Office, postage and copier	1 220	1 220	709	511
Fuel, oil and tires	7 000	7 000	647	6 353
Maintenance	1 550	1 550	1 525	25
Insurance	950	950	178	772
Capital outlay	2 000	2 000	1 094	906
TOTAL CONSTABLE PRECINCT #1	53 536	53 536	44 959	8 577
Constable Precinct #2:				
Salary	27 138	27 138	27 138	-
Benefits	14 752	14 752	14 743	9
Office, postage and copier	1 220	1 220	764	456
Fuel, oil and tires	7 000	7 000	2 395	4 605
Maintenance	1 550	1 550	1 525	25
Insurance	950	950	178	772
Continuing education	-	70	70	-
Capital outlay	2 000	1 930	1 773	157
TOTAL CONSTABLE PRECINCT #2	54 610	54 610	48 586	6 024

SABINE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2024

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Sheriff:				
Salary	1 004 998	1 075 804	1 080 170	(4 366)
Benefits	362 045	331 761	330 096	1 665
Car, phone allowance and travel	16 672	13 000	12 256	744
Office, postage and copier	31 540	35 392	33 312	2 080
Utilities	40 000	44 170	44 170	-
Fuel, oil and tires	75 000	62 500	62 482	18
Maintenance	41 000	57 139	57 120	19
Insurance	34 900	38 671	37 258	1 413
Continuing education	3 500	5 102	5 101	1
Equipment leasing	27 000	23 100	23 085	15
Prisoner housing costs	289 000	403 255	403 253	2
Capital outlay	15 000	167 527	167 458	69
TOTAL SHERIFF	1 940 655	2 257 421	2 255 761	1 660
Probation:				
Office, postage and copier	600	610	609	1
Probation fees	19 540	19 540	19 540	-
TOTAL PROBATION	20 140	20 150	20 149	1
Emergency Management Coordinator:				
Salary	52 510	52 880	52 928	(48)
Benefits	19 636	19 694	19 688	6
Car, allowance and travel	6 000	6 000	5 631	369
Office, postage and copier	1 470	1 571	1 407	164
Continuing education	3 000	2 471	223	2 248
Capital outlay	13 000	13 000	11 822	1 178
TOTAL EMERGENCY MANAGEMENT COORDINATOR	95 616	95 616	91 699	3 917
9-1-1:				
Salary	42 384	42 384	42 508	(124)
Benefits	7 106	7 138	7 137	1
Car, allowance and travel	1 000	1 000	-	1 000
Office, postage and copier	1 720	1 720	617	1 103
Continuing education	1 500	1 500	-	1 500
Other charges	2 000	2 000	404	1 596
Capital outlay	1 000	968	82	886
TOTAL 9-1-1	56 710	56 710	50 748	5 962
DARE Program:				
Office, postage and copier	7 600	7 600	2 223	5 377
TOTAL DARE PROGRAM	7 600	7 600	2 223	5 377
Specialized Drug Investigator Grant:				
Salary	-	12 041	12 041	-
Benefits	-	4 608	4 609	(1)
TOTAL SPECIALIZED DRUG INVESTIGATOR GRANT	-	16 649	16 650	(1)
TOTAL PUBLIC SAFETY	2 228 867	2 562 292	2 530 775	31 517
Financial Administration:				
County Auditor:				
Salary	54 924	54 924	54 924	-
Benefits	19 228	19 228	19 221	7
Office, postage and copier	2 000	2 000	1 598	402
Insurance	100	100	50	50
Continuing education	2 500	2 500	1 873	627
Capital outlay	500	500	-	500
TOTAL COUNTY AUDITOR	79 252	79 252	77 666	1 586
County Treasurer:				
Salary	136 405	136 624	136 513	111
Benefits	53 000	53 017	50 906	2 111
Office, postage and copier	5 500	5 500	5 054	446
Insurance	750	750	315	435
Maintenance	3 000	2 103	633	1 470
Continuing education	3 800	4 342	4 341	1
Capital outlay	3 750	3 869	3 785	84
TOTAL COUNTY TREASURER	206 205	206 205	201 547	4 658

SABINE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2024

EXHIBIT B-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Tax Assessor/Collector:				
Salary	257 804	254 253	242 283	11 970
Benefits	103 846	103 846	97 331	6 515
Office, postage and copier	8 000	9 935	9 332	603
Insurance	2 000	2 000	1 842	158
Continuing education	7 000	5 065	5 013	52
Appraisal district payments	136 555	136 555	133 734	2 821
Equipment leasing	42 000	45 551	41 517	4 034
Other charges	3 640	3 640	2 323	1 317
TOTAL TAX ASSESSOR/COLLECTOR	560 845	560 845	533 375	27 470
TOTAL FINANCIAL ADMINISTRATION	846 302	846 302	812 588	33 714
Conservation:				
County Agent:				
Salary	12 000	12 000	12 000	-
Benefits	1 363	1 363	1 361	2
Car, allowance and travel	7 500	7 780	7 780	-
Office, postage and copier	2 100	1 820	1 559	261
TOTAL COUNTY AGENT	22 963	22 963	22 700	263
TOTAL CONSERVATION	22 963	22 963	22 700	263
Pass-through to Other Entities:				
Federal forest payments to schools	-	943 594	943 594	-
TOTAL PASS-THROUGH TO OTHER ENTITIES	-	943 594	943 594	-
TOTAL EXPENDITURES	5 629 212	6 929 084	6 343 664	585 370
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(412 609)	(262 159)	(71 834)	190 325
Other Financing Sources (Uses):				
Transfer in	30 000	30 000	30 000	-
TOTAL OTHER FINANCING SOURCES (USES)	30 000	30 000	30 000	-
NET CHANGE IN FUND BALANCES	(382 609)	(232 159)	(41 834)	190 325
Fund balance, beginning	6 018 036	6 018 036	6 018 036	-
FUND BALANCE, ENDING	\$ 5 635 427	\$ 5 785 877	\$ 5 976 202	\$ 190 325

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, 2024

EXHIBIT B-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 000	\$ 4 000	\$ 3 558	\$ (442)
Federal forest funds	50 000	50 000	108 513	58 513
Property taxes	111 309	111 309	111 309	-
Payments in lieu of taxes	9 500	9 500	11 240	1 740
TOTAL INTERGOVERNMENTAL	<u>174 809</u>	<u>174 809</u>	<u>234 620</u>	<u>59 811</u>
Fines and Fees:				
License and permits	<u>105 000</u>	<u>105 000</u>	<u>99 849</u>	<u>(5 151)</u>
TOTAL FINES AND FEES	<u>105 000</u>	<u>105 000</u>	<u>99 849</u>	<u>(5 151)</u>
Interest	<u>23 000</u>	<u>23 000</u>	<u>71 376</u>	<u>48 376</u>
Other Income:				
Material reimbursement	100	100	26 549	26 449
Miscellaneous	<u>7 000</u>	<u>7 000</u>	<u>8 425</u>	<u>1 425</u>
TOTAL OTHER INCOME	<u>7 100</u>	<u>7 100</u>	<u>34 974</u>	<u>27 874</u>
TOTAL REVENUES	<u>309 909</u>	<u>309 909</u>	<u>440 819</u>	<u>130 910</u>
Expenditures:				
Road and Bridge:				
Salary	200 468	190 700	187 778	2 922
Benefits	79 062	79 374	76 567	2 807
Car, allowance and travel	9 000	9 000	9 000	-
Road material	91 100	108 092	85 044	23 048
Office, postage and copier	4 900	4 947	3 890	1 057
Utilities	4 000	4 000	2 940	1 060
Fuel, oil and tires	46 500	37 500	30 616	6 884
Maintenance	22 500	23 324	11 661	11 663
Insurance	8 400	8 993	8 090	903
Continuing education	2 000	2 000	1 418	582
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	59 479	59 479	21 459	38 020
TOTAL EXPENDITURES	<u>534 909</u>	<u>534 909</u>	<u>438 463</u>	<u>96 446</u>
NET CHANGE IN FUND BALANCES	(225 000)	(225 000)	2 356	227 356
Fund balances, beginning	<u>1 419 703</u>	<u>1 419 703</u>	<u>1 419 703</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1 194 703</u>	<u>\$ 1 194 703</u>	<u>\$ 1 422 059</u>	<u>\$ 227 356</u>

See independent auditors' report.

SABINE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #2  
For the Year Ended December 31, 2024

EXHIBIT B-3

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 3 868	\$ (732)
Federal forest funds	50 000	50 000	117 949	67 949
Property taxes	120 988	120 988	120 988	-
Payments in lieu of taxes	10 000	10 000	12 218	2 218
TOTAL INTERGOVERNMENTAL	<u>185 588</u>	<u>185 588</u>	<u>255 023</u>	<u>69 435</u>
Fines and Fees:				
License and permits	114 000	114 000	108 766	(5 234)
TOTAL FINES AND FEES	<u>114 000</u>	<u>114 000</u>	<u>108 766</u>	<u>(5 234)</u>
Interest	16 000	16 000	39 678	23 678
Other Income:				
Material reimbursement	100	100	38 137	38 037
Miscellaneous	7 000	7 000	31 242	24 242
TOTAL OTHER INCOME	<u>7 100</u>	<u>7 100</u>	<u>69 379</u>	<u>62 279</u>
TOTAL REVENUES	<u>322 688</u>	<u>322 688</u>	<u>472 846</u>	<u>150 158</u>
Expenditures:				
Road and Bridge:				
Salary	199 308	199 308	183 987	15 321
Benefits	79 040	79 040	76 894	2 146
Car, allowance and travel	9 000	9 000	9 000	-
Road material	126 600	126 600	97 288	29 312
Office, postage and copier	5 700	5 971	2 829	3 142
Utilities	1 780	1 780	1 241	539
Fuel, oil and tires	59 500	59 028	53 252	5 776
Maintenance	28 000	28 000	17 999	10 001
Insurance	6 300	6 501	5 520	981
Continuing education	1 500	1 500	1 418	82
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	38 460	113 460	110 034	3 426
TOTAL EXPENDITURES	<u>562 688</u>	<u>637 688</u>	<u>559 462</u>	<u>78 226</u>
NET CHANGE IN FUND BALANCES	(240 000)	(315 000)	(86 616)	228 384
Fund balances, beginning	<u>825 582</u>	<u>825 582</u>	<u>825 582</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>585 582</u>	\$ <u>510 582</u>	\$ <u>738 966</u>	\$ <u>228 384</u>

See independent auditors' report.



SABINE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #3  
For the Year Ended December 31, 2024

EXHIBIT B-4

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 600	\$ 4 600	\$ 3 868	\$ (732)
Federal forest funds	50 000	50 000	117 949	67 949
Property taxes	120 988	120 988	120 988	-
Payments in lieu of taxes	10 000	10 000	12 218	2 218
TOTAL INTERGOVERNMENTAL	<u>185 588</u>	<u>185 588</u>	<u>255 023</u>	<u>69 435</u>
Fines and Fees:				
License and permits	<u>114 000</u>	<u>114 000</u>	<u>108 532</u>	<u>(5 468)</u>
TOTAL FINES AND FEES	<u>114 000</u>	<u>114 000</u>	<u>108 532</u>	<u>(5 468)</u>
Interest	<u>19 000</u>	<u>19 000</u>	<u>45 211</u>	<u>26 211</u>
Other Income:				
Material reimbursement	50	50	1 591	1 541
Miscellaneous	<u>7 000</u>	<u>7 000</u>	<u>17 295</u>	<u>10 295</u>
TOTAL OTHER INCOME	<u>7 050</u>	<u>7 050</u>	<u>18 886</u>	<u>11 836</u>
TOTAL REVENUES	<u>325 638</u>	<u>325 638</u>	<u>427 652</u>	<u>102 014</u>
Expenditures:				
Road and Bridge:				
Salary	213 630	213 630	182 620	31 010
Benefits	81 293	81 325	64 780	16 545
Car, allowance and travel	9 000	9 000	9 000	-
Road material	104 500	124 500	55 199	69 301
Office, postage and copier	4 200	4 353	2 467	1 886
Utilities	2 000	2 000	1 808	192
Fuel, oil and tires	50 000	50 000	39 794	10 206
Maintenance	27 700	30 664	22 407	8 257
Insurance	7 600	7 934	6 731	1 203
Continuing education	4 000	4 000	3 834	166
Equipment leasing	7 500	7 500	-	7 500
Capital outlay	<u>139 215</u>	<u>115 732</u>	<u>54 087</u>	<u>61 645</u>
TOTAL EXPENDITURES	<u>650 638</u>	<u>650 638</u>	<u>442 727</u>	<u>207 911</u>
NET CHANGE IN FUND BALANCES	<u>(325 000)</u>	<u>(325 000)</u>	<u>(15 075)</u>	<u>309 925</u>
Fund balances, beginning	<u>1 143 274</u>	<u>1 143 274</u>	<u>1 143 274</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 818 274</u>	<u>\$ 818 274</u>	<u>\$ 1 128 199</u>	<u>\$ 309 925</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, 2024

EXHIBIT B-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental:				
Lateral road fees	\$ 4 800	\$ 4 800	\$ 4 177	\$ (623)
Federal forest funds	50 000	50 000	127 385	77 385
Property taxes	130 667	130 667	130 667	-
Payments in lieu of taxes	12 000	12 000	13 195	1 195
TOTAL INTERGOVERNMENTAL	<u>197 467</u>	<u>197 467</u>	<u>275 424</u>	<u>77 957</u>
Fines and Fees:				
License and permits	<u>122 000</u>	<u>122 000</u>	<u>117 215</u>	<u>(4 785)</u>
TOTAL FINES AND FEES	<u>122 000</u>	<u>122 000</u>	<u>117 215</u>	<u>(4 785)</u>
Interest	<u>18 500</u>	<u>18 500</u>	<u>43 928</u>	<u>25 428</u>
Other Income:				
Material reimbursement	100	100	75 276	75 176
Miscellaneous	<u>7 000</u>	<u>7 000</u>	<u>27 757</u>	<u>20 757</u>
TOTAL OTHER INCOME	<u>7 100</u>	<u>7 100</u>	<u>103 033</u>	<u>95 933</u>
TOTAL REVENUES	<u>345 067</u>	<u>345 067</u>	<u>539 600</u>	<u>194 533</u>
Expenditures:				
Road and Bridge:				
Salary	197 526	197 526	184 083	13 443
Benefits	78 851	78 851	64 950	13 901
Car, allowance and travel	9 000	9 000	9 000	-
Road material	114 100	114 100	56 447	57 653
Office, postage and copier	5 000	9 892	8 209	1 683
Utilities	1 800	2 273	2 273	-
Fuel, oil and tires	52 000	54 692	44 253	10 439
Maintenance	18 200	39 232	30 510	8 722
Insurance	7 200	7 400	5 767	1 633
Continuing education	1 500	1 500	1 418	82
Capital outlay	84 890	55 601	49 156	6 445
TOTAL EXPENDITURES	<u>570 067</u>	<u>570 067</u>	<u>456 066</u>	<u>114 001</u>
NET CHANGE IN FUND BALANCES	(225 000)	(225 000)	83 534	308 534
Fund balances, beginning	<u>943 377</u>	<u>943 377</u>	<u>943 377</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 718 377</u>	<u>\$ 718 377</u>	<u>\$ 1 026 911</u>	<u>\$ 308 534</u>

See independent auditors' report.

SABINE COUNTY, TEXAS  
NOTES TO BUDGETARY SCHEDULES  
For the Year Ended December 31, 2024

**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, 2024.

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

EXHIBIT B-6

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 367 008	\$ 335 432	\$ 361 187	\$ 321 173	\$ 285 831	\$ 283 980	\$ 272 744	\$ 280 221	\$ 244 579	\$ 239 179
Interest (on the total pension liability)	842 307	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	41 164	(53 256)	(377 649)	75 587	55 179	27 770	25 160	(46 710)	84 442	-
Benefit payments/refunds of contributions	(532 974)	(553 480)	(466 741)	(388 342)	(453 073)	(368 184)	(397 244)	(339 100)	(309 345)	(245 616)
NET CHANGE IN TOTAL PENSION LIABILITY	717 505	636 949	245 154	1 268 661	562 507	574 799	548 907	435 211	441 560	513 136
Total pension liability - Beginning	10 977 596	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	11 695 101	10 977 596	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	236 333	237 978	177 759	182 409	148 415	138 491	127 547	125 756	119 460	109 848
Contributions - Member	212 366	196 908	193 217	198 271	177 590	177 399	161 451	153 362	149 860	138 797
Investment income net of investment expenses	1 220 486	(689 489)	2 158 657	926 211	1 284 113	(150 147)	1 035 711	489 008	(20 944)	436 792
Benefit payments/refunds of contributions	(532 974)	(553 482)	(466 739)	(388 342)	(453 073)	(368 184)	(397 244)	(312 286)	(309 344)	(245 617)
Administrative expenses	(6 393)	(6 512)	(6 457)	(7 228)	(6 832)	(6 280)	(5 340)	(5 385)	(4 839)	(5 038)
Other	238	(6 726)	8	667	(3 101)	(752)	(1 501)	(43 831)	10 013	(3 831)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 130 056	(821 323)	2 056 445	911 988	1 147 112	(209 473)	920 624	406 624	(55 794)	430 951
Plan fiduciary net position - Beginning	11 112 907	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	12 242 963	11 112 907	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	\$ (547 862)	\$ (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	104.68%	101.23%	115.41%	97.84%	101.57%	94.61%	104.40%	99.54%	99.93%	(7.87)%
Covered employee payroll	\$ 3 033 797	\$ 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	(18.06)%	(4.81)%	(57.73)%	7.69%	(5.48)%	18.60%	(14.68)%	1.51%	0.21%	(24.86)%

See Note VIII for additional information.

See independent auditors' report.

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

EXHIBIT B-7

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 119 460	\$ 119 460	\$ -	\$ 2 140 860	5.6%
2016	\$ 125 756	\$ 125 756	\$ -	\$ 2 190 879	5.7%
2017	\$ 127 547	\$ 127 547	\$ -	\$ 2 306 448	5.5%
2018	\$ 138 491	\$ 138 491	\$ -	\$ 2 396 038	5.8%
2019	\$ 148 415	\$ 148 415	\$ -	\$ 2 537 007	5.9%
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%
2023	\$ 236 333	\$ 236 333	\$ -	\$ 3 033 797	7.8%

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, 2024

	APPELLATE JUDICIAL SYSTEM FUND	CONVENTION CENTER BUILDING	RECORD RETENTION FUND	HOTEL/ MOTEL TAX FUND
<b>ASSETS</b>				
Cash and investments	\$ 25	\$ 87 557	\$ 116 759	\$ 155 921
Due from Fiduciary funds	95	-	1 864	7 459
<b>TOTAL ASSETS</b>	<b>\$ 120</b>	<b>\$ 87 557</b>	<b>\$ 118 623</b>	<b>\$ 163 380</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 95	\$ -	\$ -	\$ 38
<b>TOTAL LIABILITIES</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>38</b>
<b>Fund Balances:</b>				
Restricted Fund Balance:				
Road and bridge maintenance	-	-	-	-
Hotel/motel tax	-	-	-	163 342
Construction	-	87 557	-	-
Record retention	-	-	118 623	-
Unassigned	25	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>25</b>	<b>87 557</b>	<b>118 623</b>	<b>163 342</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 120</b>	<b>\$ 87 557</b>	<b>\$ 118 623</b>	<b>\$ 163 380</b>

See independent auditors' report.

DISTRICT CLERK SPECIAL FUND	COUNTY CLERK ARCHIVE FUND	ROAD & BRIDGE SPECIAL FUND	AMERICAN RECOVERY FUND (FORMERLY MAJOR)	GLO GRANT (FORMERLY NON-MAJOR)	TOTAL SPECIAL REVENUE FUNDS
\$ 22 031	\$ 51 299	\$ 6 855	\$ -	\$ 444 852	\$ 885 299
578	1 660	541	-	-	12 197
<u>\$ 22 609</u>	<u>\$ 52 959</u>	<u>\$ 7 396</u>	<u>\$ -</u>	<u>\$ 444 852</u>	<u>\$ 897 496</u>
\$ -	\$ -	\$ -	\$ -	\$ 7 394	\$ 7 527
-	-	-	-	7 394	7 527
-	-	7 396	-	-	7 396
-	-	-	-	-	163 342
-	-	-	-	-	87 557
22 609	52 959	-	-	-	194 191
-	-	-	-	437 458	437 483
<u>22 609</u>	<u>52 959</u>	<u>7 396</u>	<u>-</u>	<u>437 458</u>	<u>889 969</u>
<u>\$ 22 609</u>	<u>\$ 52 959</u>	<u>\$ 7 396</u>	<u>\$ -</u>	<u>\$ 444 852</u>	<u>\$ 897 496</u>



SABINE COUNTY, TEXAS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2024

	APPELLATE JUDICIAL SYSTEM FUND	CONVENTION CENTER BUILDING	RECORD RETENTION FUND	HOTEL/ MOTEL TAX FUND
Revenues:				
Fines and fees	\$ 1 009	\$ -	\$ 28 094	\$ -
Other taxes	-	-	-	52 317
Interest	4	3 946	6 469	7 007
TOTAL REVENUES	<u>1 013</u>	<u>3 946</u>	<u>34 563</u>	<u>59 324</u>
Expenditures:				
General government	-	-	50 943	45 113
Judicial	1 009	-	-	-
Highways and streets	-	-	-	-
TOTAL EXPENDITURES	<u>1 009</u>	<u>-</u>	<u>50 943</u>	<u>45 113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4</u>	<u>3 946</u>	<u>(16 380)</u>	<u>14 211</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>4</u>	<u>3 946</u>	<u>(16 380)</u>	<u>14 211</u>
Fund balances, beginning	21	83 611	135 003	149 131
Adjustment	-	-	-	-
FUND BALANCES, BEGINNING AFTER ADJUSTMENT	<u>21</u>	<u>83 611</u>	<u>135 003</u>	<u>149 131</u>
FUND BALANCES, ENDING	\$ <u>25</u>	\$ <u>87 557</u>	\$ <u>118 623</u>	\$ <u>163 342</u>

See independent auditors' report.

## EXHIBIT C-2

DISTRICT CLERK SPECIAL FUND	COUNTY CLERK ARCHIVE FUND	ROAD & BRIDGE SPECIAL FUND	AMERICAN RECOVERY FUND (FORMERLY MAJOR)	GLO GRANT (FORMERLY NON-MAJOR)	TOTAL SPECIAL REVENUE FUNDS
\$ 1 973	\$ 25 110	\$ 22 500	\$ -	\$ -	\$ 78 686
-	-	-	-	-	52 317
<u>1 141</u>	<u>2 843</u>	<u>-</u>	<u>-</u>	<u>36 292</u>	<u>57 702</u>
<u>3 114</u>	<u>27 953</u>	<u>22 500</u>	<u>-</u>	<u>36 292</u>	<u>188 705</u>
5 550	-	-	-	-	101 606
-	-	-	-	-	1 009
<u>-</u>	<u>-</u>	<u>21 071</u>	<u>-</u>	<u>408 110</u>	<u>429 181</u>
<u>5 550</u>	<u>-</u>	<u>21 071</u>	<u>-</u>	<u>408 110</u>	<u>531 796</u>
<u>(2 436)</u>	<u>27 953</u>	<u>1 429</u>	<u>-</u>	<u>(371 818)</u>	<u>(343 091)</u>
-	(30 000)	-	-	(176 809)	(206 809)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60 000</u>	<u>60 000</u>
<u>-</u>	<u>(30 000)</u>	<u>-</u>	<u>-</u>	<u>(116 809)</u>	<u>(146 809)</u>
<u>(2 436)</u>	<u>(2 047)</u>	<u>1 429</u>	<u>-</u>	<u>(488 627)</u>	<u>(489 900)</u>
25 045	55 006	5 967	42 454	-	496 238
<u>-</u>	<u>-</u>	<u>-</u>	<u>(42 454)</u>	<u>926 085</u>	<u>883 631</u>
<u>25 045</u>	<u>55 006</u>	<u>5 967</u>	<u>-</u>	<u>926 085</u>	<u>1 379 869</u>
<u>\$ 22 609</u>	<u>\$ 52 959</u>	<u>\$ 7 396</u>	<u>\$ -</u>	<u>\$ 437 458</u>	<u>\$ 889 969</u>

SABINE COUNTY, TEXAS  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
December 31, 2024

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	TAX ASSESSOR COLLECTOR
ASSETS				
Cash and cash equivalents	\$ <u>853 288</u>	\$ <u>52 852</u>	\$ <u>727 132</u>	\$ <u>43 143</u>
TOTAL ASSETS	<u>853 288</u>	<u>52 852</u>	<u>727 132</u>	<u>43 143</u>
LIABILITIES				
Due to the County	<u>356 333</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>356 333</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION	\$ <u><u>496 955</u></u>	\$ <u><u>52 852</u></u>	\$ <u><u>727 132</u></u>	\$ <u><u>43 143</u></u>

See independent auditors' report.

COUNTY ATTORNEY	TREASURER FEE ACCOUNT	OTHER	TOTAL
\$ <u>32 359</u>	\$ <u>1 037 243</u>	\$ <u>3 465</u>	\$ <u>2 749 482</u>
<u>32 359</u>	<u>1 037 243</u>	<u>3 465</u>	<u>2 749 482</u>
<u>-</u>	<u>15 592</u>	<u>-</u>	<u>371 925</u>
<u>-</u>	<u>15 592</u>	<u>-</u>	<u>371 925</u>
\$ <u><u>32 359</u></u>	\$ <u><u>1 021 651</u></u>	\$ <u><u>3 465</u></u>	\$ <u><u>2 377 557</u></u>

SABINE COUNTY, TEXAS  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 December 31, 2024

	TAX ASSESSOR COLLECTOR	COUNTY CLERK	DISTRICT CLERK	COUNTY SHERIFF
Inflows:				
Fees	\$ 15 293 633	\$ 18 376	\$ 105 994	\$ 41 654
Interest	<u>35 526</u>	<u>2 344</u>	<u>23 256</u>	<u>1 864</u>
TOTAL INFLOWS	<u>15 329 159</u>	<u>20 720</u>	<u>129 250</u>	<u>43 518</u>
Outflows:				
Distribution to others	<u>14 887 965</u>	<u>14 898</u>	<u>23 310</u>	<u>51 862</u>
TOTAL OUTFLOWS	<u>14 887 965</u>	<u>14 898</u>	<u>23 310</u>	<u>51 862</u>
CHANGE IN NET POSITION	441 194	5 822	105 940	(8 344)
Beginning net position	<u>55 761</u>	<u>47 030</u>	<u>621 192</u>	<u>51 487</u>
ENDING NET POSITION	<u>\$ 496 955</u>	<u>\$ 52 852</u>	<u>\$ 727 132</u>	<u>\$ 43 143</u>

See independent auditors' report.

COUNTY ATTORNEY	TREASURER FEE ACCOUNT	OTHER	TOTAL
\$ 2 395	\$ 1 407 854	\$ -	\$ 16 869 906
<u>1 423</u>	<u>4 470</u>	<u>-</u>	<u>68 883</u>
<u>3 818</u>	<u>1 412 324</u>	<u>-</u>	<u>16 938 789</u>
<u>1 332</u>	<u>413 113</u>	<u>4 262</u>	<u>15 396 742</u>
<u>1 332</u>	<u>413 113</u>	<u>4 262</u>	<u>15 396 742</u>
2 486	999 211	(4 262)	1 542 047
<u>29 873</u>	<u>22 440</u>	<u>7 727</u>	<u>835 510</u>
\$ <u>32 359</u>	\$ <u>1 021 651</u>	\$ <u>3 465</u>	\$ <u>2 377 557</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, 2024, and the related notes to the financial statements, which collectively comprise Sabine County, Texas' basic financial statements, and have issued our report thereon dated May 30, 2025.

**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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, see finding 2024-01.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
May 30, 2025



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, 2024. 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, 2024.

***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 County, Texas's compliance with the requirements of the major federal programs as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Axley & Rode LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
May 30, 2025

SABINE COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2024

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	\$ 74 798
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>74 798</u>
U. S. Department of Housing and Urban Development:			
Through Office of Governor:			
Community Development Block Grant	14.228	22-085-025-D266	8 505 046
Community Development Block Grant	14.228	22-130-035-E119	60 000
Community Development Block Grant	14.228	24-065-034-E489	<u>442 277</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>9 007 323</u>
U. S. Department of Justice:			
Edward Bryne Memorial Justice Assistance Grant	16.738	N/A	<u>16 648</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>16 648</u>
U. S. Department of Agriculture:			
Schools and Roads Grant	10.666	N/A	943 593
Through the Texas Department of Agriculture:			
CDBG - Rural Economic Development	14.228	CRP22-0117	<u>45 000</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>988 593</u>
U. S. Department of Treasury:			
Coronavirus State and Local Recovery Funds	21.027	N/A	<u>524 919</u>
TOTAL U. S. DEPARTMENT OF TREASURY			<u>524 919</u>
TOTAL FEDERAL AWARDS			\$ <u>10 612 281</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, 2024

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, 2024

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.666	Schools and Roads Grant
14.228	Community Block Development Grant

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

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

**Finding 2024-01**

Criteria: Local Government Code Chapter 262 requires specific procedures and documentation of purchases and cumulative purchases over \$50,000.

Condition: The County did not follow required procedures for cumulative purchases over \$50,000 threshold.

Cause: The County failed to follow the requirements for bids.

Effect: The County does not have adequate documentation of the bid process for some bids.

Recommendation: The County should obtain an understanding of the required process for bids and establish procedures to assure future compliance.

Response: The County will obtain training related to compliance with bid requirements and will review current policies and procedures to ensure future compliance with bid requirements.

Responsible Official: Malinda Bryan, County Auditor & Tricia Jacks, County Treasurer

SABINE COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2024

**Finding 2024-01:**

Corrective Action Plan: The County will correct actions on future bids.

Responsible Official: Malinda Bryan, County Auditor & Tricia Jacks, County Treasurer

SABINE COUNTY, TEXAS  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
For the Year Ended December 31, 2024

None Reported